



SUSTAINABILITY **REPORT**

2023



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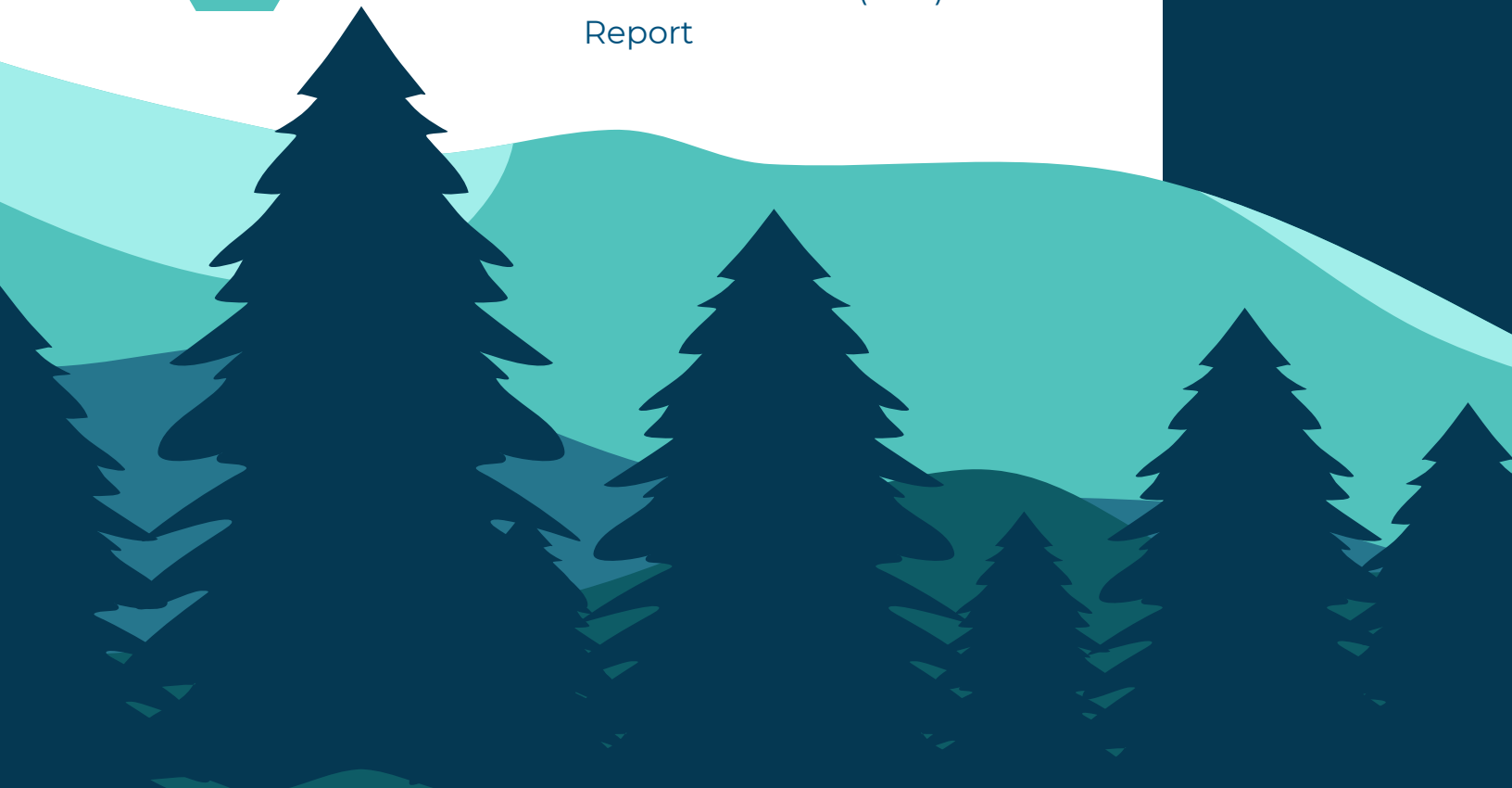
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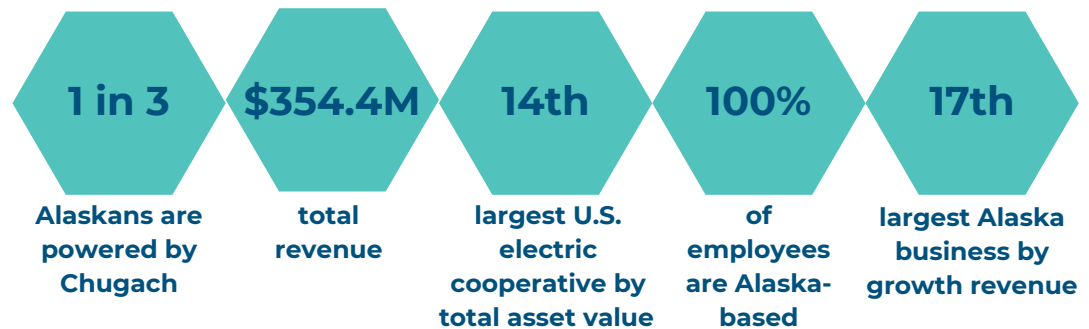
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CHUGACH AT A GLANCE

Chugach Electric Association, Inc. ("Chugach") originated as an Alaska electric cooperative in 1948, designed to exclusively serve its members. Owned and democratically controlled by its members, Chugach operates under a cooperative model, focused on keeping rates low and reinvesting excess revenue in infrastructure or returning it to members as capital credits.

As the largest electric utility in Alaska, Chugach supplies power to nearly 91,000 members across approximately 113,000 locations. We are engaged in the generation, transmission, and distribution of electricity in our service area, which extends from Anchorage to the northern Kenai Peninsula, westward to Tyonek, including Fire Island, and eastward to Whittier. Chugach is part of a 400-mile interconnected regional electrical system referred to as the Alaska Railbelt, stretching from the coastline of the Southern Kenai Peninsula to Fairbanks, Alaska.



"Our commitment to sustainability isn't just about following trends; it's about making strategic decisions that ensure the long-term viability of our operations and the well-being of the community. From reducing emissions to investing in renewable energy, we're taking concrete steps to minimize our environmental impact and build a more resilient energy future. Making sustainability a priority drives innovation, efficiency, and value for our members." - **Sam Cason, Chugach Board Chair**

"As CEO of the largest electric utility in Alaska, I believe that sustainability is a cornerstone of our strategic vision. Our commitment to sustainability is not only about reducing our carbon footprint, it's about embracing new technology, fostering resilience, and creating value for our members and the communities we serve. By prioritizing sustainability in our operations, we're not only mitigating environmental risks, but also seizing opportunities for long-term growth and prosperity." - **Arthur Miller, Chugach CEO**



SUSTAINABLE CHUGACH

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 takes a practical approach to sustainability, following the triple bottom line framework that addresses the planet (environment), the people (social), and the overall performance (governance) of the organization. Operating the electric utility sustainably is seen as essential for Chugach's long-term success, as well as for the well-being of its employees, members, the community, and the environment.

This document is Chugach's voluntary 2023 Sustainability Report. Additionally, Chugach has completed the Edison Electric Institutes' template for Environmental, Social, and Governance (ESG) reporting, detailed in Appendix A.

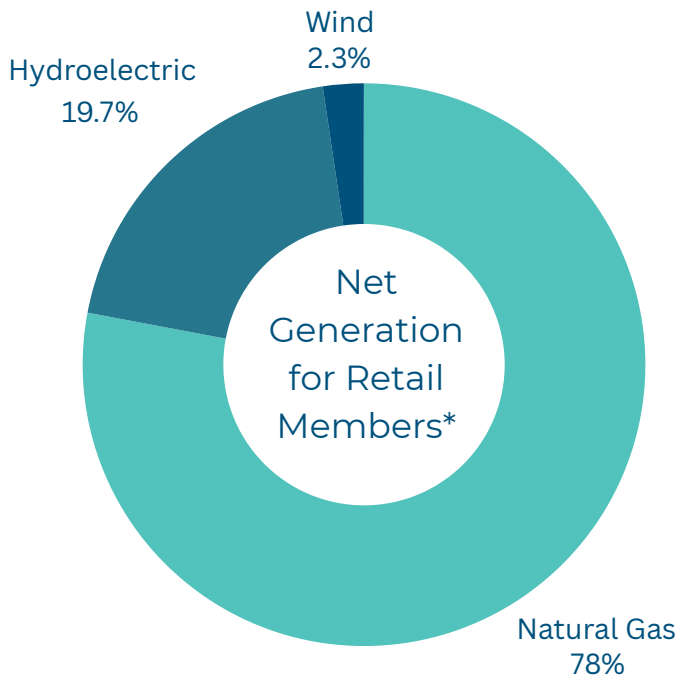
The objective of this report is to provide a description of Chugach's 2023 sustainability efforts and achievements - it is not intended to be a plan. Refer to Chugach's Strategic Plan for future-looking planning activities and cooperative goals. Any 'forward-looking' statements included in this report are made in good faith and are based on reasonable assumptions; there can be no assurance that future results will be achieved.

PLANET ENVIRONMENTAL STEWARDSHIP



At Chugach, our vision for a clean, sustainable future in Alaska begins with environmental stewardship. Supporting our mission for safe, reliable, and affordable electricity, we focus on diversifying our generation portfolio and reducing reliance on limited natural gas. Throughout this transition time, Chugach is focused on securing natural gas supply as the bridging fuel to a clean energy future.

Chugach has set a goal to reduce its carbon intensity by at least 35% by 2030 and at least 50% by 2040, using 2012 as the baseline year, without a negative material impact on Chugach members' rates and/or reliability. In addition, Chugach aims to reduce its own carbon emissions, as well as the community's emissions through supporting growth of beneficial electrification.



*Retail members includes City of Seward

GENERATION MIX

At the end of December 2023, Chugach had 790.7 megawatts (MW) 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 on the Kenai Peninsula, from the Fire Island Wind Project and, at times, from other Railbelt electric utilities. In 2023, Chugach members were delivered electricity with a generation mix of about 78% natural gas, 19.7% hydro, and 2.3% wind. Chugach's system peak load was 323 MW on December 14, 2023.

NATURAL GAS SUPPLY

Natural gas is cleaner and more efficient than other traditional fossil fuels. Per the U.S. Energy Information Administration, burning natural gas for energy results in fewer emissions of nearly all types of air pollutants and carbon dioxide (CO₂) than burning coal or petroleum products to produce an equal amount of energy. Total gas purchased and produced during 2023 was approximately 13.7 billion cubic feet. All the production came from Cook Inlet, Alaska. Of this, 41.3% is provided by contract and 58.7% is supplied from Chugach's direct ownership in Beluga River Unit gas field.

With a diminishing natural gas supply in the Cook Inlet and Chugach's decarbonization goals, the Chugach is taking a close look at how Chugach can diversify its generation mix, while reducing its carbon footprint and keeping rates low.

BELUGA RIVER UNIT

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 members. Hilcorp, the operator of the Beluga River Unit reports emissions annually. As a two-thirds working interest owner in BRU, Chugach recognizes its portion of the field's annual carbon emissions; approximately 23,400 MT CO₂e.





BREATHE EASY

Chugach was honored to receive the American Lung Association in Alaska's "Breathe Easy Champion" Award. Each year, the American Lung Association honors an organization or individual who demonstrates significant efforts to improve the health and lives of Alaskans. We were recognized this year for our decarbonization goals and efforts around electric vehicles and beneficial electrification. We are proud to provide Alaskans with reliable, affordable power while also focusing on improving air quality and overall health.

POWER POOL

Chugach and Matanuska Electric Association, Inc. have been collaborating on a joint project to produce power more efficiently through economic dispatch. This pooling effort results in less emissions from the Railbelt electric grid, since the most efficient base load generation is used first.



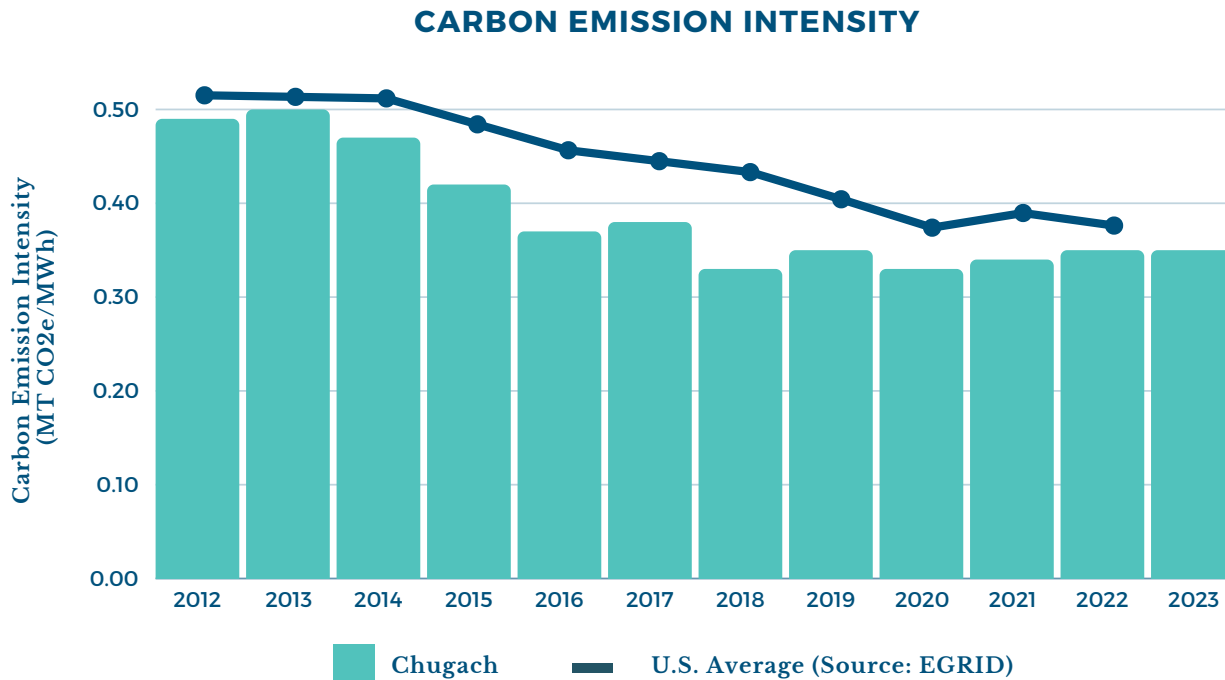
DECARBONIZATION

Reducing carbon emissions and expanding our array of energy sources are central objectives for Chugach. To achieve these goals, we have set ambitious targets for reducing our carbon intensity. Our aim is to decrease carbon intensity, measured from a baseline year of 2012, by a minimum of 35% by 2030, and by at least 50% by 2040. It is important to note that these targets are contingent upon ensuring that there is no negative material impact on electric rates or reliability.

Chugach acknowledges its responsibility to the community and actively encourages its members to adopt lower-emission practices in their daily lives. As part of this commitment, Chugach facilitates the transition to electric vehicles, electric heating and cooling systems, as well as the use of battery-operated tools, and other measures aimed at reducing emissions across the community. More details on Chugach's work in this area can be found in the Beneficial Electrification section of the report.

From 2012 through 2023, Chugach has seen a 55% reduction in its carbon emissions (CO₂e) from its owned-generation. During this same time, Chugach has seen a 28% reduction in its carbon intensity (CO₂e MT/MWh), the measure of the net generation to retail members, which includes purchased power and removes generation sold to other Railbelt electric utilities.

Carbon intensity remained consistent from 2022 to 2023. While our increased hydroelectric generation led to reduced emissions, this benefit was counterbalanced by the ten-year scheduled maintenance on the Southcentral Power Project steam turbine. With the steam turbine offline, we had to rely more heavily on less efficient thermal generation methods, resulting in increased emissions.



Chugach established its Decarbonization Program to provide necessary resources and structure to craft both short-and long-term action plans aimed at reducing Chugach's carbon emissions. In 2023, the Decarbonization Program laid its foundation with the development of projects alongside the creation and maturation of a new programmatic style. These new management processes were developed to complement strategic planning and execution methods, essential to fasten a new phase of innovation. Through these efforts, specific projects are being identified and constantly prioritized to propel Chugach toward its carbon reduction goals.

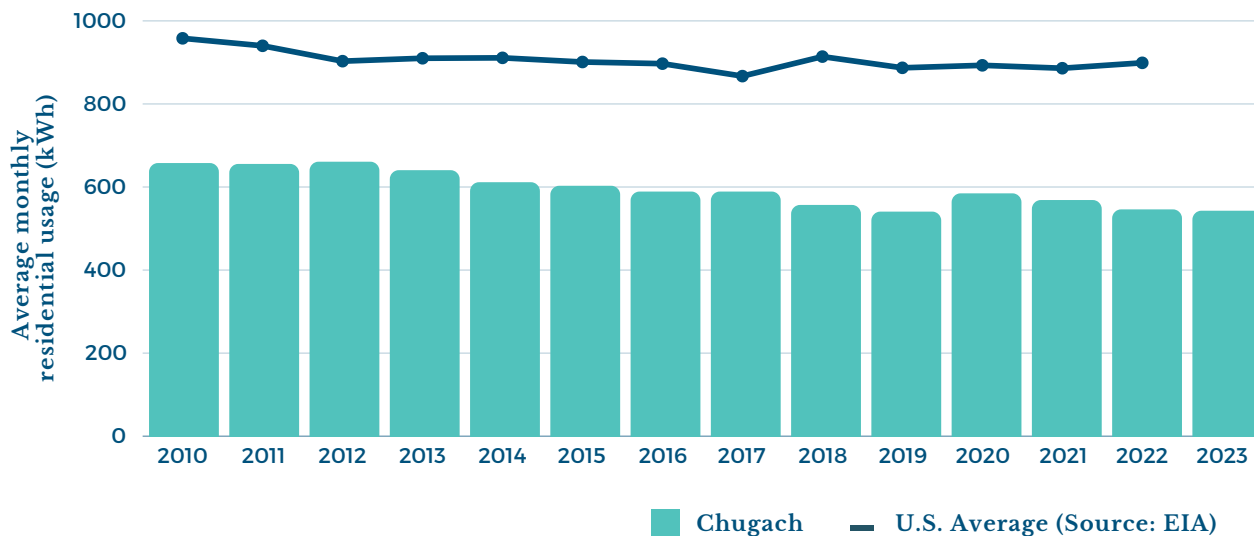
That set of projects were then submitted to the United States Department of Agriculture (USDA) for consideration under its substantial \$9.7 billion Empowering Rural America (New ERA) grant program. Our letter of interest remains under evaluation while preliminary engineering is underway. The primary focus was on the introduction of large-scale wind and solar projects paired with power regulation mechanisms, including lithium-ion battery energy storage systems (BESS), improvements to existing hydroelectric plants, and initiatives to alleviate natural gas flow constraints. Improving gas flow is expected to enable power regulation using Chugach's existing thermal resources.

Furthermore, significant resources were allocated to support our fellow Railbelt utilities and the State in the Grid Resilience and Innovation Partnerships (GRIP) program of the Department of Energy. Chugach actively contributed to the creation of three major grant applications, one for each of the topic areas associated with GRIP. While one application has been accepted, negotiations are ongoing with the Alaska Energy Authority for the construction of a new transmission link between the Kenai Peninsula and the West Cook Inlet, at the Beluga Power Plant. Early developments were also made in areas such as carbon capture, microgrid development, and hydroelectric development, marking a comprehensive year of advancements towards achieving the board's carbon intensity reduction goals.

ENERGY EFFICIENCY

Chugach is committed to reducing electrical energy consumption among its retail members, a goal supported by longstanding board policies. To accomplish this objective, Chugach implements community outreach initiatives, member programs, and energy and conservation education, all of which are aligned with our decarbonization and sustainability principles. The reduction in energy output from carbon-producing sources directly correlates to a decrease in emissions. As members use less energy it will also lead to improved air quality and ultimately benefit public health.

AVERAGE MONTHLY RESIDENTIAL ELECTRIC USAGE



17%

ELECTRIC USE REDUCTION REALIZED FROM CHUGACH RESIDENTIAL MEMBERS SINCE 2010, SURPASSING THE STATE OF ALASKA'S ENERGY EFFICIENCY GOAL TO REDUCE 15% FROM 2010.

In 2023, the dedication of Chugach's residential members to energy efficiency shone through. Chugach's average usage stood at 6,072 kWh, equating to an average monthly usage of 506 kWh, about 40% lower than the average U.S. household, using 2022 data from the U.S. Energy Information Administration. This performance by our members underscores Chugach's support for promoting sustainable energy practices and fostering a greener future.

Chugach empowers members with data access through its My Account portal, offering energy management tools. In 2023, 51,000+ threshold notifications were sent, aiding in electric usage management. Members also created nearly 225 new energy use thresholds, a 50% increase from the previous year. Energy markers in the portal help

monitor the impact of actions on consumption, facilitating informed decisions on appliances, upgrades, and energy-related activities. Chugach also offers the Kill-a-Watt Meter Program, allowing members to borrow a Kill-a-Watt meter for up to two weeks. These meters are pre-programmed with Chugach's current electric rates, enabling members to identify the energy consumption of specific appliances in their homes within a specific timeframe. This knowledge empowers members to make informed decisions about their energy usage.

RENEWABLE ENERGY

Chugach is aggressively seeking to add new renewable energy sources to its generation mix as soon as possible, without a negative material impact on rates or reliability. This supports Chugach's goal of signing a power purchase agreement or construction contract to add 100,000 MWh, per year, of new renewable energy by March 31, 2025, and Chugach's strategic priority of reducing carbon intensity by at least 35% by 2030 and at least 50% by 2040, and to reduce Chugach's use of natural gas.

To achieve these goals, Chugach conducted a competitive solicitation for renewable energy, selected the two most competitive projects (one wind and one solar) and conducted detailed system impact and economic studies on these projects in 2023. The studies were completed in the first four months of 2024, and may follow with negotiations with the independent power producers. Both projects are being studied up to 120 MW scale, and represent approximately 10-20% of Chugach's annual load.

Additionally, Chugach has evaluated dozens of other potential renewable energy opportunities and is developing several concepts to augment the major projects listed above and provide economic alternatives. Chugach is pursuing a suite of projects to ensure system stability and reliability that together create a pathway to add the necessary power regulation resources for new variable renewable energy resources. The projects include the large wind and large solar, improving Cooper Lake and Eklutna Hydro to increase flexibility, adding a battery dedicated to regulating wind and solar, adding compressed natural gas storage to increase resiliency and provide gas flexibility, adding distributed batteries and microgrids, testing a long-duration energy storage, and adding a Distributed Energy Management System (DERMS) to control all the new equipment.

In 2023, Chugach participated in a federal funding opportunity for tidal energy supporting an application that would develop and test tidal energy generators between Point Possession and Anchorage and that would interconnect to Chugach's grid.

Chugach continues to participate in the study of the Dixon Diversion project, which could add valuable water to Bradley Lake Hydro Project, the state's largest renewable energy generation source. This would increase the hydro facility's capacity factor by allowing greater use of the hydropower throughout the year.

22%

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

BATTERY ENERGY STORAGE SYSTEM (BESS)

Chugach invested in a Battery Energy Storage System (BESS) that will primarily improve efficiency while also providing enhanced frequency response on the Railbelt Transmission System. Battery storage technology enables utilities to store energy for later use and allows for more efficient natural gas generation.

The battery will enable Chugach to generate the same amount of power while consuming less natural gas. Battery storage is also one of several technology options that allow flexibility in the power system and make it possible to integrate high levels of renewable energy, such as wind and solar. The BESS, a Tesla Megapack system, is rated at 40 Megawatts for two hours. It has been installed just south of the Chugach headquarters building on Electron Drive. Matanuska Electric Association, Inc. has a 25% interest in the BESS project.



NET METERING

Net metering allows members to install renewable generation at their home or business to offset monthly usage and sell excess energy to Chugach. All types of renewable generation are eligible; solar comprises 99% of installed capacity. The generation nameplate capacity must be 25 kW or less per metered location to qualify for the net metering program.

At the end of the 2023, just under 900 members used the net metering program with a total of 4.7 MW of installed capacity, a 15% increase in the number of participants and an 18% increase in installed capacity in the year.

In 2023, Chugach filed tariffs to initiate a community solar program that will allow members to subscribe for net metered solar energy even if they rent, live in multi-family housing, do not have good sun exposure, or cannot afford the upfront expense of installing their own solar.



EKLUTNA HYDROELECTRIC PROJECT

In early 2024, The owners of the Eklutna Hydroelectric Project finished a five-year effort studying the impacts of the project on the Eklutna River and developing measures to protect, mitigate damages to, and enhance fish and wildlife impacted by the project. Chugach and the other project

owners, the Municipality of Anchorage and Matanuska Electric Association, completed consultations and a multi-year study process required by the 1991 Fish and Wildlife Agreement which is tied to

the purchase of the project from the federal government. In October of 2023, the Draft Fish and Wildlife agreement was released to the public, followed by a four-month public comment period, meetings with the partner state and federal agencies, and meetings with the Native Village of Eklutna. The Final Proposed Fish & Wildlife Program was sent to the Governor for review in April 2024, with a final decision from the Governor expected in October 2024.



TAPPING OUT PLASTICS BOTTLES

Chugach strives to demonstrate its commitment to carbon reduction, exemplify environmentally prudent practices, as well as, being a recognized leader of sustainable habits in our community. In this effort, our Sustainability Committee created a pilot campaign called “Tapping Out Plastic Bottles” to reduce the use of single-use plastic bottled water in the organization. The company-wide campaign ran from September



through October, to explore sustainable practices that reduce single-use plastic bottles and opt to refill containers. Employees were provided reusable containers and alternative, more environmentally friendly bottled water. Overall, the pilot campaign was a success to increase awareness about impacts of single use plastic bottles. Chugach is implementing practices for a more permanent program.

BENEFICIAL ELECTRIFICATION

Chugach continues to advocate for beneficial electrification strategies, focusing on activities that replace direct fossil fuel usage with lower-emission electricity. We actively promote the adoption of electric vehicles and support the advancement and utilization of battery-operated and electric tools and equipment, as well as air and ground source heat pumps. These efforts align with our commitment to sustainability and reducing environmental impact.



ELECTRIC VEHICLES

The adoption of electric vehicles (EVs) is a significant component of beneficial electrification, and Chugach is pleased to support our members who are transitioning to EVs. More than 40% of all EVs in Alaska charge on the Chugach system and the rate of EV adoption within the Chugach service area is the highest in the state. The energy used by EVs in 2023 was equivalent to more than 500 homes, and Chugach is advancing efforts to shape this new load to improve the efficiency of the Chugach system and benefit all members. The number of registered EVs through year-end 2023 was approximately 3,500 statewide and 1,600 in Anchorage, representing year-on-year EV growth of approximately 40% statewide and 55% for Anchorage.

Ongoing residential and commercial EV charging incentive programs help reduce the cost of deploying charging infrastructure in homes and businesses. Chugach continues to modernize rates and rules for EV charging, and in 2023 received approval from the Regulatory Commission of Alaska (RCA) to expand the existing EV charging tariff to allow more cost-effective charging infrastructure for commercial fleet and public charging.



ELECTRIC HEATING AND COOLING

Chugach supports the adoption of technology to electrify heating and cooling for buildings and commercial processes. In 2023 Chugach launched a heat pump pilot program to incentivize the adoption of air-source heat pumps for residential and small general service members. Chugach is also evaluating the potential for thermal energy storage and other tools to improve energy efficiency and carbon emissions from buildings.



BATTERY OPERATED TOOLS

Chugach continues to support the transition from on-site fossil fuel-powered to electric-powered equipment, tools, and devices. With advancements in energy technology, innovative alternatives like electric snowblowers and water heaters are now available, providing efficient and environmentally friendly options. This shift not only reduces energy expenses and emissions but also enhances overall quality of life. Chugach has embraced this technology, with field crews already transitioning to using battery-powered equipment and tools. With over eighteen battery-powered tools in active use, ranging from chainsaws to guywire cutters, our crews are experiencing the benefits of these lighter, quieter, and more convenient tools firsthand.



BENEFICIAL ELECTRIFICATION AND ENERGY STAR®(BEES) INCENTIVE PROGRAM

In 2023, Chugach launched the Beneficial Electrification and ENERGY STAR® (BEES) Incentive Program, funded by a grant from the Urban Sustainability Directors Network. Eligible low- to moderate-income (LMI) residential members in the Municipality of Anchorage could receive up to a \$1,000 bill credit for selected BEES yard tools and appliances. Landlords catering to LMI residents could get up to \$5,000 for qualifying appliances. BEES participants praised the switch to battery-operated yard tools for convenience and cited noticeable energy savings from efficient electric appliances. Chugach anticipates a yearly reduction of 6,500 pounds of CO2 emissions in Anchorage, with further decreases as renewable energy generation expands.



PEOPLE SOCIAL STEWARDSHIP



As a cooperative, Chugach is committed to social stewardship and serving our members with excellence. We value our employees as our most important asset, and we strive to create a culture of safety, respect, and innovation. Our priority is to ensure the well-being of our workforce and the communities we serve, while delivering reliable and affordable power. We also support various initiatives that enhance the quality of life and economic development in our region, such as education, health, arts, and environment. Chugach is more than just an electric utility; we are a partner in building a sustainable and prosperous future for Alaska.

443

Chugach
employees

23%

of Chugach
employees identify
as a minority

32%

of Chugach
employees identify
as a woman

14%

of Chugach
employees are
active military or
a veteran

75%

of Chugach
employees are
union
represented

100%

of Chugach
employees are full
time employees



SAFETY

In 2023, we continued to live our safety value, measuring success not only by output metrics, such as the injury rate, but also by key inputs including communication, training, and adherence to safe work practices. Similar to the previous year, both our injury and lost time rates continue to outperform utility averages in Alaska.

We completed two dedicated efforts as part of our Strategic Plan to enhance safety throughout the organization that included safety leadership training and NRECA Rural Electric Safety Achievement Program (RESAP) assessment of line operations and power generation. Learning objectives focused on gaining an understanding of self-awareness and emotional intelligence, critical skills that lead to improved safety communication, influence, and positive culture change. Nearly 100% of managers with key leadership roles in line operation and power generation attended.

Our NRECA RESAP assessment was completed in the spring of 2023 during which trained RESAP assessors evaluated Chugach Electric safety requirements in 31 functional areas across Power Generation and Line Operations. The benefit of the assessment included reinforcing existing practices, sharing industry best practices, and identifying opportunities for improvement. We take pride in our health and safety efforts and our performance, and our dedication persists in maintaining a healthy and secure workplace for our employees.



DIVERSITY, EQUITY, AND INCLUSION

Chugach's success is rooted in hiring talented individuals and empowering them to innovate. We prioritize creating a safe and healthy workplace, fostering a culture of trust, respect, diversity, and inclusion, and offering equal opportunities for personal and professional growth. We value and recognize our employees' contributions through recruitment, development, motivation, and retention. Upholding ethical and compliance standards is fundamental to our operations, including regulatory obligations.

It is a policy of Chugach 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.

LEADERSHIP & EMPLOYEE DEVELOPMENT AND ENGAGEMENT

Chugach has intensified its efforts to engage employees, prioritizing the well-being, development, and engagement of its employees, which ultimately contributes to the long-term success and sustainability of the company.

As part of this effort there have been additional training opportunities, including communication training for our managers to enhance their leadership skills, and software skill enhancement training for all employees focusing on popular tools like Microsoft Word and Excel. To gain a more comprehensive understanding of Chugach's operations, all employees were invited to participate in educational tours of its power production facilities and substations.

Chugach values employee engagement beyond the workplace, fostering memorable experiences with colleagues through events like the spring employee party and family picnic at the Alaska Zoo. We also sponsor family activities like movie nights and crafting classes to further promote employee well-being.

To support employees to live healthy lives, Chugach sponsored a Health Fair and ensured it was accessible to all employees, a summer softball team, and multiple community walks in support of local charities.



STRATEGIC PLANNING EMPLOYEE ENGAGEMENT GROUP

In 2023, Chugach initiated an employee engagement program aligned with the Strategic Plan. Employees across the company participated in brainstorming sessions, generating over 80 ideas focused on leadership and employee development. After voting and prioritizing, a subcommittee led by a Project Manager was formed to implement key initiatives. Chugach remains committed to fostering employee engagement to drive innovation and collaboration, vital for long-term sustainability.



EMPLOYEE GIVING

Chugach employees are invested in supporting the community where they live, work, and enjoy leisure time. They demonstrate this commitment through both volunteerism and charitable donations, actively contributing to the betterment of the community in various ways.

ALASKA HEART RUN & WALK

The 2023 Alaska Heart Run & Walk included a Chugach team that raised more than \$800. The event aims to boost physical and emotional health, connect community members, and raise money to defeat heart disease and stroke.

ALASKA RUN FOR WOMEN

Chugach's employee team demonstrated their commitment to supporting breast cancer awareness, research, and support programs by participating in the 2023 Alaska Run for Women. Through their efforts, they raised over \$1,000 toward this important cause.

CHAMBER CITYWIDE CLEANUP

Chugach employees actively participated in the Anchorage Chamber Citywide Cleanup. Equipped with gloves, safety vests, grabbers, and safety glasses, they diligently collected trash in and around the Chugach campus, contributing to a cleaner environment for all.

FOOD BANK OF ALASKA DRIVE

During its food drive campaign, Chugach made a significant contribution by donating over 300 pounds of food to the Food Bank of Alaska. In addition, employees donated their time to assemble food boxes tailored for seniors in need.

SALVATION ARMY ANGEL TREE

Chugach proudly sponsored a Salvation Army Angel Tree initiative, through which employees generously contributed new clothing and toys to brighten the holidays for local families facing adversity.

SALVATION ARMY RING THE BELL

The Salvation Army's Red Kettle program, a tradition with global recognition, directly supports individuals in our local community. Chugach employees donated their time to ring the bell, contributing to a total of nearly \$1,000 raised during their kettle shifts.

UNITED WAY OF ANCHORAGE

Chugach employees donated over \$13,000 to community programs through the 2023 United Way of Anchorage campaign, supporting vital initiatives in the local area.





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 2023, employees volunteered more than 100 hours at 13 different community organizations. The Alaska Humane Society, Challenge Alaska and Children's Lunchbox are just a few of the organizations Chugach employees supported with volunteer hours.

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. The Association may use a third-party organization (Pick-Click-Give or United Way) to qualify and facilitate the matching contribution. In 2023, Chugach matched more than \$3,795, distributed to 13 organizations.



MEMBER ENGAGEMENT

Chugach places a high priority on member service and interaction. Throughout 2023, we organized and hosted a series of engaging events to express our appreciation for our members, highlight the progression of electric vehicles, offer valuable insights on energy efficiency, and further cultivate strong partnerships with legislators and our large commercial members.



MEMBER APPRECIATION DAY

Chugach's annual meeting and member appreciation event drew hundreds of members and their families. Attendees enjoyed a myriad of activities, including sky-high bucket truck rides, informative power plant tours, and capturing memorable moments in the photobooth. Delicious food was served as members learned about various community services at exhibitor booths, gained insights into energy efficiency and conservation, viewed several electric vehicles, and even zipped around on e-bikes.



NATIONAL DRIVE ELECTRIC WEEK

To celebrate National Drive Electric Week, a nationwide initiative promoting the benefits of electric vehicles, Chugach organized the Growing Ownership of Electric Vehicles in Alaska (GO EV AK) forum at the Anchorage Museum. Approximately 60 members attended the event to listen to presentations from Chugach, Alaska Energy Authority, the Alaska Center for Energy and Power, and Launch Alaska on the increasing adoption of EVs in Alaska. The crowd responded with overwhelmingly positive feedback.



EFFICIENT FRIDAYS

During National Cooperative and Energy Awareness month, Chugach organized "Efficient Fridays" in the Chugach lobby every Friday throughout October. Members were welcomed to visit the lobby to delve into topics such as electric vehicles, renewable energy, beneficial electrification, and Chugach's dedication to sustainability.



KEY MEMBER SUMMIT

In 2023, Chugach held its third Key Member Summit. Representatives from many of Chugach's key accounts came to hear updates on several aspects of Chugach's business, including the proposed rate case and Chugach's decarbonization efforts. Fostering strong relationships with larger commercial accounts is an important part of delivering reliable, affordable power.

LEGISLATIVE LUNCHEON

At Chugach's Legislative Luncheon, topics ranging from natural gas supply to the future of the electric utility industry were featured on the agenda. Held at the Alaska Native Heritage Center, the event attracted over 50 elected officials and representatives from professional and government agencies.

MEMBER COMMITTEES

BYLAWS COMMITTEE

The board appoints a committee consisting of a minimum of five and a maximum of seven members to serve on the **Bylaws Committee**. This committee is tasked with thoroughly reviewing the Association's bylaws, evaluating any proposed revisions suggested by the board of directors or any member, and presenting their

MEMBER ADVISORY COUNCIL

The **Member Advisory Council (MAC)**

serves as an ad hoc committee, appointed to provide valuable advice to the board on matters concerning the utility. The committee convenes quarterly meetings to discuss various topics chosen by the board.

MAC members are appointed for two-year terms to ensure fresh perspectives and ongoing engagement.

ELECTION COMMITTEE

The board appoints members to the **Election Committee**, consisting of a minimum of five and a maximum of thirteen members. This committee is tasked with updating election procedures, appointing a master election judge, and recommending a date of record. During the voting period, the committee oversees the election administrator's activities and resolves any issues related to 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 presentation, shall approve, prepare, and post the Slate of Candidates. Candidates may also run by petition with 50 or more approved member signatures.



ENERGY EDUCATION

Chugach is committed to engaging with our members and the broader community at multiple levels, reflecting our commitment to education and outreach. From our engineering teams to our member service representatives, and across all departments, our employees actively participate in educational endeavors. This includes providing education at the individual member level, community level, and national level. We engage in various activities such as community events, presentations, webinars, tours, classroom visits, and other educational initiatives. Furthermore, we sponsor activities, deliver lectures, participate in industry panels, engage with community councils, and attend numerous events throughout the year, all aimed at enhancing community understanding and involvement.

EDUCATING BEYOND ALASKA

Chugach seized the opportunity to present its unique perspective in the electric industry to national audiences outside Alaska. In February, Chugach staff met with U.S. Senator Lisa Murkowski, U.S. Senator Dan Sullivan, and Representative Mary Peltola in Washington D.C. and attended key discussions with the Department of Energy, United States Department of Agriculture, and the Nuclear Regulatory Commission. Chugach also prepared and delivered presentations to the National Hydropower Association and was invited to speak at POWERGEN International®, the premier business hubs for power generation professional and solution providers.

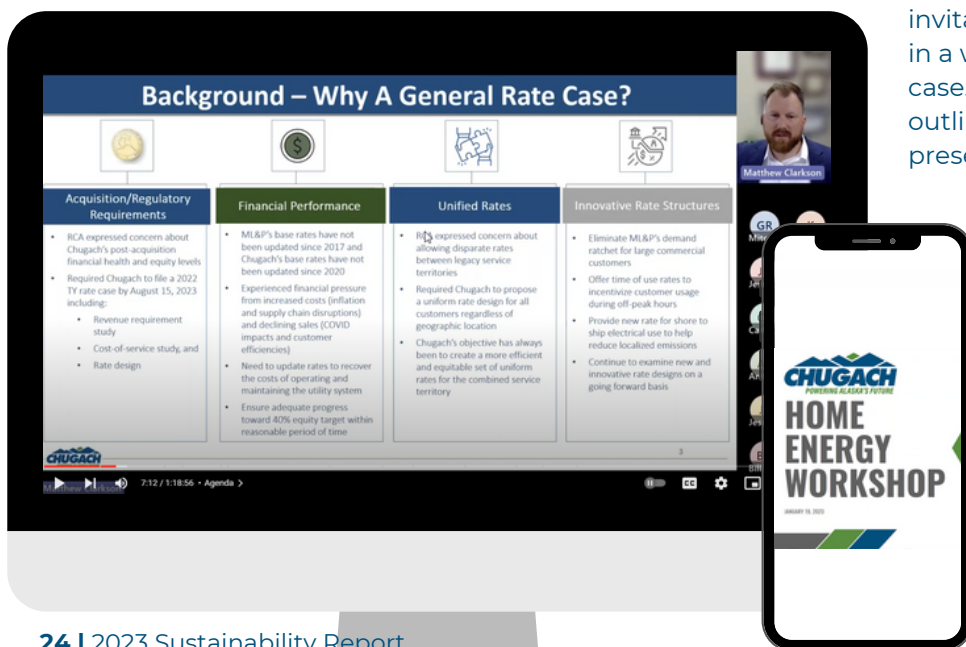
EDUCATING THE COMMUNITY

Throughout the year, Chugach receives numerous requests to deliver presentations and facilitate workshops for various community groups. Examples of these include the Anchorage Chamber of Commerce, Anchorage Assembly, Alaska Sustainable Energy Conference, Alaska Power Association and ARECA Insurance Exchange Safety Summit, and Launch Alaska, among others.

EDUCATING MEMBERS

In 2023, Chugach introduced an innovative educational approach for its members by hosting online webinars. One of the featured webinars was the Home Energy Efficiency Workshop, which provided valuable insights into energy-saving techniques, detailed explanations of My Account features and tools, and previewed upcoming member programs. This webinar was conducted twice during the year, in January and again in October, strategically timed to coincide with periods of high bill inquiries.

Additionally, Chugach extended invitations to members to participate in a webinar on the submitted rate case. During this session, Chugach outlined the rate case timeline, presented the findings of the cost-of-service analysis, and discussed the potential impacts of proposed base rate adjustments.



SAFETY CITY

Chugach's safety team conducts visits to elementary schools throughout the year to educate students about electrical safety. The focal point of these presentations is the Safety City model, which illustrates various contact hazards related to overhead and underground power lines. The lessons aim to teach the value of electricity, how electricity is made, and how to be safe around electricity.



POWER PLEDGE CHALLENGE

In 2023, more than 2,250 students from 29 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 Electric Association partnered with Renewable Energy Alaska Project (REAP) and Alaska Energy Authority (AEA) to start the first annual energy challenge for middle school students. Today, with 11 partners, reaching eight regions of the state, PPC has reached over 22,000 kindergarten through 12th grade students.



TREE LINE USA

Since 1999, Chugach has proudly held the Tree Line USA designation, exemplifying our dedication to community engagement and environmental stewardship. As part of this commitment, we plant a tree at a different school annually, aiming to educate our members about the invaluable benefits of trees. In 2023, elementary students participated in planting an apple tree, symbolizing our ongoing Tree Line USA initiative. During this event, representatives from a local nursery and tree expert company engaged with the students, fostering discussions on the significance of trees and urban forests in our community.



PLANT TOURS

From legislators to elementary students, Chugach takes pride in showcasing its power generation plants. Power plant tours typically include an introduction to



Chugach, an in-depth explanation of the plant's operations, and a guided walking tour of the facilities.

CHUGACH IN THE COMMUNITY

As a member-owned cooperative, Chugach is deeply committed to serving and supporting the community that we call home. We are grateful for the unwavering support of our members, who have helped shape Chugach into the organization it is today. In return, we are dedicated to giving back to our members through meaningful community outreach and engagement efforts.

TOTEM RAISING

Chugach was honored to contribute to the significant event of the Boarding School Healing Totem Pole Raising & Dena'ina/Haida Potlatch, commemorating Indigenous boarding school survivors, descendants, and ancestors who did not return home. Our donation of the utility pole that supports the totem pole symbolizes our commitment to preserving the traditions of Alaska Natives for generations to come.



TRUNK OR TREAT

Chugach proudly sponsored The Arc of Anchorage's Trunk-or-Treat, a fundraising event attended by hundreds of kids and families. This community event offers a safe and inclusive space for children of all ages to enjoy. Our contribution included showcasing our EV, Wattson, as our "trunk." The funds raised at the event provide vital support to Alaskans with intellectual and developmental disabilities of all ages.



TURKEY DROP

Just in time for the holidays, turkeys were dropped off at several Anchorage non-profits courtesy of Chugach. Every holiday season, Chugach donates 450 turkeys to 10 local non-profit agencies or programs, showcasing our commitment to supporting the community as a member-owned cooperative.



TREE LIGHTING

Chugach is proud to be a part of Anchorage's holiday tradition, illuminating Town Square Park with the annual lighting of trees. Our crews work closely with the Anchorage Downtown Partnership and the Municipality of Anchorage Parks and Recreation Department to ensure the park is festive for the holidays.



COMMUNITY MEMBERSHIPS

Chugach prioritizes community engagement and maintains memberships with several organizations. Active involvement in the community strengthens Chugach's relationships with its members. Here are some examples of the organizations Chugach is proud to be a member of:

- Building Owners and Managers Association
- 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
- Cook Inlet Tidal Power
- National G&T Managers Association
- National Rural Electric Cooperative Association
- Northwest Public Power Association
- Resource Development Council
- Southcentral Alaska Utility Association

COMMUNITY COUNCIL OUTREACH

Chugach organizes public meetings to keep local communities informed about upcoming engineering projects in their vicinity, often in collaboration with community councils. These gatherings provide members with a platform to ask questions and gain insight into how the projects will enhance their electric service.

In 2023, Chugach delivered presentations to the Downtown, Taku Campbell, Bayshore/Klatt, Cooper Landing, Moose Pass, Indian, and Girdwood community councils, as well as similar community groups, to share information about forthcoming initiatives.



PERFORMANCE GOVERNANCE



57%

of the board
identifies as
female

28%

of the board
identifies as
minority

57

average age of
board directors

5.39

average years
served on the
board

Chugach's commitment to provide members with safe, reliable, and affordable electricity is backed by the Board of Directors. Chugach is guided by a member-elected board of directors. This seven-member board provides oversight and strategic guidance as well as provides direction to Chugach's Chief Executive Officer. Directors are elected to staggered four-year terms in conjunction with the annual meeting each spring.

As a purpose-led organization, the board values openness, accountability, and transparency. The board is available for members to contact by phone and email as well as providing an opportunity for members to participate virtually and in-person during regularly scheduled monthly meetings.

Directors take certification courses by National Rural Electric Cooperative Association (NRECA), covering industry and governance topics like risk management, power supply, and policy development.

BOARD OVERVIEW

The board is elected by members to govern the Association and represent their concerns and viewpoints. Members chose Directors who bring a balance of relevant skills to the boardroom, as well as an effective mix of diversity and experience. The graph to the left is a self-evaluation of director core competencies.

Chugach thrives on open and transparent governance, as well as active engagement with its members. We encourage members to participate in board meetings, connect with the board, and stay informed and involved in the cooperative's activities.



MARK WIGGIN

BETTINA CHASTAIN

SISI COOPER

SAM CASON

RACHEL MORSE

JIM NORDLUND

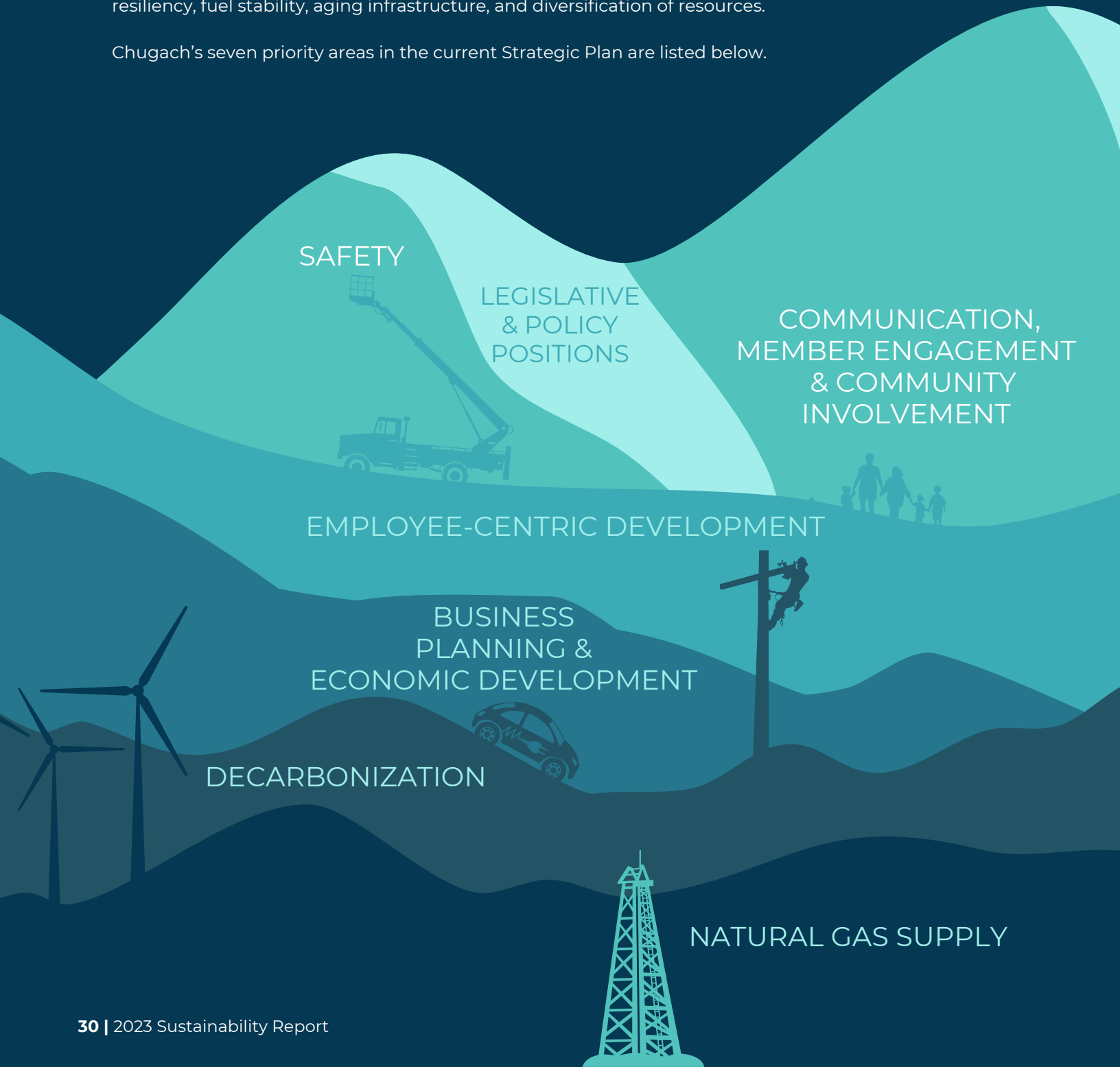
SUSANNE FLEEK-GREEN

CHUGACH STRATEGIC PRIORITIES

The Strategic Plan is a roadmap outlining Chugach's commitment to safety, advocating for legislation supportive of Chugach and its members, effective communication and member engagement, robust business planning, employee development, decarbonization, and ensuring a reliable natural gas supply. A tracking document is used to identify owners and progress of projects that align with the Strategic Plan. This tracking document is periodically reviewed to ensure accountability, validity of goals, and trend targets to measure success.

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

Chugach's seven priority areas in the current Strategic Plan are listed below.



RATE CASE SUBMITTED

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.

The RCA ordered Chugach to file a rate case to provide uniform rates for ratepayer classes that do not distinguish between ratepayers based on geographic location in the Chugach service territory. In June 2023, Chugach filed its first general rate case since closing on the acquisition of ML&P.

For reference, the base rates of ML&P legacy customers have not been adjusted since 2017 based on 2015 data, and Chugach legacy members' base rates have not been adjusted since 2020. The rate adjustments are necessary to recover the costs of operating and maintaining the utility system at a time when Chugach, like all businesses, has experienced financial pressure from inflation and supply chain disruptions, as well as declining sales due to energy efficiency measures by members and the decline seen during the COVID-19 pandemic.

Led by a fair and reasonable analysis as well as feedback from members, Chugach's objectives are to integrate North and South Districts into uniform rate schedules, minimize disruption of rate design changes, and utilize RCA-approved, traditional Chugach costing methods.

CAPITAL CREDIT RETIREMENT

One of the advantages of being a member of a not-for-profit electric cooperative is you have a stake in the financial success of the cooperative through capital credits. Each year, Chugach allocates annual operation margins, revenues remaining after expenses are paid, to members receiving service during the year. These margins are allocated based on the amount of electric service a member purchases each year, compared to the total electric service purchased by all members. The allocated amounts are called capital credits which are used by Chugach to keep the cooperative financially sound and able to support critical infrastructure investments, ensuring safe and reliable electric service.

The board approved the remaining capital credit retirement of \$3.3 million from 1991. To date, Chugach has authorized retirement of more than \$100 million of capital credits. By putting money back in the pockets of our members, and not paying profits to distant shareholders, we are keeping money in the local economy. Chugach is proud to support our communities and our members in this way.

CHUGACH RANKINGS

Chugach received a "A-" rating from Fitch and "A" from S&P Global Ratings. With these ratings, Chugach can obtain and secure debt at low rates, due in part to our favorable credit ratings. Chugach's financial profile is strong and continues to improve following the ML&P acquisition.

Chugach was recognized again as one of Alaska's Top 49ers in business. Ranked by revenue, Alaska Business magazine annually lists the Top 49 Alaska companies that are 51% or more Alaska-owned and have operations in Alaska. Chugach came in at #17 in 2023.

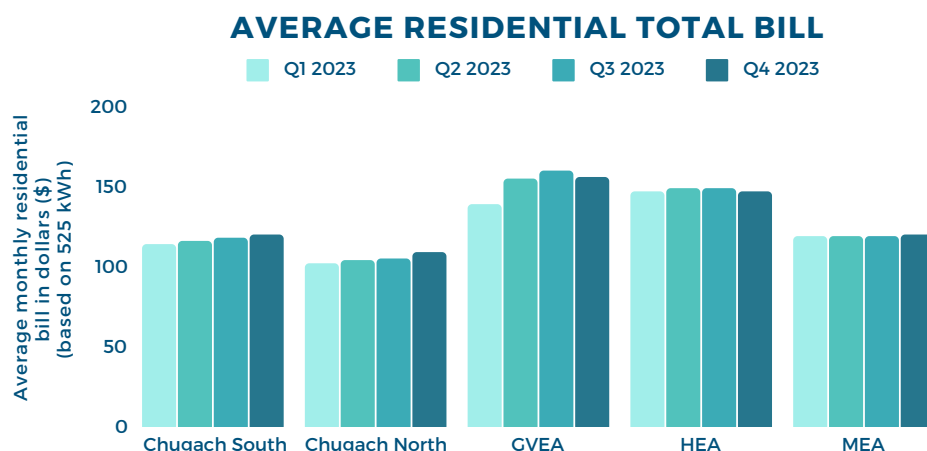


OPERATIONAL EXCELLENCE

Chugach continues to deliver excellence in price, reliability, and quality of customer service.

PRICE

Year after year, Chugach's residential, small commercial, and large commercial bill levels remain the lowest in the Railbelt. The graph on the right compares the average monthly residential bills of each Railbelt cooperative utility for each quarter of 2023.



99.96%

RELIABILITY RATING

RELIABILITY

The Alaska electric grid is unique in that it is not connected to any other electric grids, unlike the Lower 48 electrical grid. Because the Alaska grid is independent, it must be more reliable. In 2023, Chugach had a reliability rating of 99.96%. The U.S. Energy Information

Administration collects data from distribution utilities and power marketers of electricity. The data, reported in

System Average Interruption Duration Index (SAIDI) and System Average Interruption Frequency (SAIFI), are the yearly summed values of all non-monetary outages. The Customer Average Interruption Duration (CAIDI) of an event is the total number of minutes the power is out. Chugach's service interruption duration is less time than the national average.

STATISTIC	CHUGACH	NATIONAL AVERAGES
SAIDI System Average Interruption Duration Index Indicates the total duration of interruption for the average customer during a defined period of time.	189.1 MINUTES	333 MINUTES
SAIFI System Average Interruption Frequency Index Indicates how often the average customer experiences a sustained interruption over a defined period of time.	1.5 INTERRUPTIONS	1.43 INTERRUPTIONS
CAIDI Customer Average Interruption Duration Index Represents the average time to restore service.	125.6 MINUTES	233.5 MINUTES

MEMBER SATISFACTION

Each year, Chugach reaches out to its members to gather valuable member feedback. Historically, Chugach polled 500 members for feedback. In 2023, however, Chugach expanded its reach to survey 1,300 members for the annual member satisfaction survey. Interestingly, the results remain similar to that of the historical 500 responses, to show the vast majority of Chugach members are very satisfied with their overall service. Members are extremely satisfied with the utility overall, reliability, customer service, and the restoration time. Reliability remains the most important priority as it has since Chugach started tracking in 1995.



88%

OF MEMBERS HAVE A
VERY POSITIVE OR
SOMEWHAT POSITIVE
OPINION OF CHUGACH
OVERALL

98%

OF MEMBERS GRADE
CHUGACH EITHER AN A
OR B FOR RELIABILITY

94%

OF MEMBERS GRADE
CHUGACH EITHER AN A
OR B FOR RESTORING
SERVICE AFTER A
POWER OUTAGE

93%

OF MEMBERS ARE VERY
SATISFIED OR
SOMEWHAT SATISFIED
WITH CHUGACH'S
CUSTOMER SERVICE

2023 MEMBER SURVEY RATING RESULTS

DISASTER PREPAREDNESS

Chugach prioritizes safety and reliability in all its operations. Incidents such as snowstorms, wildfires, earthquakes, and avalanches can severely impact the grid, leading to power outages. Restoring electricity following such major disruptions is a complex undertaking, demanding considerable logistical expertise, skilled line workers, and specialized equipment. To ensure a safe and efficient restoration process, Chugach conducts year-round training, meticulous planning, and mock drills to prepare for various emergencies.



RIGHT OF WAY CLEARING

Trees falling into power lines are one of the leading causes of power outages. Keeping the easement—or right-of-way—clear reduces tree-related outages and allows crews to restore power safely and efficiently after an outage or to perform maintenance when required. An easement with trees growing into the power lines is a safety hazard for crews and the public. In order to provide safe and reliable service to our members, Chugach has a year-round program to remove trees and other vegetation from utility easements. Also commonly called right-of-way clearing, properly maintaining these areas is required by the National Electric Safety Code. Chugach's program utilizes best practices in vegetation management and has been recognized 17 times as a Tree Line USA utility.



BUSINESS DEVELOPMENT

Chugach experienced a slight decline in load for 2023, with measured billed demand approximately 0.4% lower than 2022. The number of metered locations increased by about 0.2%, although total energy sales for 2023 declined approximately 0.6%. This trend is anticipated to continue for the near future as steady improvements in energy efficiency continue to outpace load growth from new members and beneficial electrification of homes, commercial buildings, and vehicles. Chugach continues to advance intelligent rate design to support load growth that can improve system efficiency and maintain reliable and affordable electric service to our members.



CYBERSECURITY

Our steadfast commitment to enhancing cybersecurity not only safeguards Chugach's assets and data but also fosters the sustainability of our company in a rapidly evolving digital landscape. By fortifying our cybersecurity posture through proactive risk assessment, robust policies, employee education, and cutting-edge technologies, we mitigate the potential for disruptive cyber incidents that could undermine our operations and diminish member confidence.

This proactive approach not only protects our financial and intellectual assets but also enhances our reputation as a reliable and secure partner. By investing in the sustainability of our cybersecurity infrastructure, we ensure the long-term viability and resilience of our company, positioning us to navigate emerging threats and challenges with confidence and agility.



APPENDIX A

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) REPORT EDISON ELECTRIC INSTITUTES' TEMPLATE

Portfolio	2021	2022	2023
Owned Nameplate Generation Capacity at end of year (MW)¹			
Coal	0	0	0
Natural Gas	759.8	759.8	745.8
Nuclear	0	0	0
Petroleum	0	0	0
Other			
Biomass/Biogas	0	0	0
Geothermal	0	0	0
Hydroelectric ¹	30.9	30.9	30.9
Solar	0	0	0
Wind	0	0	0
Owned Net Generation for the data year (MWh)			
Coal	0	0	0
Natural Gas	1,810,542	2,045,389	1,810,745
Nuclear	0	0	0
Petroleum	0	0	0
Other			
Biomass/Biogas	0	0	0
Geothermal	0	0	0
Hydroelectric	117,224	89,933	115,425
Solar	0	0	0
Wind	0	0	0
Retail Electric Accounts (at end of year)			
Large Commercial	2,353	2,465	2,514
Small Commercial	13,781	13,745	13,690
Residential	96,703	96,873	96,984
Streetlights	Not Reported	167	167

¹ 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.

Emissions	2021	2022	2023
GHG Emissions: Carbon Dioxide (CO2) and Carbon Dioxide Equivalent (CO2e)			
Owned Generation			
Carbon Dioxide (CO2)			
Total Owned Generation CO2 Emissions (MT)	756,339	861,469	814,356
Total Owned Generation CO2 Emissions Intensity (MT/Net MWh)	0.3924	0.4046	0.4228
Carbon Dioxide Equivalent (CO2e)			
Total Owned Generation CO2e Emissions (MT)	757,151	862,401	815,197
Total Owned Generation CO2e Emissions Intensity (MT/Net MWh)	0.3928	0.4050	0.4232
Non-Generation CO2e Emissions of Sulfur Hexafluoride (SF6)			
Total CO2e emissions of SF6 (MT)	Not Reported	1,263	9,427
Leak rate of CO2e emissions of SF6 (MT/Net MWh)	Not Reported	0.0006	0.0049
Nitrogen Oxide (NOx)			
Total NOx Emissions (MT)	0	0	0
Total NOx Emissions Intensity (MT/Net MWh)	0.00	0.00	0.00
Sulfur Dioxide (SO2)			
Total SO2 Emissions (MT)	0	0	0
Total SO2 Emissions Intensity (MT/Net MWh)	0.00	0.00	0.00
Resources	2021	2022	2023
Human Resources			
Total Number of Employees	448	432	443
Percentage of Women in Total Workforce	30%	31%	32%
Percentage of Minorities in Total Workforce	23%	22%	23%
Total Number on Board of Directors	7	7	7
Percentage of Women on Board of Directors	46%	57%	57%
Employee Safety Metrics			
Recordable Incident Rate	2.77	2.71	2.20
Lost-time Rate	1.1	0.98	0.98
Days Away, Restricted, and Transfer (DART) Rate	1.58	1.72	1.95
Work-related Fatalities	0	0	0
Fresh Water Resources used in Thermal Power Generation Activities			
Water Withdrawals - Consumptive (Millions of Gallons)	Not Reported	100.5	100.5
Water Withdrawals - Non-Consumptive (Millions of Gallons)	Not Reported	0	0
Water Withdrawals - Consumptive Rate (Millions of Gallons/Net MWh)	Not Reported	0.0000506	0.0000581
Water Withdrawals - Non-Consumptive Rate (Millions of Gallons/Net MWh)	Not Reported	0	0
Waste Products			
Amount of Hazardous Waste Manifested for Disposal	<1 MT	1.2 MT	1 MT
Percent of Coal Combustion Products Beneficially Used	0%	0%	0%

