



ANNUAL REPORT 2024





TO OUR MEMBERS

**MARK
WIGGIN**

BOARD CHAIR

As we look back on 2024, we are proud of the remarkable progress Chugach has made in some critical areas. The year was marked by significant advancements in our operations, investments in innovation, and a steadfast commitment to shaping a cleaner, more resilient energy future.

Securing a reliable gas supply

Ensuring a stable and affordable energy supply remains a top priority. In 2024, we identified and evaluated several opportunities to meet our future natural gas needs to enhance energy security while keeping costs reasonable for our members. We are also investigating gas storage, which is critical for reliability in the years ahead. By working with experienced and strategic partners, we are on a strong path to continue supporting our members with reliable, affordable power.

Advancing our Integrated Resource Plan

Our Integrated Resource Plan continues to serve as a roadmap for the future of our power system. We have made significant strides in evaluating resource options, incorporating stakeholder feedback, and aligning our strategy with long-term sustainability goals. This progress ensures that we are well-prepared to adapt to evolving energy needs while maintaining affordability and reliability.

*2024 Chugach Board of
Directors L to R:*

*Director Jim Nordlund,
Director Bettina Chastain,
Secretary Susanne Fleek-
Green, Vice Chair Sisi
Cooper, Chair Mark Wiggin,
Treasurer Rachel Morse,
Director Dan Rogers*



**ARTHUR
MILLER**

CEO

Increasing member engagement

Members are at the heart of Chugach. As a member-owned electric cooperative, we are continually looking for new opportunities to engage and inform members. Our employees attended and presented at dozens of meetings, forums, and special events, discussing topics from gas supply to electric vehicles, and community solar. We value member feedback and consider it a valuable part of planning and decision making.

Planting seeds for the future

As we celebrate our achievements, we remain focused on the future. Our vision is centered on innovation, sustainability, and member-focused solutions. We are committed to expanding renewable energy investments, modernizing our grid, and driving forward initiatives that support economic growth and environmental stewardship.

We extend our gratitude to our dedicated employees, members, and stakeholders who continue to support our efforts. Together, we are shaping a stronger, cleaner, and more sustainable energy future.



*2024 Chugach Management
L to R:*

*Front row: Sherri Highers,
Chief Financial Officer;
Arthur Miller, Chief
Executive Officer; Katie
Millen, Vice President of
Human Resources
Back row: Andrew Laughlin,
Chief Operating Officer;
Allan Rudeck, Chief
Strategic Officer; Matthew
Clarkson, Chief Legal
Officer*

2024 IN REVIEW

Safety

Safety is a core value at Chugach. Throughout 2024, Chugach remained committed to providing a safe working environment for our employees and the public. As a result, our injury and lost time rates continued to be lower than those of our industry peers in Alaska. While injury rates are an important benchmark, our true success lies with our employees, who prioritize safety by identifying potential hazards in their work and taking proactive measures to mitigate risks. Chugach has also made significant upgrades to safety and security around substations and other infrastructure.



Girdwood to Indian transmission line rebuild

The Girdwood to Indian Transmission Line Rebuild Project replaces 12 miles of transmission structures and line between the Indian and Girdwood Substations. The line was built 60 years ago, and the equipment is reaching the end of its service life. In the summer of 2024, there was a considerable amount of activity along the Seward Highway as crews removed the old structures and installed new utility poles and towers. The project is part of a larger multi-year effort that began in 2004 to rebuild the transmission line from Anchorage to Cooper Landing. The transmission line rebuild is necessary to continue providing safe, reliable power to Southcentral Alaska.



Maintaining gas supply

The Beluga River Unit (BRU) continues to be one of Chugach's most critical assets for natural gas supply and power generation security. The recent drilling success and the associated production from the unit has positioned the BRU as the top producing unit in the entire Cook Inlet Basin. As overall gas supply in most of the Cook Inlet region continues to decline, our focus remains on identifying additional recoverable reserves and progressing storage capacity options. In 2024, Chugach evaluated several alternatives for importing LNG in the years ahead, which ultimately culminated in a partnership with Harvest Alaska and Marathon Petroleum Corporation

on repurposing the Kenai LNG facility in Nikiski. Chugach's 67% ownership in the BRU gas field continues to provide significant benefits to our members. The cumulative savings from this ownership, from 2016 through 2024, now exceeds \$109 million.



Eklutna final decision

After five years of study, analysis, and stakeholder engagement, Gov. Mike Dunleavy, in October, approved the Final Fish and Wildlife program presented to him by two of the Eklutna project owners, Chugach Electric Association, Inc. and Matanuska Electric Association, Inc. (MEA). The governor was required by a 1991 contract agreement to establish a program to protect, mitigate damages to, and enhance fish and wildlife affected by the Eklutna Hydroelectric Project. The governor largely approved the plan submitted by Chugach and MEA to use the

Anchorage Water and Wastewater Utility portal valve to restore water to the river. The decision also required the parties to the agreement to study Pumped Storage Hydro, which is underway in 2025.

2024 IN REVIEW

Solar installed on power plants

Chugach's two newest power plants are now home to solar installations. Projects were installed on the south side of the Southcentral Power Project at Chugach's headquarters and ground-mounted at Chugach's Sullivan Power Plant along the Glenn Highway. Each project has a name plate capacity of 85 kilowatts, contributing to the utility's overall goal of carbon reduction. In addition to a small amount of fuel savings, the installations give Chugach the opportunity to gain experience in operating and maintaining solar projects.



Battery Energy Storage System online

A 40-megawatt, two-hour Battery Energy Storage System (BESS) was commissioned on Chugach's South Campus in October. The BESS enhances system flexibility, boosts reliability, saves fuel, and brings cutting-edge technology to the Railbelt. The project, owned 75% by Chugach and 25% by MEA, serves as a backup resource during system disturbances. It can instantly respond to power disruptions, injecting or absorbing power as needed to stabilize the electric grid for the region.



More than \$4 million returned in capital credit distribution

Thousands of past and present Chugach members received more than \$4 million in a retail capital credit retirement. In December, over 93,000 current and former Chugach members received their share of the distribution in the form of a bill credit or check. Chugach retired approximately \$2.8 million for the year 1992; over \$0.9 million for the year 2023; and \$0.3 million for capital credits of former members no longer receiving electric service. Capital credits are funds retained by the cooperative as a source of working capital until they are returned to members at the discretion of the Board of Directors.

Cooper Landing land purchase and tree clearing

Chugach purchased property in Cooper Landing where a satellite operations facility will be constructed to store materials and equipment that will allow for faster outage response times and create efficiencies for operations in the Cooper Landing and Moose Pass areas. The three acres of the former Alaska Horsemen property are near the airport, which would allow crews to fly in should the highway be closed in a storm. After heavy snowstorms in the winter of 2024, Chugach also responded to community concerns regarding the widespread debris on the ground and removed over 7,000 danger trees that fell outside of the utility easement.



Regulators decide rate case

In September, the Regulatory Commission of Alaska (RCA) issued an order with its decision on the rate case filed by Chugach in June 2023. The RCA ordered a final base rate increase for Chugach of 4.3%. The decision had varying impacts on members, depending on usage and whether they were a residential or commercial customer. When Chugach purchased Municipal Light & Power (ML&P) in 2020, the RCA required the utility to file a rate case in 2023 to combine the rates of all customer classes regardless of geographic location. Prior to the 2023 filing, former ML&P customers had not had base rates adjusted since 2017, and Chugach legacy members' base rates had not been adjusted since 2020.

CHUGACH AT A GLANCE

NOT-FOR-PROFIT MEMBER-OWNED ELECTRIC COOPERATIVE

Corporate Information

Chugach Electric Association, Inc.
P.O. Box 196300
Anchorage, AK 99519-6300
(907) 762-4489
www.chugachelectric.com

Investor Information

Chugach Electric Association, Inc.
Chief Financial Officer
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(907) 762-4511

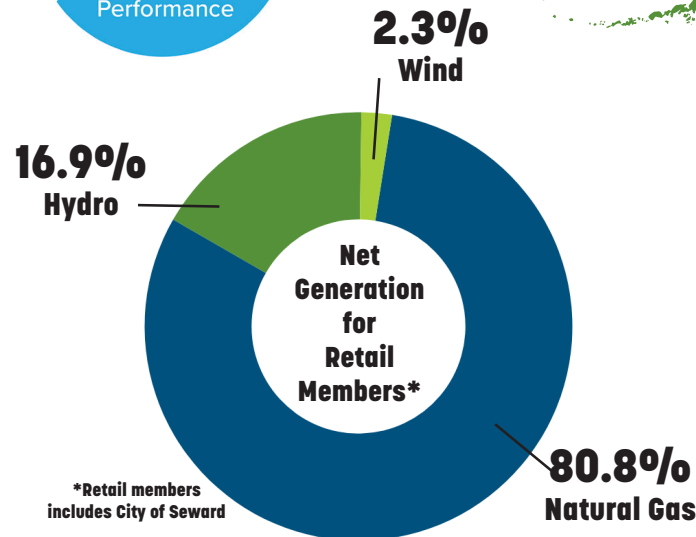
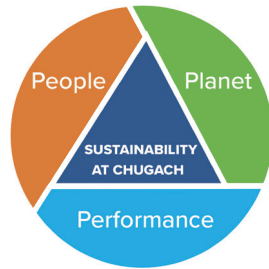
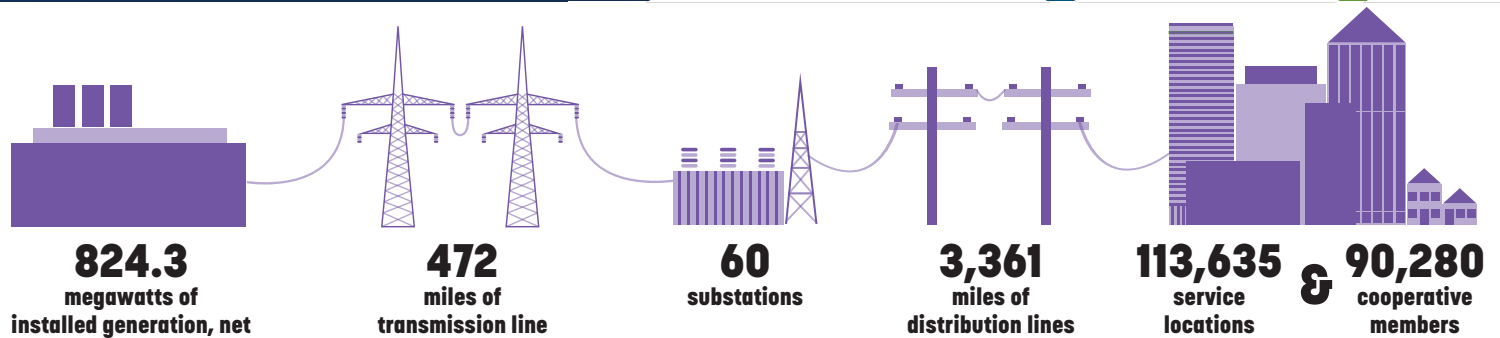
Independent Auditor

KPMG LLP
3800 Centerpoint Dr., Ste. 200
Anchorage, AK 99503

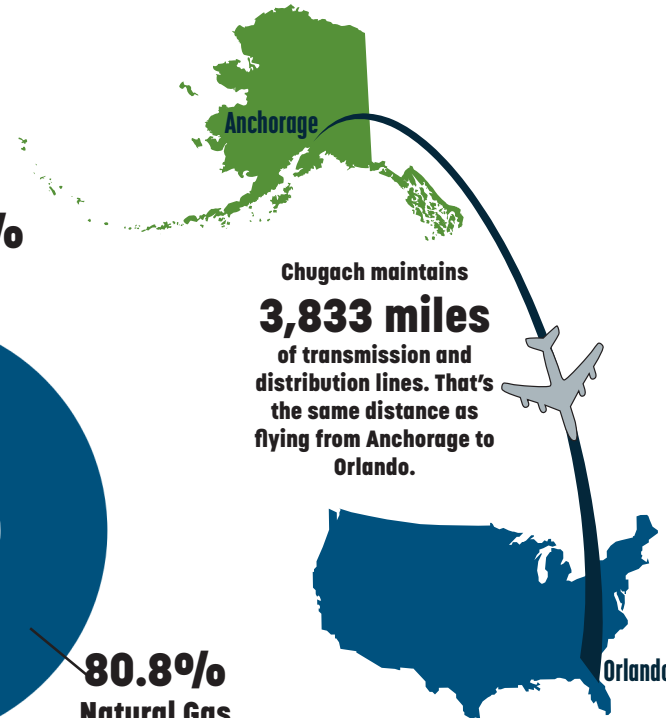
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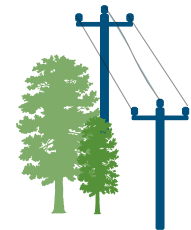


Chugach maintains
3,833 miles
of transmission and
distribution lines. That's
the same distance as
flying from Anchorage to
Orlando.



Reliability

3.46 hours
average outage length
per customer in 2024,
up 0.31 from 3.15 in 2023



192 miles
of line cleared
of trees to increase
reliability

2.68 hours
5-year average outage
length per customer,
up 0.23 from 2.45 in 2023

Incorporation

Chugach Electric Association, Inc. was incorporated in Alaska on March 1, 1948, with funding under the Rural Electrification Act of 1936, as amended. In 1991, Chugach refinanced and paid off its federal debt, leaving the Rural Electrification Administration. Chugach remains a cooperative and ranks among the largest of the more than 900 electric cooperatives in the nation.

Equal Employment Opportunity

It is a policy of Chugach Electric Association, Inc. to recruit, hire, train, promote 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.

TREASURER REPORT



**RACHEL
MORSE**
TREASURER

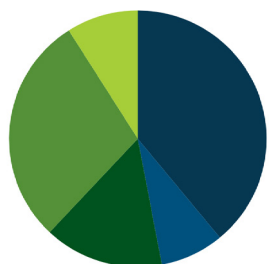
As a not-for-profit cooperative, we seek only to generate revenues sufficient to pay operating and maintenance costs, the cost of fuel and purchased power, capital expenditures, depreciation and principal and interest on our indebtedness and to provide for reserves. The reserves, or revenues exceeding our current costs, are called margins. Patronage capital, the retained margins of our members, constitutes our primary source of equity. Chugach's 2024 margins were modest at \$6.2M, which was below our margin performance of \$8.1M in 2023.

Energy sales to retail, wholesale, economy, and power pool customers in 2024 were 2.3 billion kilowatt-hours (kWh), on par with 2.3 billion kWh in 2023. Total revenue in 2024 was \$358.4M, which was lower than \$362.7M in 2023. Lower fuel and purchased power costs recovered in revenue were partially offset by the change in base rates. We continued to actively manage expenses in 2024 as higher costs related to outage restoration, depreciation and interest expense were offset by lower fuel, power production, purchased power and administrative and general expenses.

In addition to investing over \$157M in utility plant and repaying approximately \$50M in long-term debt during 2024, we issued \$150M of additional long-term debt. We ended the year with a margins-for-interest-to-interest ratio of 1.13, above our indenture metric of 1.10 and an equity-to-total-capitalization ratio (equity ratio) of 15.7%, which was lower than our 2023 equity ratio of 16.6%, due to the issuance of additional long-term debt.

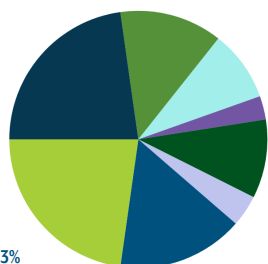
Chugach's credit ratings with S&P Global Ratings and Fitch Ratings remained unchanged at "A" (Stable) and "A-" (Stable), respectively.

2024 NET UTILITY PLANT
\$1,546,456 (in thousands)



- Generation/Storage: 39%
- BRU: 8%
- Transmission: 15%
- Distribution: 29%
- General & Other: 9%

2024 TOTAL OPERATING EXPENSES
\$310,293 (in thousands)



- Fuel: 23%
- Production: 12%
- Purchased Power: 9%
- Transmission: 3%
- Distribution: 10%
- Consumer Accounts: 4%
- Administrative, General & Other: 16%
- Depreciation & Amortization: 23%

FINANCIAL RESULTS

Consolidated Balance Sheets as of December 31 (in thousands)

Assets	2024	2023
Net Utility Plant	\$1,546,456	\$1,484,897
Other Property & Investments	48,022	39,915
Current Assets	218,918	180,134
Deferred Charges, net	100,915	102,974
Total Assets	\$1,914,311	\$1,807,920

Liabilities, Equities and Margins

Equities and Margins	\$221,444	\$218,061
Long-Term Obligations	1,189,364	1,096,529
Current Liabilities	247,724	263,039
Long-Term and Deferred Liabilities	255,779	230,291
Total Liabilities, Equities and Margins	\$1,914,311	\$1,807,920

Consolidated Statements of Operations (in thousands)

	2024	2023
Operating revenues	\$358,414	\$362,720
Fuel	72,378	81,591
Production	38,948	40,744
Purchased power	27,548	31,643
Transmission	9,277	8,714
Distribution	29,911	27,150
Consumer accounts	11,174	10,591
Administrative, general and other	49,306	52,318
Depreciation and amortization	71,751	62,722
Total operating expenses	310,293	315,473
Interest expense, net	46,797	41,599
Net operating margins	1,324	5,648
Total nonoperating margins	4,897	2,452
Assignable margins	\$6,221	\$8,100

Consolidated Statement of Changes in Equities and Margins (in thousands)

Balance, January 1, 2024	\$218,061
Assignable margins	6,221
Retirement/net transfer of capital credits	(4,271)
Unclaimed capital credit retirements	1,178
Memberships and donations received	255
Balance, December 31, 2024	\$221,444

Consolidated Statements of Cash Flows (in thousands)

	2024	2023
Cash flows from operating activities:		
Assignable margins	\$6,221	\$8,100
Adjustments to reconcile assignable margins to net cash provided by operating activities:		
Depreciation and amortization	80,689	75,751
Allowance for funds used during construction	(1,018)	(244)
Other	5,035	(650)
(Increase) decrease in assets:	(20,827)	(20,894)
Increase (decrease) in liabilities:	2,830	(1,978)
Net cash provided by operating activities	\$72,930	\$60,085
Cash flows from investing activities:		
Investment in special funds	(5,555)	(4,606)
Extension and replacement of plant	(157,810)	(132,883)
Other/proceeds from capital grants	215	360
Net cash used in investing activities	\$(163,150)	\$(137,129)
Cash flows from financing activities:		
Net increase (decrease) in short-term obligations	(16,000)	93,000
Proceeds from long-term obligations	150,000	0
Repayments of long-term obligations	(48,921)	(48,921)
Other	24,916	22,496
Net cash (used in) provided by financing activities	\$109,995	\$66,575
Net change in cash and cash equivalents	19,775	(10,469)
Cash* at beginning of period	5,416	15,885
Cash* at end of period	\$25,191	\$5,416

*Cash includes cash, cash equivalents and restricted cash