

A nighttime photograph of a town with lights reflecting on a body of water, with snow-capped mountains in the background. The image is partially obscured by a dark blue diagonal overlay on the left side.

# 2022 SUSTAINABILITY REPORT

**CHUGACH ELECTRIC ASSOCIATION, INC.**

5601 Electron Drive  
Anchorage, Alaska 99518  
[www.chugachelectric.com](http://www.chugachelectric.com)

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# CHUGACH AT A GLANCE

Chugach Electric Association, Inc. ("Chugach") was organized as an Alaska electric cooperative in 1948. As a cooperative, Chugach exists solely to serve its members, and is owned and democratically controlled by its members. The cooperative model helps keep rates low and excess revenue is re-invested in infrastructure and facilities until returned to members in the form of capital credits.

Chugach is the largest electric utility in Alaska, with approximately 91,000 members receiving power at about 113,000 locations. The service area ranges from Anchorage to the northern Kenai Peninsula, westward to Tyonek, including Fire Island, and eastward to Whittier. Chugach's service areas and the service area of its wholesale member, the City of Seward, reside within the Alaska Railbelt region of Alaska which is linked by the Alaska Railroad.



**PROVIDES POWER TO 1 IN 3 ALASKANS**



**\$354.5 MILLION TOTAL REVENUE**



**#13 LARGEST ELECTRIC CO-OP IN U.S. ON BASIS OF TOTAL ASSET VALUE**



**100% OF EMPLOYEES ARE ALASKA-BASED**



**#15 IN ALASKA'S TOP 49ERS IN BUSINESS, BASED ON GROSS REVENUE**



"We made significant strides in 2022. For the first time ever, Chugach's Strategic Plan includes decarbonization goals to support reducing our carbon emissions and reducing our dependence on natural gas. We are evaluating the operational and economic feasibility of utility-scale solar and wind projects to help us reach those goals."

-Bettina Chastain  
Chugach Board Chair



"As the state's largest electric cooperative, we know we have a responsibility to provide safe, affordable, and reliable power. Operating the electric utility in a sustainable manner is key to long-term success to the individuals, businesses, and communities we serve."

-Arthur Miller  
Chugach CEO

# SUSTAINABLE CHUGACH



## PLANET, PEOPLE, AND PERFORMANCE

Sustainability is Chugach's business management philosophy and an integral part of the cooperative. Guided by Chugach's vision to responsibly develop energy resources to build a clean, sustainable future, Chugach carries out its mission to provide safe, reliable, and affordable electricity through superior service and sustainable practices.

Chugach approaches sustainability using the triple bottom line framework of serving the planet (environment), the people (social), and the overall performance (governance) of the organization.

Operating the electric utility in a sustainable manner is important to the long-term success of Chugach, to the health and well-being of its employees and members, the community, and the environment.

This document serves as Chugach's voluntary 2022 Sustainability Report. Chugach has also completed Edison Electric Institutes' template for Environmental, Social and Governance (ESG) reporting, see Appendix A.

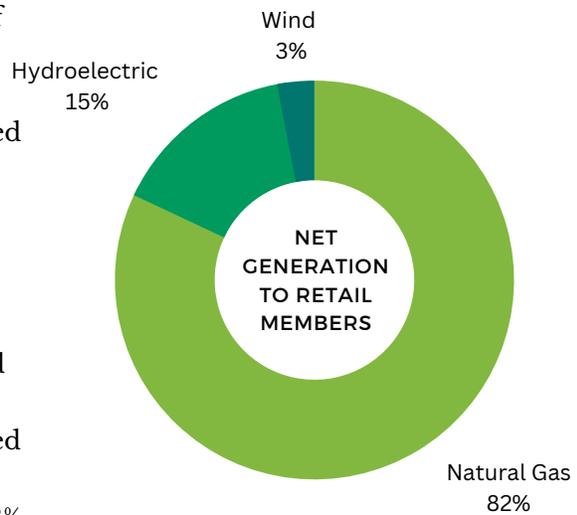


*a year's overview*

# PLANET - ENVIRONMENTAL STEWARDSHIP

## GENERATION MIX

Chugach’s goal is to deliver safe, reliable power at affordable rates. At the end of December 2022, Chugach had 790.7 megawatts of capacity, using winter capacity ratings. Chugach uses its owned generation to produce power for its members as well as to sell to other utilities along the Railbelt electric grid. Chugach also purchases power for its members from the Bradley Lake Hydroelectric Project near Homer, and from the Fire Island Wind Project. In 2022, Chugach members were delivered electricity with a generation mix of about 82% natural gas, 15% hydro, and 3% wind.



Chugach is one of the few electric utilities in the nation with direct ownership of a natural gas field. The Beluga River Unit gas field provides a significant source of energy for Chugach and continues to support lower electric rates and value to its members. With a diminishing natural gas supply in the Cook Inlet, the Chugach Board of Directors is taking a close look at how Chugach could further diversify its generation mix, while reducing its carbon footprint and keeping rates low.

## RENEWABLE ENERGY

Chugach is advancing toward its goal of adding 100,000 megawatt hours of renewable energy to its energy portfolio by the end of the first quarter 2025. Key to that effort is the evaluation of utility scale renewable projects, including a large wind project and a large solar project, both of which were proposed by Independent Power Producers. Feasibility and system impact studies began in 2022 and are evaluating the technical and economic aspects of the projects to ensure safe, reliable, and cost-effective operation of the Chugach system. Results of the Interconnection and Integration studies are expected to be announced in 2023.

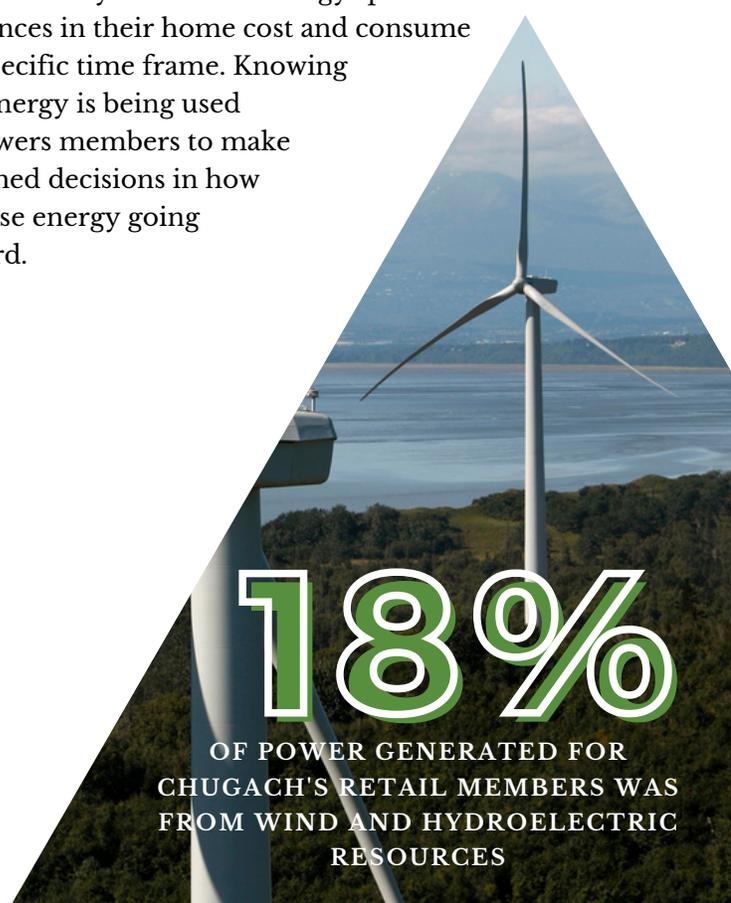
Several other internal projects and technical studies are helping Chugach to optimize the operation of existing assets and enhance capabilities to integrate new renewable energy projects. Chugach is pursuing proven technologies that can improve reliability and quality of service to our members, including the procurement of a Tesla Megapack battery energy storage system that will be delivered in 2023 and commissioned in 2024. Chugach is also evaluating and pursuing state and federal funding opportunities for innovative long-duration energy storage, modern protection and control systems, carbon-capture technology, and others. Chugach is developing partnerships with other utilities, Alaska Native corporations, and public and private organizations to enhance the benefit of these technological advancements for all Alaskans.

Chugach and the Alaska Energy Authority (AEA) signed a memorandum of agreement (MOA) regarding the \$1,000,000 grant award to Chugach on behalf of the Bradley Lake Management Committee (BPMC) to determine the feasibility of the Dixon Diversion project. The MOA creates an efficient process for AEA to manage the grant tasks for various engineering and environmental contracts and report to the BPMC. The MOA also focuses the work on refining the engineering project cost estimate and the gross water flow volume to better understand the potential project economics. This ensures the project is economically viable before expending resources on other required study components.

## ENERGY EFFICIENCY

In 2022, there were over 28,000 threshold notifications sent to members via the My Account member portal to assist in managing electric usage. There were close to 150 new threshold settings created by members, nearly equal to the number of settings created in the three previous years combined. Additionally, members can create energy markers that allow them to set reminders for when they are on vacation, to purchase new appliances, or take any action that may impact energy consumption.

Members also have available the Kill-a-Watt Meter Program, which allows them to borrow a Kill-a-Watt meter for up to two weeks. Close to 60 members borrowed a Kill-a-Watt meter in 2022, a 50% increase from the previous year. The Kill-a-Watt meter can be programmed with current utility rates, giving the member a way to identify how much energy specific appliances in their home cost and consume in a specific time frame. Knowing how energy is being used empowers members to make informed decisions in how they use energy going forward.



# 18%

OF POWER GENERATED FOR  
CHUGACH'S RETAIL MEMBERS WAS  
FROM WIND AND HYDROELECTRIC  
RESOURCES

# CARBON REDUCTION GOAL

In 2022, the Strategic Plan identified a goal of reducing Chugach’s carbon intensity, from a 2012 baseline year, by at least 35% by 2030, and by at least 50% by 2040, provided there is not a negative material impact to electric rates.

**AT LEAST**

**35%**

*reduction by 2030*

**50%**

*reduction by 2040*

**FROM A 2012 BASELINE**



## DECARBONIZATION

From 2012 through 2022, Chugach has seen a 53% reduction in its carbon emissions (CO<sub>2</sub>e) from its owned-generation. During this same time, Chugach has seen a 28% reduction in its carbon intensity (CO<sub>2</sub>e MT/MWh), the measure of the net generation to retail members, which includes purchased power and removes generation sold to other Railbelt electric utilities.

Reducing carbon emissions and diversifying the portfolio of energy resources are key priorities for Chugach. Chugach established an internal decarbonization working group which is responsible for developing an action plan to reduce Chugach’s carbon emissions. The plan also includes lowering the communities’ emissions through advancing beneficial electrification by supporting electric vehicles and charging infrastructure, and providing education on electric tools and equipment, and electric heating and cooling.



## LOWERING CHUGACH CARBON EMISSIONS

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Chugach has decreased its carbon intensity by 28% from the 2012 baseline year. Chugach's carbon intensity increased slightly from 2021, due to 2022 constraints on hydro resources, burning end of life diesel, and using a less efficient "peaking" generator to support reliability during high load conditions.

## LOWERING RAILBELT CARBON EMISSIONS

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Chugach and Matanuska Electric Association, Inc. (MEA) have been collaborating in a joint project to produce power more efficiently through economic modeling. In 2022, this effort resulted in power sales to MEA from Chugach's most efficient base load generation, which means that MEA did not produce that power from less efficient generation. This pooling effort results in less emissions from the Railbelt electric grid. Through more efficient economic modeling software, there are even more improvements that could be seen in the future.

## LOWERING MEMBERS' CARBON FOOTPRINT

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Renewable Energy Certificates (RECs) are issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electric grid from a verified renewable energy resource. RECs play an important role in accounting, tracking, and assigning ownership to renewable generation and use. RECs are a market-based commodity. Chugach offers RECs from the Fire Island Wind Project to its large commercial members as part of the REC sale pilot program. The program was designed to provide clean, Alaska energy to those who want to reduce their carbon footprint and meet renewable and clean energy goals without the upfront cost of installing on-site equipment.

# BENEFICIAL ELECTRIFICATION

Chugach supports strategies for beneficial electrification, which are activities that replace direct fossil fuel use with lower emission electricity. Chugach encourages the use of electric vehicles and supports the advancement and use of electric tools and equipment, and electric heating and cooling.

## REDUCES ENERGY COSTS

Electricity is often less expensive than alternative fuels

## REDUCES CARBON EMISSIONS

Electricity is cleaner than on-site fossil fuel

## IMPROVES QUALITY OF LIFE

Electric equipment is quieter, compact, and low-maintenance



## ELECTRIC TOOLS AND DEVICES

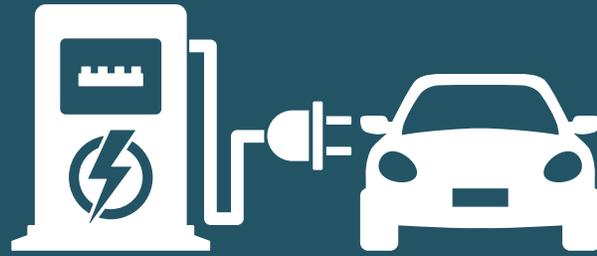
Chugach encourages members to make the switch from on-site fossil fuel powered to electric powered equipment, tools and devices. Innovations in energy technology are creating new ways to use electric powered equipment and home devices, from snowblowers to stoves. The switch reduces energy costs, emissions, and improves quality of life.



## ELECTRIC HEATING AND COOLING

Chugach supports the adoption of electric heat pumps by its members. Heat pumps, including air-source and ground-source, are most beneficial to members who do not have access to natural gas service or are interested in reducing their carbon emissions. Heat pumps are proven technology that can reduce carbon emissions by 20-30% compared to natural gas heat and 35-45% compared to fuel oil.

# ELECTRIC VEHICLES

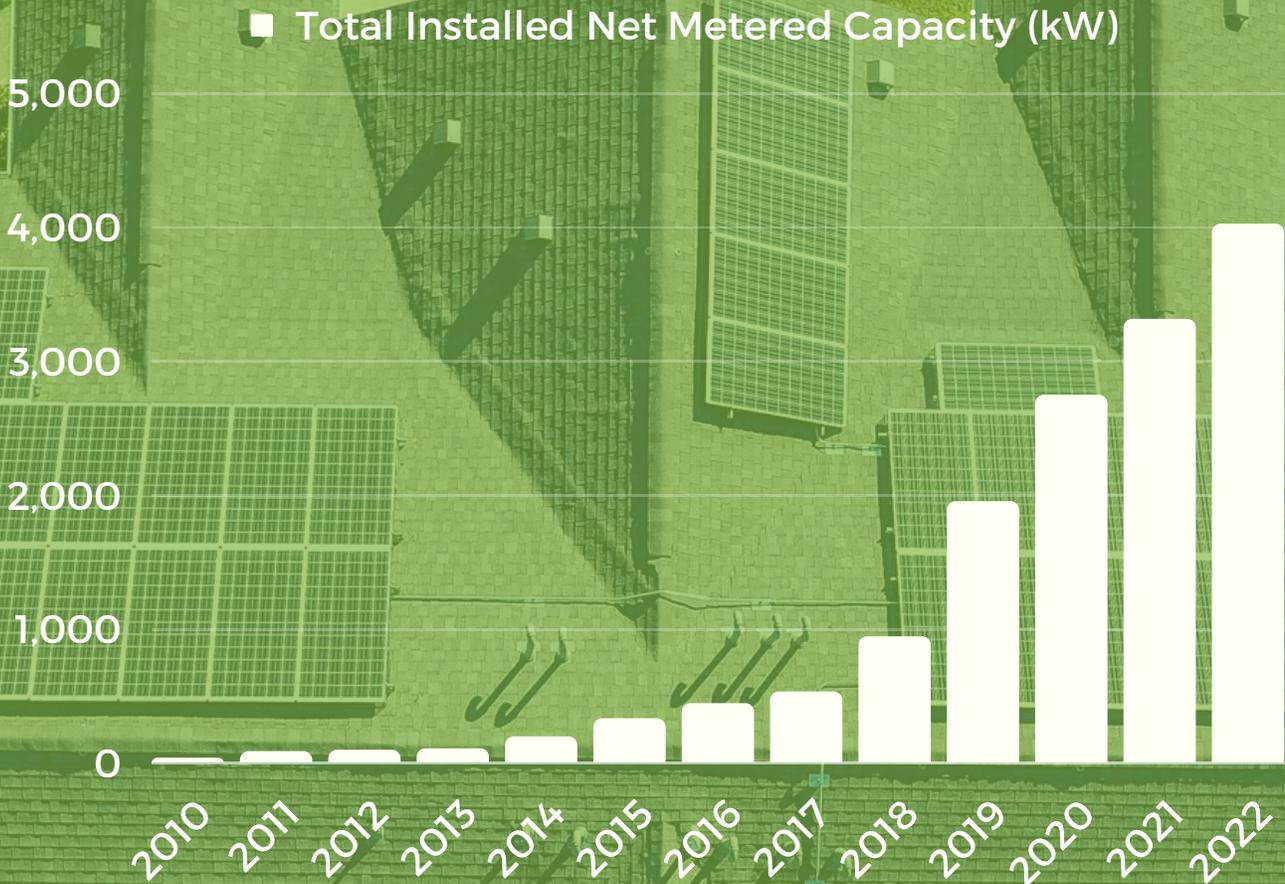


The transition to electric vehicles (EVs) is a significant component of Beneficial Electrification and Chugach has supported reducing the barriers to EV adoption in Alaska. Chugach worked with the Regulatory Commission of Alaska (RCA) and other Railbelt electric utilities to adopt an EV tariff that includes rates and rules to enable high speed charging networks across the state. Chugach received approval from the RCA in 2022 and has continued to support the installation of DC fast chargers within its service area and in Southcentral Alaska.

Chugach actively monitors the pace of EV adoption throughout Alaska to inform its action supporting EV growth. At the end of 2022, nearly 2,400 EVs were registered in Alaska, over 40% of which were in the Chugach service area. This number of EVs charging on the Chugach system is growing rapidly and is up more than 55% year over year. The current number of EVs use an estimated 2,600 MWh per year, equivalent to the energy use of more than 400 households.



Chugach also offers incentives for members to support their transition to electrified transportation, including programs for Residential Level 2, Commercial Level 2, and Commercial Level 3 (DC) EV charging. These programs for residential and public charging help to reduce the cost of deploying charging infrastructure and provide insight into EV electricity use and charging behavior that will help inform long-range resource planning and infrastructure investments.



## NET METERING

Net metering allows members to install renewable generation at their home or business to offset monthly usage and sell excess power to Chugach. Eligible generation includes solar, wind, hydroelectric, geothermal, hydrokinetic, ocean thermal, biomass and other sources approved by the Regulatory Commission of Alaska (RCA). The generation nameplate capacity must be 25 kW or less per metered location. In 2022, the RCA approved Chugach's request to increase the net metering cap from 1.5% to 5% of Chugach's average annual load. This increase will reduce carbon emissions, reduce natural gas usage, and support local workforce development and jobs in renewable energy. At the end of the year, more than 780 members used the net metering program, an 18% increase of net metering members since 2021.

# EKLUTNA HYDROELECTRIC PROJECT

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The owners of the Eklutna Hydroelectric Project are in year five of a six-year effort to study the impacts of the project and develop measures to protect, mitigate damages to, and enhance fish and wildlife.

Chugach and the other project owners, the Municipality of Anchorage and Matanuska Electric Association, Inc., are undergoing the consultations and study process required by the 1991 Fish and Wildlife Agreement which is tied to the purchase of the project from the federal government.

In 2022, the owners continued collaboration with multiple stakeholders to develop Year 2 study plans and initiated the second year of field studies. All draft Fish & Wildlife study reports are to be released by the end of second quarter 2023 and the draft program will be issued in fourth quarter 2023. The final Fish & Wildlife program will be delivered to the governor for a decision in second quarter 2024.

## SUSTAINABILITY COMMITTEE

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After nearly a year of working together, Chugach's employee-led Sustainability Committee presented eight action items for consideration to the executive team. Each action item fit within one of the committee's defined sustainability themes: Waste, Greenhouse Gas Emissions, Skilled Workforce, Energy, and Community and Diversity. The proposed action items were well received and the team prioritized the projects to work on over the next few years. Projects range from creating a campus recycling map to developing a flexible work from home policy. One action item that was completed in 2022, was conducting an energy audit of Chugach's headquarters building. The energy audit will provide Chugach with ways to reduce energy consumption with both low cost solutions and capital projects.



*a year's overview*

# PEOPLE - SOCIAL STEWARDSHIP



## EMPLOYEES

Chugach's approximately 430 employees all live and work in Alaska.

Chugach is moving forward with combining all employees on one campus by 2025. It will allow Chugach to realize additional efficiency and will also lead to increased productivity, safety, reliability and security. Most importantly, it continues to unify the cultures between the two legacy organizations.

**75%**

of Chugach employees are union represented

**31%**

of Chugach employees are women

**22%**

of Chugach employees identify as a minority

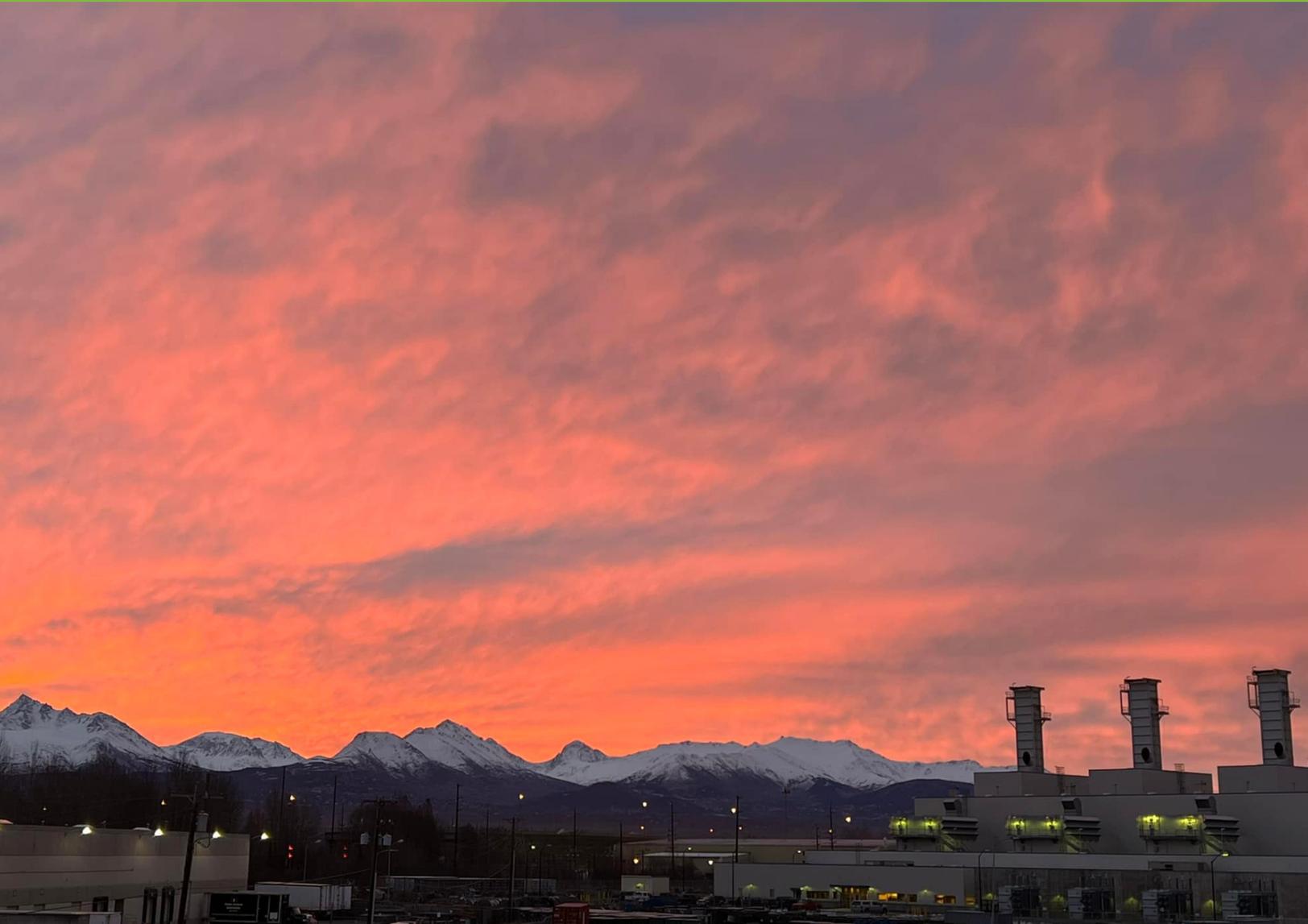
**100%**

of Chugach employees are full time employees

## SAFETY

2022 was another strong year in safety for Chugach. Chugach's lost time rate of .98 was below the industry standard of 1.0 and its injury rate of 2.71 was below the State of Alaska average of 3.9 for sector 2211, Electric Power Generation, Transmission and Distribution. While numbers are important for measuring, Chugach knows it is the employees' professional attitudes and commitment to safety that keep everyone safe at work.

Chugach continues to be mindful of its safety culture and being attentive to those elements that shape it. Ongoing efforts that give visible evidence to safety/culture include the type of language used to talk about safety, monthly joint-safety committee meetings, setting actionable goals for continuous improvement, and the degree to which one can detect safety in daily workplace communications. Training is also an important part of Chugach's safety program that included avalanche companion rescue, active shooter, first aid, lineman safe work practices, and wildlife safety.



## LEADERSHIP DEVELOPMENT

Chugach offered its employees the opportunity to lead the way for more productive and engaging conversations. A group of employees participated in a Fierce Conversations® workshop, which teaches attendees how to ignite productive dialogue that interrogates reality, provokes learning, resolves tough challenges and enriches relationships. Having a conversation is the place to begin the cornerstone of great leadership.

## DIVERSITY AND INCLUSION

It is a policy of Chugach, to recruit, hire, train, promotes and compensate persons without regard to race, color, religion, national origin, sex, marital status, pregnancy, parenthood, physical or mental disability, veteran's status, age or any other classification protected by applicable federal, state or local law.

# MEMBER ENGAGEMENT

Chugach values member engagement and interaction. In 2022, Chugach hosted several member events to show member appreciation, celebrate the advancement of electric vehicles, provide energy efficiency insights, and continue to foster strong relationships with large commercial members.

## Member Appreciation Day

Chugach combined its annual meeting and member appreciation event, successfully bringing hundreds together to enjoy the sunny weather and festivities. Members took bucket truck rides, power plant tours, and played lawn games. Food was served, and members learned about Chugach and community services, energy efficiency and conservation, electric vehicles, and even zoomed around on e-bikes.



## Arctic Road Rally

Chugach was pleased to host a pre-event celebration for the historic Arctic Road Rally, which saw 10 EVs successfully drive from Fairbanks to the Arctic Ocean. Upwards of 70 supporters, organizers and participants came to the Chugach campus to hear the details of the rally and get a first-hand look at some of the newest EVs on the market.

## Efficient Fridays

As part of National Cooperative and Energy Awareness month, Chugach hosted Efficient Fridays in the Chugach lobby every Friday in October. Members were invited to visit the Chugach lobby for the opportunity to learn more about electric vehicles, renewable energy, beneficial electrification, and Chugach's commitment to sustainability.



## Key Member Summit

In 2022, Chugach held its first in-person Key Member Summit. Representatives from many of Chugach's key accounts came to hear updates on several aspects of Chugach's business, including upcoming engineering projects and ways to lower their carbon emissions. Fostering strong relationships with larger commercial accounts is an important part of delivering reliable, affordable power.

# MEMBER COMMITTEES

## MEMBER ADVISORY COUNCIL (MAC)

In 2022, the Member Advisory Council (MAC) was revitalized. Per the Chugach Bylaws, an ad hoc committee can be appointed to advise the Board on issues impacting the utility. The committee discussed topics including Chugach's role in a renewable energy future and how to increase voter turnout in the annual election. MAC members serve one-year terms.

## ELECTION COMMITTEE

The Board appoints members to an election committee, comprised of not less than five nor more than thirteen members. The election committee is responsible for updating election procedures, selecting a master election judge, and recommending a date of record. After voting begins, the committee monitors the work of the election administrator and makes determinations in the event of questioned ballots.

## NOMINATING COMMITTEE

Members are welcome to apply to the Board appointed Nominating Committee, comprised of not less than five nor more than seven members. The Nominating Committee shall seek qualified candidates, as well as screen potential nominees, keeping in mind geographical representation, and shall approve, prepare and post the Slate of Candidates. Any 50 or more members, acting together, may make other nominations by petition.

## BYLAWS COMMITTEE

The Board appoints not less than five nor more than seven members to the Bylaws Committee. The committee shall review the bylaws of the Association, consider any recommendations for revisions thereof which may be made by the board of directors or any member, and report their recommendations concerning the bylaws to the annual membership meeting.

# ENERGY EDUCATION

## SAFETY CITY

To teach students about electrical safety, Chugach's safety team visits elementary schools throughout the year. The centerpiece of the presentation is the Safety City model used to demonstrate a variety of contact hazards associated with overhead and underground service. Objectives of the lessons include why electricity is important, how electricity is made, and how to be safe around electricity.

## POWER PLEDGE CHALLENGE

In 2022, more than 1,200 students from 22 schools across Alaska participated in the Power Pledge Challenge (PPC), an initiative aimed at helping youth better understand energy use. Winning projects earned power plant tours and pizza. In 2013, Chugach partnered with Renewable Energy Alaska Project (REAP) and Alaska Energy Authority (AEA) to start the energy challenge for middle school students. Today, with 11 partners, reaching eight regions of the state, PPC has reached nearly 20,000 kindergartens through 12th grade students.



Chugach staff taught students about the electric utility industry as part of the YWCA Alaska Energy Camp. The group, who learned about energy efficiency, careers, and safety, got an inside look of the Sullivan Power Plant.

A local chapter of National Society of Black Engineers Jr. (NSBE Jr.) spoke with Chugach staff about conservation, energy efficiency and sustainability. The NSBE Jr. members, who range from grades 3 to 10, also learned about different types of engineers needed to run a power plant.

## EDUCATING COMMUNITY GROUPS

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Chugach receives various requests throughout the year to deliver presentations and conduct workshops with community groups. The Anchorage International Rotary, local Community Councils, Resource Development Council Conference, NWPPA Northwest Innovations in Communications Conference, Southcentral Alaska Utility Association's Safe Digging Conference, and the Building Owners and Managers Association are just a few examples of who received a presentation or workshop for their group from Chugach in 2022.

## PROVIDING ENERGY RESOURCES

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Chugach participates in community events that enables staff to answer member questions and provide them with various energy resources. For instance, Chugach hosted a booth at the "Urban Harvest: Home Energy Efficiency," a free in-person hands on workshop in which community members learned about energy efficiency tips and were invited to check out Kill-a-Watt meters.

## TEACHING UTILITY ARBORICULTURE

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Chugach has been a Tree Line USA utility since 1999, planting a tree at a different school each year as part of our commitment to give back to the community and educate members about the benefits of trees. In 2022, a class at Ocean View Elementary School helped plant an apple tree as part of Chugach's Tree Line USA commitment. Representatives from a community nursery and tree expert company spoke with the students about the importance of trees and urban forests.



# CHUGACH IN THE COMMUNITY

As a member-owned cooperative, Chugach is of the community, by the community, and for the community. Chugach is grateful for supportive members that have enabled the cooperative to be what it is today. In return, Chugach values the opportunities that give back to its members through community outreach and engagement.



## CELEBRATING ALASKA TRADITIONS

The annual Fur Rendezvous got a boost from Chugach in helping kick off the 10-day winter festival. To celebrate the traditional event, a heavy crew stepped in to hang the Fur Roundy banner across downtown's 4th Avenue.



## PARADING ACROSS COOK INLET

Chugach's Beluga Power Plant crew celebrated the Fourth of July with locals from Beluga and Tyonek. Festivities included a picnic and small parade at the plant on the western side of Cook Inlet.



## FILLING UP PANTRIES

A long-standing tradition at Chugach is to connect with its members during the holiday season. This kicks off with its annual giving of 450 turkeys throughout the Chugach service area. In 2022, 10 local non-profits received the donations.



## BRIGHTENING UP THE HOLIDAYS

Chugach crews went downtown to help brighten up the holidays with the annual lighting of trees in Town Square Park. Chugach works with the Anchorage Downtown Partnership and the Municipality of Anchorage's Parks and Recreation Department to make the park festive for the holidays.



## COMMUNITY MEMBERSHIPS

Chugach holds memberships with various organizations throughout the community. Being an active participant in the community enhances Chugach's relationships with all its members. Below are examples of organizations in which Chugach is a member.

- Alaska Electric Vehicle Working Group
- Alaska Energy Efficiency Partnership Group
- Alaska Wind Working Group
- Alaska Power Association
- Alaska State Chamber of Commerce
- Anchorage Chamber of Commerce
- Anchorage Economic Development Corporation
- Anchorage Home Builders Association
- Building Owners and Managers Association
- Cook Inlet Tidal Power
- National G&T Managers Association
- National Rural Electric Cooperative Association
- Northwest Public Power Association
- Renewable Energy Alaska Project
- Resource Development Council
- Southcentral Alaska Utility Association

# EMPLOYEE GIVING

Chugach employees support the community in which they live, work, and play. Employees give back to the community through giving their time and donations.



The 2022 Alaska Heart Run & Walk included a Chugach team that raised over \$1,400. The event aims to boost physical and emotional health, connect community members, and raise money to defeat heart disease and stroke.



Employees participated in the Anchorage Chamber Citywide Cleanup. Employees grabbed gloves, safety vests, grabbers, and safety glasses, and picked up trash throughout its campus and surrounding areas.



Chugach's employee team, High Voltage, raised over \$1,300 for breast cancer awareness, research, and support programs participating in the 2022 Alaska Run for Women.



Employees came through in a big way for the 2022 United Way campaign. Over the course of the three-week effort, Chugach employees raised just over \$24,000 for United Way.



Chugach sponsored a Salvation Army Angel Tree in which employees provided new clothing and toys for local children in need during the holidays.



Chugach employees teamed up for the Out of the Darkness Anchorage walk and raised over \$1,500 for suicide prevention.



The Salvation Army's Red Kettle program, a tradition known around the world, directly benefits those in the local community. Chugach employees volunteered to ring the bell, and raised nearly \$2,000 in total during their kettle time.



## EMPLOYEE VOLUNTEER PROGRAM

Chugach's Employee Volunteer Program (EVP) gives full-time employees 16 hours a year to volunteer at a local non-profit during normal work hours. In 2022, employees volunteered more than 70 hours at seven different community organizations. The Food Bank of Alaska, Challenge Alaska, and the Anchorage Running Club are just a few of the organizations Chugach employees volunteered at through the program.

## EMPLOYEE MATCH PROGRAM

Chugach matches regular employee cash contributions to qualifying organizations up to a maximum of \$100 per employee per year. Qualifying organizations must have a current 501(c)(3) designation. Chugach uses a third-party organization (Pick-Click-Give or United Way) to qualify and facilitate the matching contribution. In 2022, Chugach matched more than \$4,600, 2.5 times more than the previous year.

## ENERGY ASSISTANCE PROGRAM

Chugach partners with the Municipality of Anchorage Aging and Disability Resource Center to offer temporary payment support for disabled, elderly, and low-income members. In 2022, about \$119,000 was distributed to Chugach members through this program.



# 16

HOURS A YEAR ARE AVAILABLE TO EMPLOYEES TO VOLUNTEER AT A LOCAL NON-PROFIT

*a year's overview*

# PERFORMANCE- GOVERNANCE

Chugach's commitment to provide members with safe, reliable, and affordable electricity is backed by the Chugach Board of Directors. This seven-person member-selected board sets policy and provides direction to Chugach's Chief Executive Officer. Directors are elected to staggered four-year terms in conjunction with the annual meeting each Spring.

Every year, the Strategic Plan is reviewed by the board to ensure validity, determine attainable and realistic goals, and complete a gap analysis to trend targets that measure success for reliable power, grid resiliency, fuel stability, aging infrastructure, and diversification of resources.

## CHUGACH'S STRATEGIC PRIORITIES



**SAFETY**



**INTEGRATION  
SYNERGIES & COST  
SAVINGS**



**COMMUNICATIONS, MEMBER  
ENGAGEMENT & COMMUNITY  
INVOLVEMENT**



**BUSINESS PLANNING &  
ECONOMIC DEVELOPMENT**



**LEADERSHIP,  
MANAGEMENT &  
EMPLOYEE DEVELOPMENT**



**DECARBONIZATION**



**NATURAL GAS SUPPLY**



## 2022 BOARD OF DIRECTORS

The management of the business and the affairs of Chugach shall be vested in the member-elected board of directors who shall exercise all of the powers of Chugach, except such as are by law, the articles of incorporation, or the bylaws conferred upon or reserved to the members.

Directors participate in continued education certification courses hosted through the National Rural Electric Cooperative Association (NRECA). This extensive certification program consists of a series of courses focusing in greater depth on specific industry and governance topics. These include topics such as risk management, power supply, parliamentary procedure, technology and policy development.



**HAROLD  
HOLLIS**

**ERIN  
WHITNEY**

**SAM  
CASON**

**BETTINA  
CHASTAIN**

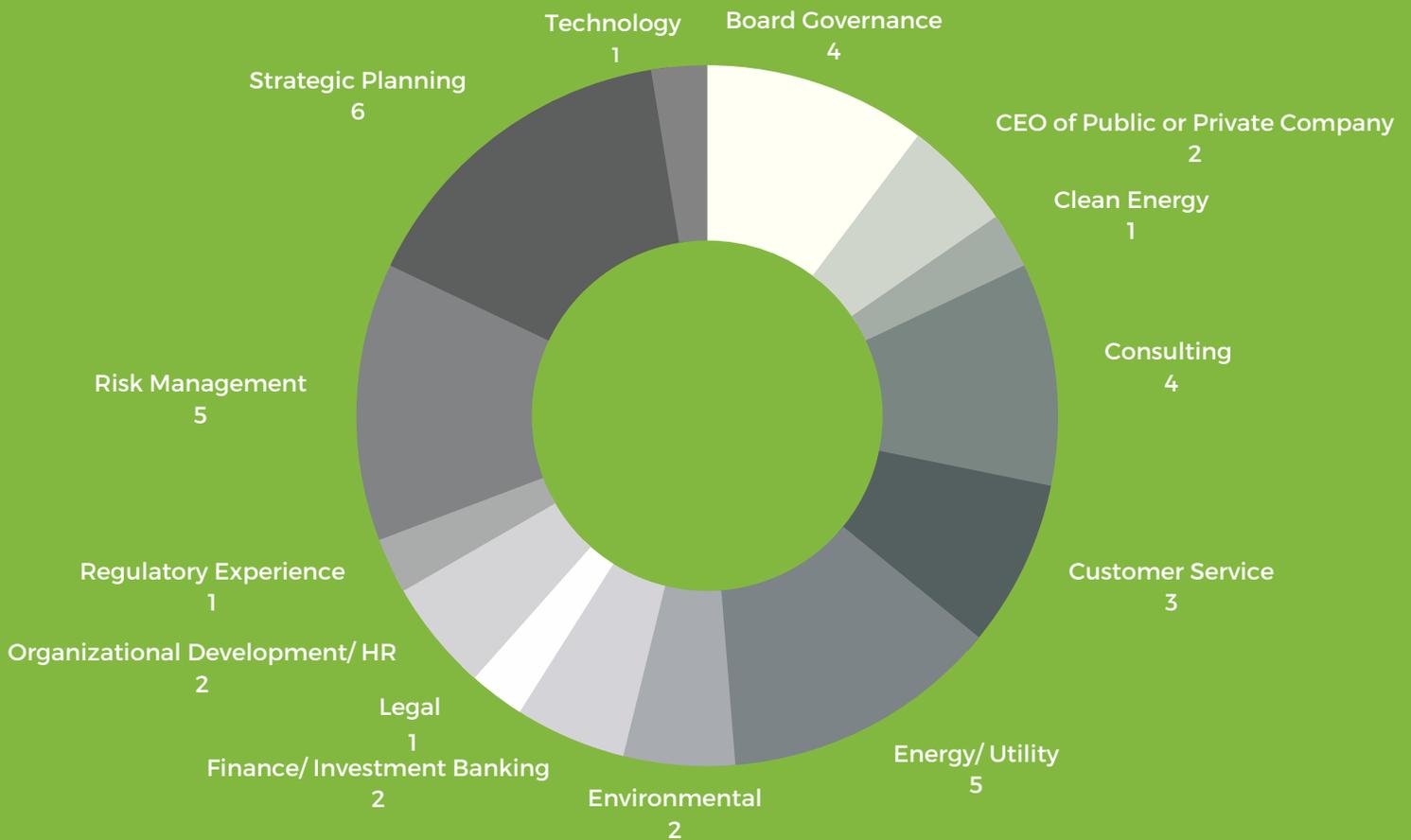
**MARK  
WIGGIN**

**RACHEL  
MORSE**

**SISI  
COOPER**

# BOARD OVERVIEW

The board is elected by members to represent their concerns and viewpoints. Members choose directors who bring a balance of relevant skills to the boardroom, as well as an effective mix of diversity and experience. The following graph sets out a summary of director self-identified core competencies.



**57%**  
of the board identifies as a woman

**5**  
average years served on the board

**57**  
average age of board directors

**14%**  
of the board identifies as a minority

## ACQUISITION SAVINGS

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On October 30, 2020, Chugach acquired substantially all of the assets of Municipal Light & Power (ML&P) from the Municipality of Anchorage, bringing Chugach's total asset value to \$1.8 billion, placing Chugach among the top cooperatives in the country. The acquisition brought approximately 200 new employees and 20,000 new members onto the Chugach system overnight.

Based on operating results through December 31, 2022, Chugach has realized a net cumulative savings of \$72.4 million as a result of its acquisition of ML&P. Significant savings are being realized through fuel cost reductions, personnel cost reduction, information technology, and other operating cost reductions including avoided intergovernmental charges.

## REGULATED UTILITY

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Chugach is regulated by the Regulatory Commission of Alaska (RCA). As such, filings submitted, such as rate changes, are analyzed by their technical staff to ensure regulatory compliance and to balance the viability of Chugach's service with the needs of the members.

## TRANSPARENCY

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Chugach has grown in size and complexity. Ensuring transparent governance is a fundamental element for its member-owners, government, stakeholders, and interested parties to maintain trust and progress. Chugach leadership, including management and directors, are responsible for the long-term vision and efficient operation of the association and member feedback is important.

Chugach benefits from open and transparent governance, and from engagement with members. Substantial time is spent providing oversight of Chugach's operations, communicating with members, and maintaining awareness of industry trends. Members are encouraged to attend board meetings, either in person or virtually, and stay informed and involved in the cooperative. The board is also available to members by phone and email.



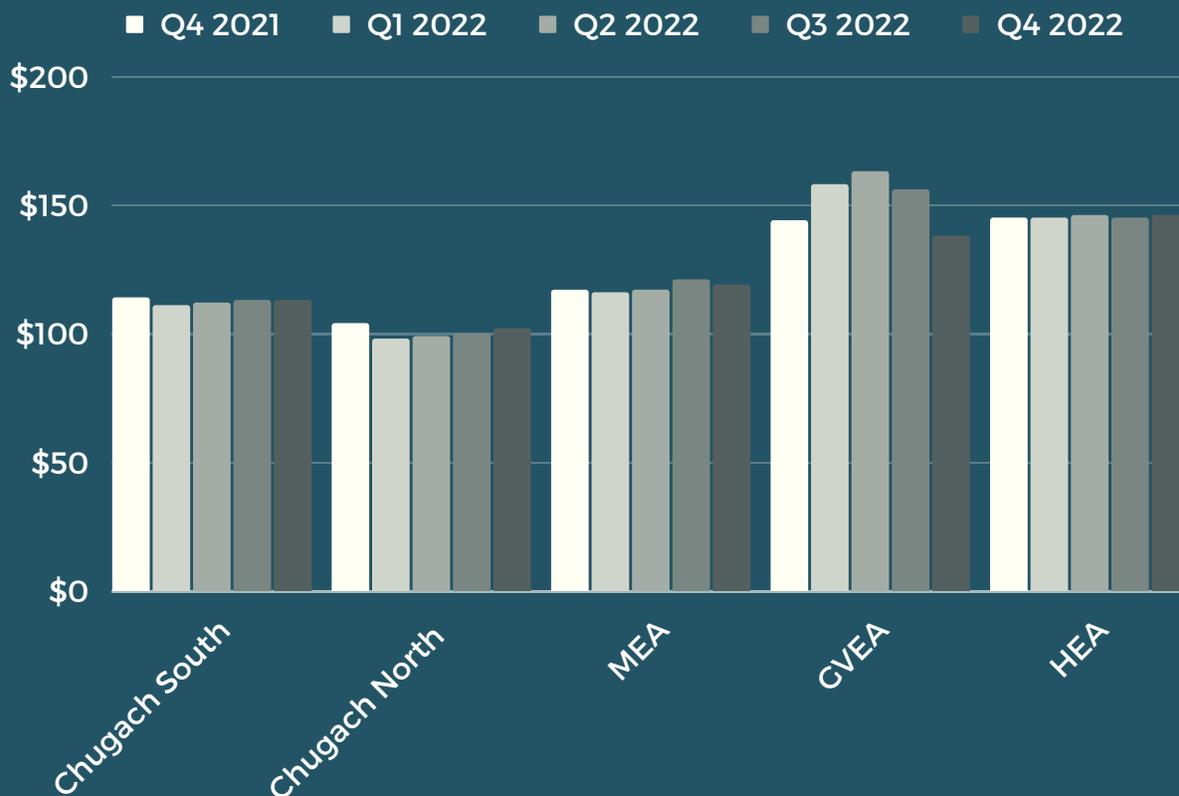
# OPERATIONAL EXCELLENCE

**CHUGACH CONTINUES TO DELIVER EXCELLENCE IN PRICE, RELIABILITY, AND QUALITY OF CUSTOMER SERVICE.**

## PRICE

At the end of 2022, Chugach’s residential, small and large commercial bill levels were the lowest among the Railbelt utilities. The graph below illustrates Railbelt utility residential bill levels from the end of 2021 through 2022.

### AVERAGE RESIDENTIAL TOTAL BILL

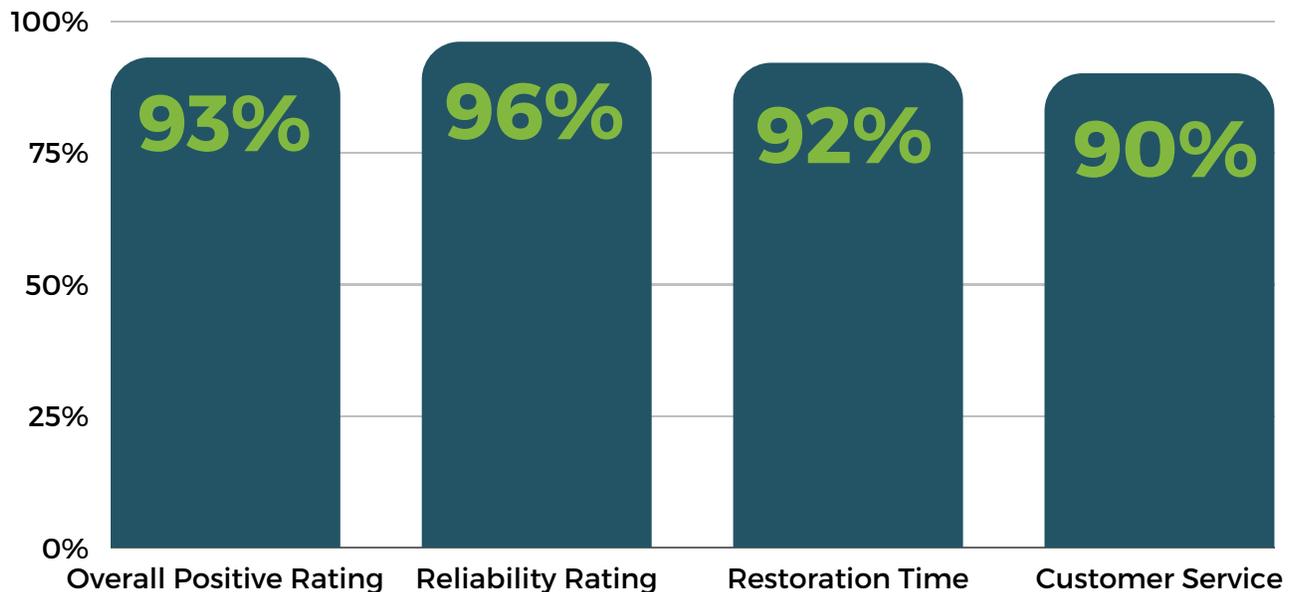


## RELIABILITY

The Alaska electric grid is unique in that it is not connected to any other electric grids, unlike the lower 48 electric grid. Because the Alaska grid is independent, it has to be much more reliable. In 2022, Chugach had a reliability rating of 99.97% and members on average experienced 2.51 hours without power.

# MEMBER SATISFACTION

## 2022 MEMBER SURVEY RATING RESULTS



Each year, Chugach reaches out to its members to gather valuable member feedback. In 2022, over 500 members were surveyed for the annual member satisfaction survey. Results show the vast majority of Chugach members are very satisfied with their overall service.

In general, Chugach continues to be very favorably viewed by its members. Members are extremely satisfied with the utility overall, reliability, customer service, and the restoration time. Reliability remains the member priority as it has since Chugach started tracking in 1995.

"You folks have always given us excellent and prompt service. We are grateful for any and all your efforts on our, and everyone's, behalf. Thank you!"

"The service was great and extremely quick. Thank you all."

"Thank you for providing services for me and my family at my address. Services provided made our home comforting and enjoyable."

## BUSINESS DEVELOPMENT

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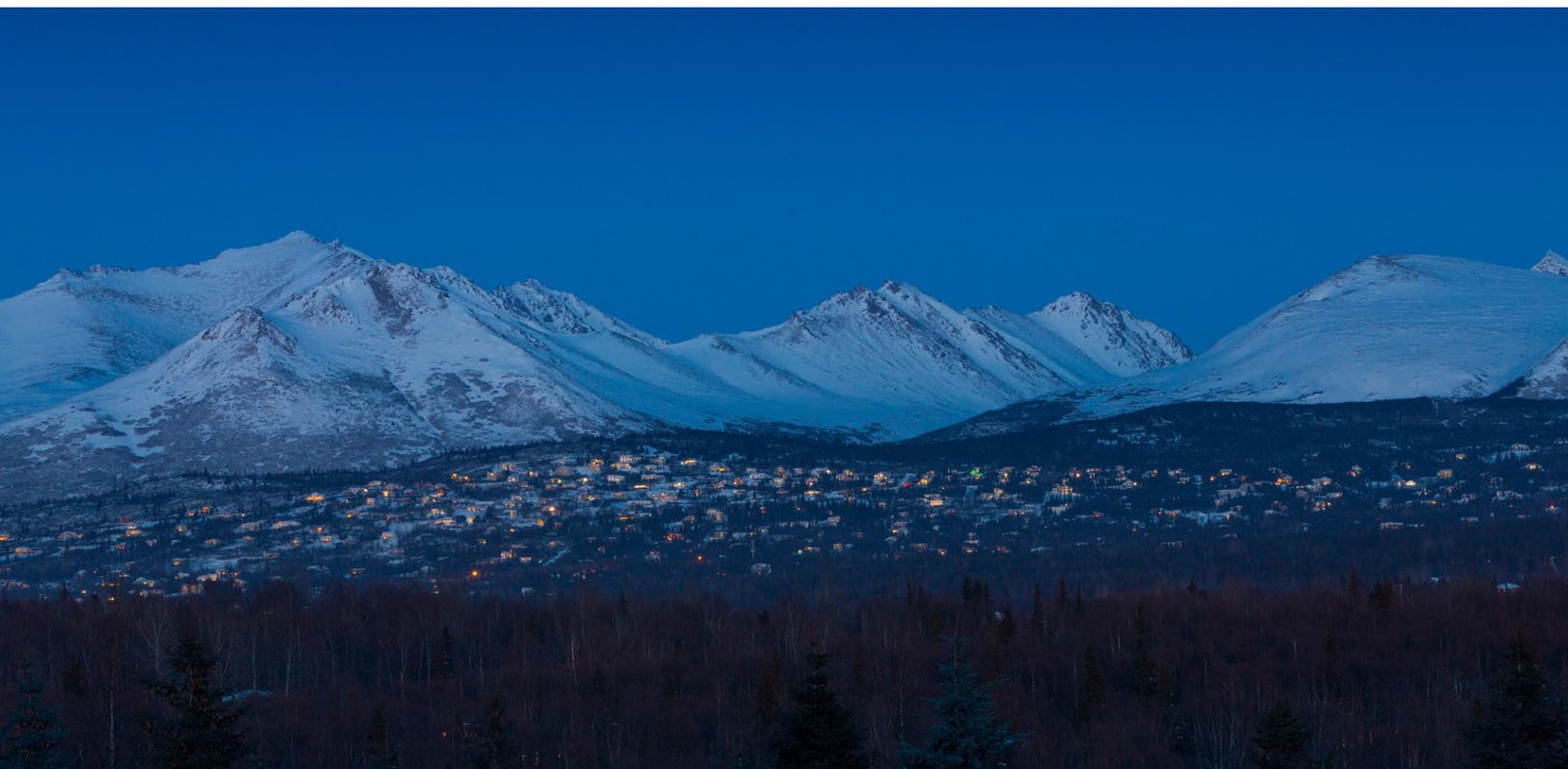
Chugach experienced moderate load growth in 2022, with measured billed demand up approximately 1.82% over 2021. Several large commercial redevelopment projects, in addition to new construction, continue to modernize structures within the service area. Although the number of metered locations increased by about 0.22%, total energy sales for 2022 declined approximately 0.97%. This trend may continue for the near future as rapid gains in energy efficiency continue to outpace the rise of new loads resulting from beneficial electrification of homes, commercial buildings, and vehicles. Chugach is working to intelligently design rates to support beneficial growth that can improve system efficiency and maintain a low cost of electricity to Chugach members.

## CYBERSECURITY

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Cybersecurity is a key component in maintaining a reliable and healthy power grid, Chugach routinely collaborates and coordinates with peer utilities, industry partners, government agencies, and security organizations. We have a highly trained incident response team that utilizes the top technologies for monitoring and defending the company against intentional and unintentional cyberattacks.

To further strengthen our defenses Chugach is a front runner in maintaining and developing critical infrastructure standards. A great effort was made in collaboration with all Railbelt utilities to develop an Alaska Critical Infrastructure standard that is a counter part to the North American Electric Reliability Corporation's critical infrastructure plan. Chugach is dedicated to maintain and exceed these standards through the implementation of state of the art monitoring and mitigation technologies and training.



# APPENDIX A

# Sustainability Quantitative Information

## ESG Metrics - EEI industry template

| Portfolio  | 2021                | 2022      |
|--|---------------------|-----------|
| <b>Owned Nameplate Generation Capacity at end of year (MW)<sup>1</sup></b> |                     |           |
| Coal   | 0                   | 0         |
| Natural Gas  | 759.8               | 759.8     |
| Nuclear  | 0                   | 0         |
| Petroleum  | 0                   | 0         |
| Other  |                     |           |
| Biomass/Biogas   | 0                   | 0         |
| Geothermal   | 0                   | 0         |
| Hydroelectric  | 30.9                | 30.9      |
| Solar  | 0                   | 0         |
| Wind   | 0                   | 0         |
| <b>Owned Net Generation for the data year (MWh)</b>                        |                     |           |
| Coal   | 0                   | 0         |
| Natural Gas  | 1,810,542           | 2,045,389 |
| Nuclear  | 0                   | 0         |
| Petroleum  | 0                   | 0         |
| Other  |                     |           |
| Biomass/Biogas   | 0                   | 0         |
| Geothermal   | 0                   | 0         |
| Hydroelectric  | 117,025             | 89,933    |
| Solar  | 0                   | 0         |
| Wind   | 0                   | 0         |
| <b>Retail Electric Accounts (at end of year)</b>                           |                     |           |
| Large Commercial   | 2,353               | 2,465     |
| Small Commercial   | 13,781              | 13,745    |
| Residential  | 96,703              | 96,873    |
| Streetlights   | <i>Not Reported</i> | 167       |

<sup>1</sup> Total System Winter Capacity Rating (MW @ 30° F) net of mothballed units. The Eklutna Hydroelectric Project is jointly owned by the Municipality of Anchorage, Chugach and MEA. The capacity shown is Chugach's ownership share.

| <b>Emissions</b>  | <b>2021</b>         | <b>2022</b> |
|---|---------------------|-------------|
| <b>GHG Emissions: Carbon Dioxide (CO2) and Carbon Dioxide Equivalent (CO2e)</b> |                     |             |
| <b>Owned Generation</b>   |                     |             |
| Carbon Dioxide (CO2)  |                     |             |
| Total Owned Generation CO2 Emissions (MT)                                       | 756,339             | 861,469     |
| Total Owned Generation CO2 Emissions Intensity (MT/Net MWh)                     | 0.3924              | 0.4046      |
| Carbon Dioxide Equivalent (CO2e)  |                     |             |
| Total Owned Generation CO2e Emissions (MT)                                      | 757,151             | 862,401     |
| Total Owned Generation CO2e Emissions Intensity (MT/Net MWh) <sup>2, 3</sup>    | 0.3928              | 0.4050      |
| <b>Non-Generation CO2e Emissions of Sulfur Hexafluoride (SF6)</b>               |                     |             |
| Total CO2e emissions of SF6 (MT)  | <i>Not Reported</i> | 1,263       |
| Leak rate of CO2e emissions of SF6 (MT/Net MWh)                                 | <i>Not Reported</i> | 0.0006      |
| <b>Nitrogen Oxide (NOx)</b>   |                     |             |
| Total NOx Emissions (MT)  | 0*                  | 0           |
| Total NOx Emissions Intensity (MT/Net MWh)                                      | 0.00                | 0.00        |
| <b>Sulfur Dioxide (SO2)</b>   |                     |             |
| Total SO2 Emissions (MT)  | 0                   | 0           |
| Total SO2 Emissions Intensity (MT/Net MWh)                                      | 0.00                | 0.00        |
| <b>Resources</b>  |                     |             |
| <b>Human Resources</b>  |                     |             |
| Total Number of Employees   | 448                 | 432         |
| Percentage of Women in Total Workforce  | 30%                 | 31%         |
| Percentage of Minorities in Total Workforce                                     | 23%                 | 22%         |
| Total Number on Board of Directors  | 7                   | 7           |
| Percentage of Women on Board of Directors                                       | 46%*                | 57%         |
| <b>Employee Safety Metrics</b>  |                     |             |
| Recordable Incident Rate  | 2.77                | 2.71        |
| Lost-time Rate  | 1.1                 | 0.98        |
| Days Away, Restricted, and Transfer (DART) Rate                                 | 1.58                | 1.72        |
| Work-related Fatalities   | 0                   | 0           |
| <b>Fresh Water Resources used in Thermal Power Generation Activities</b>        |                     |             |
| Water Withdrawals - Consumptive (Millions of Gallons)                           | <i>Not Reported</i> | 100.5       |
| Water Withdrawals - Non-Consumptive (Millions of Gallons)                       | <i>Not Reported</i> | 0           |
| Water Withdrawals - Consumptive Rate (Millions of Gallons/Net MWh)              | <i>Not Reported</i> | 0.0000506   |
| Water Withdrawals - Non-Consumptive Rate (Millions of Gallons/Net MWh)          | <i>Not Reported</i> | 0           |
| <b>Waste Products</b>   |                     |             |
| Amount of Hazardous Waste Manifested for Disposal                               | <1 MT               | 1.2 MT      |
| Percent of Coal Combustion Products Beneficially Used                           | 0%                  | 0%          |

<sup>2</sup> The measure shown, by industry standard, uses total emissions and generation, from all Chugach owned generation, even when generation is for sale to other utilities.

<sup>3</sup> The 2022 carbon intensity (emission factor) for Chugach members, delivered to their meters, was 0.3667 CO2e MT/MWh, or 0.8084 CO2e lbs/MWh.



EKLUTNA POWER PLANT  
ALASKA POWER ADMINISTRATION  
DEPARTMENT OF ENERGY

