



The Evolution of the Electric Utility Industry

Arthur Miller

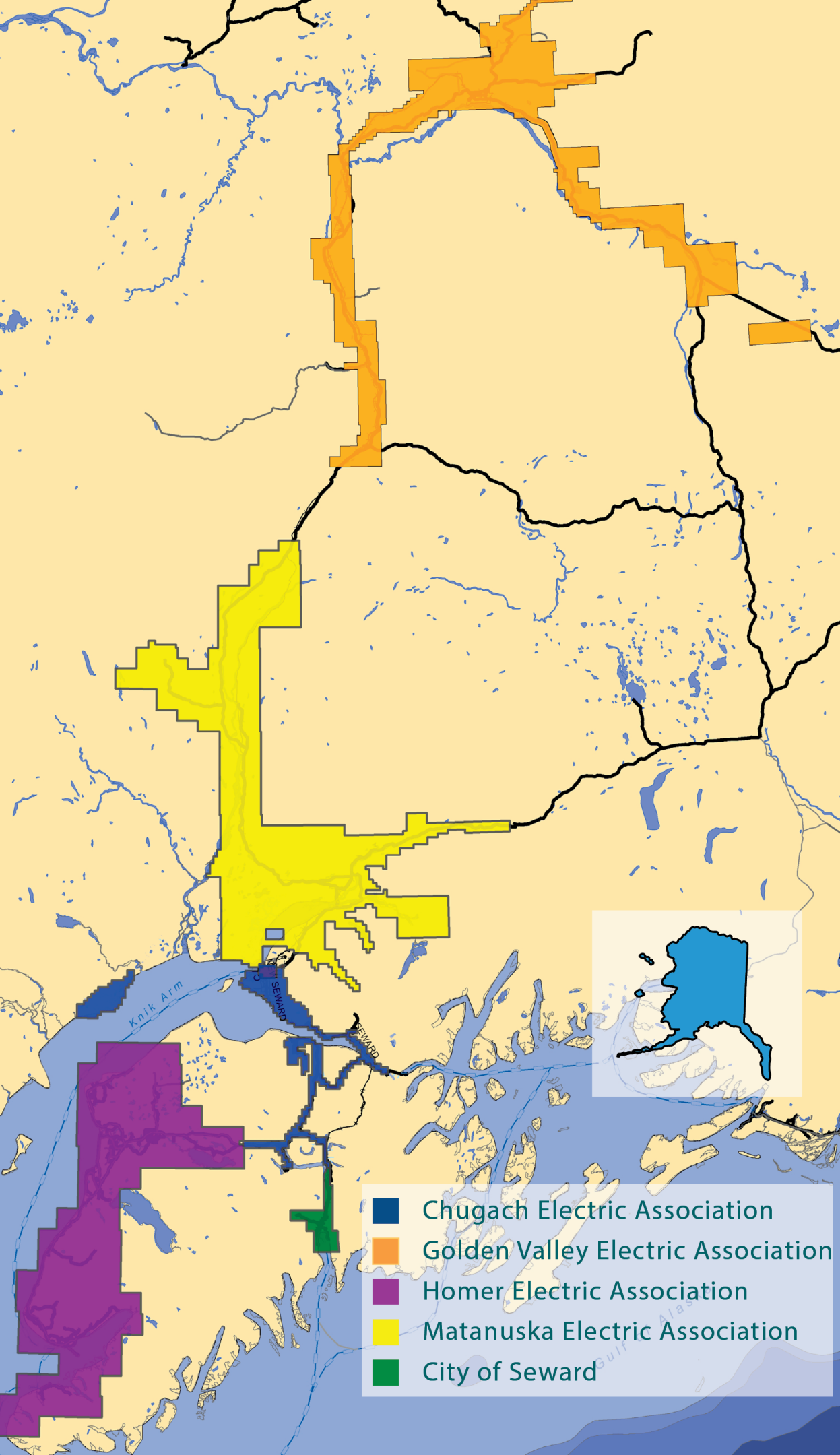
Chief Executive Officer

Chugach Electric Association, Inc.

June 26, 2023

History of the Railbelt





"Railbelt" Electric System

Utilities

Four member-owned electric cooperatives and one municipal utility sell power to Railbelt customers

Location

Interconnected electric grid, that primarily follows the Alaska Railroad, which stretches approximately 700 miles from Fairbanks through Anchorage to the Kenai Peninsula

Ratepayers

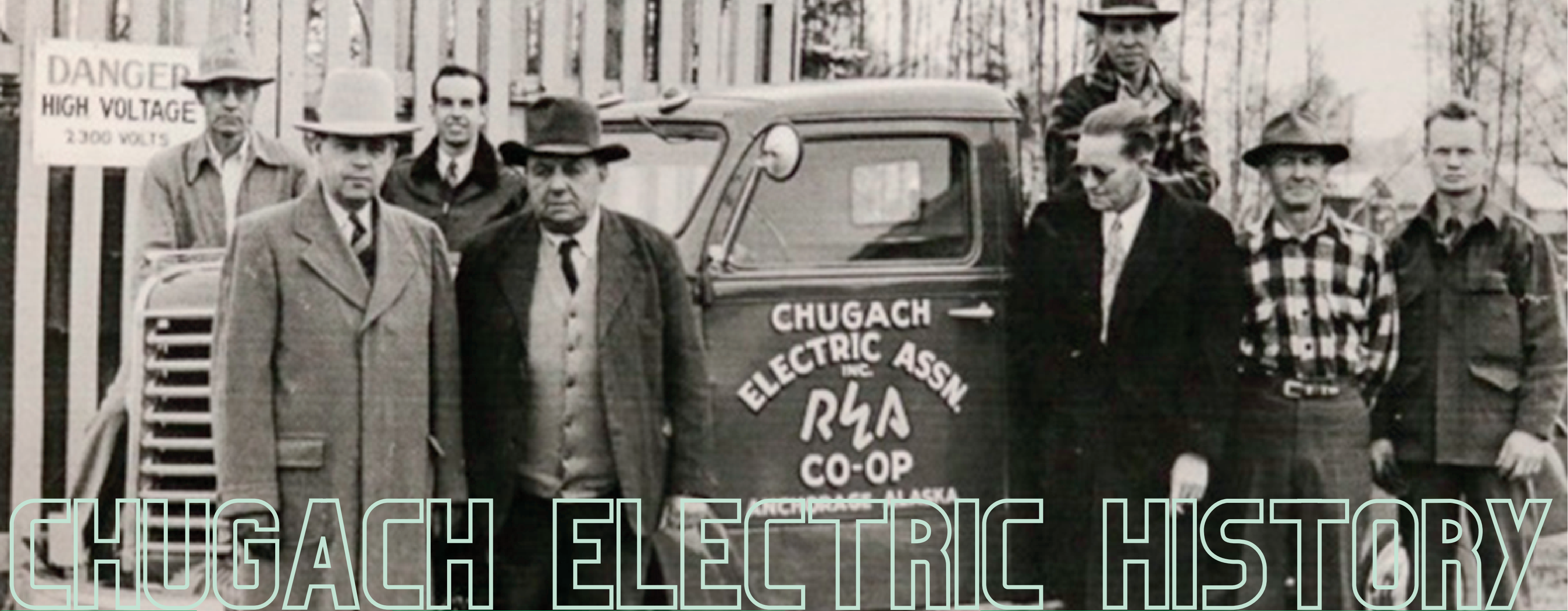
About 70 percent of Alaska's population is served by the Railbelt electric system

Origins of power generation in Anchorage

1946

The T2 tanker
Sacketts Harbor
begins providing
power to Anchorage
and the first power
plant was constructed





1948

Chugach Electric was incorporated as an Rural Electrification Administration cooperative

1955

The Eklutna power plant comes on-line with two 15-megawatt generators

1960

The Cooper Lake power plant came on-line, and Chugach began to look at gas-fired power generation

1968

Power from two 15.7-megawatt units at Chugach's new gas-fired power plant at Beluga flowed into Anchorage

1991

Chugach takes power from Bradley Lake Hydroelectric Project, largest hydroelectric facility in the state

2013

Chugach begins to receive power from Southcentral Power Project and Fire Island Wind Project

2016

Chugach acquires a working interest in Beluga River Unit Gas Field

2020

Chugach acquires Municipal Light & Power, and serves 90,000 members at 113,000 locations

Safety is Priority

#1

Goal: Continue achieving high levels of safety performance and the prioritization of safety to create an incident and injury-free work environment



Chugach By the Numbers

01

Provides power to 1 in 3 Alaskans

02

\$354.5 million in total revenue

03

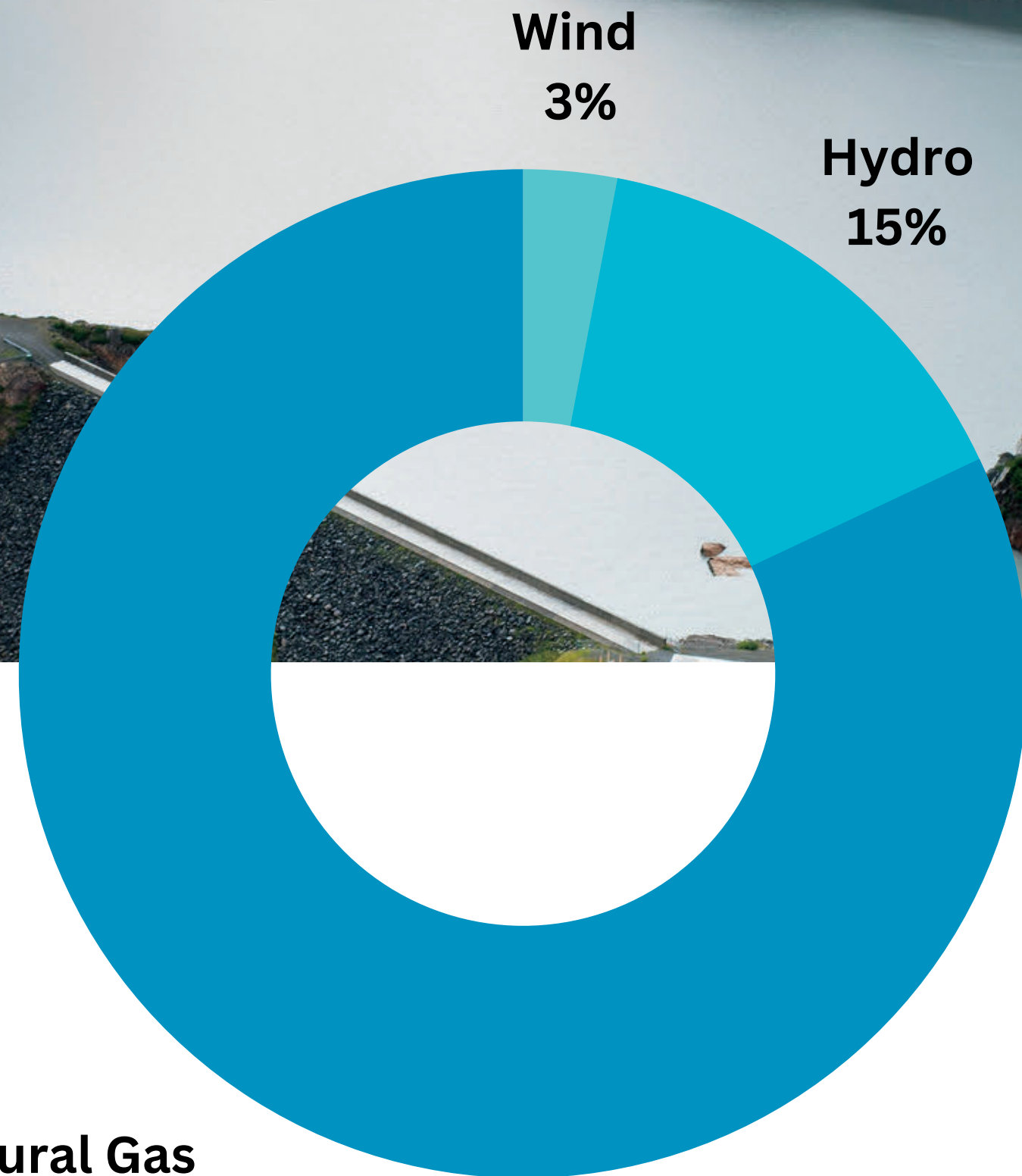
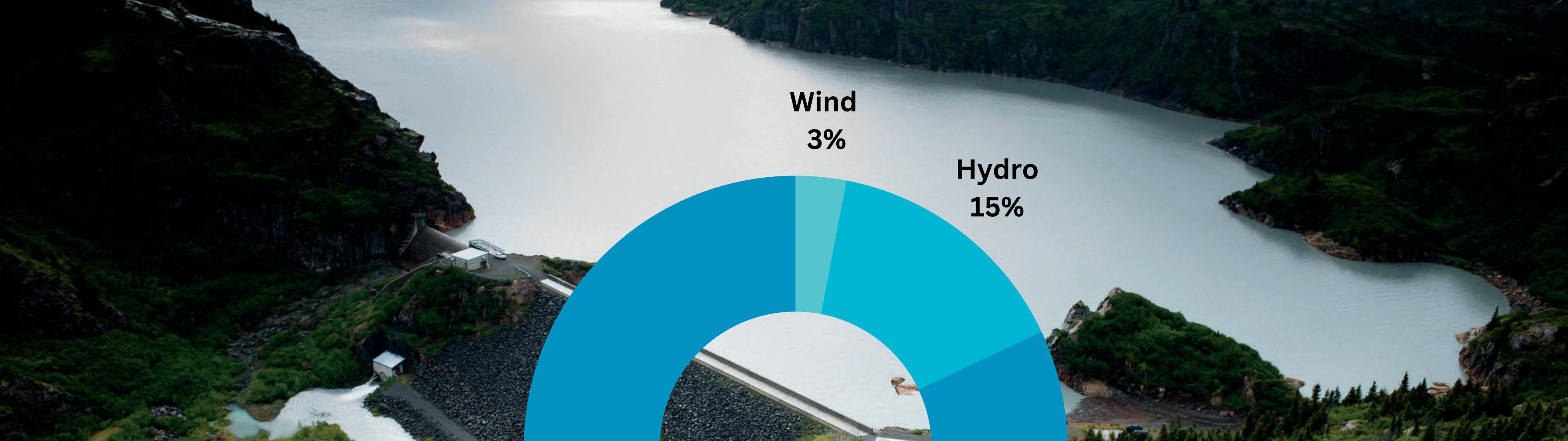
One of a few utilities in the nation with a direct ownership in a gas field

04

13th largest electric cooperative in U.S. on basis of total asset value

05

15th largest by revenue for Alaska companies 51% or more Alaska-owned and have operations in state



Natural Gas
82%

Wind
3%

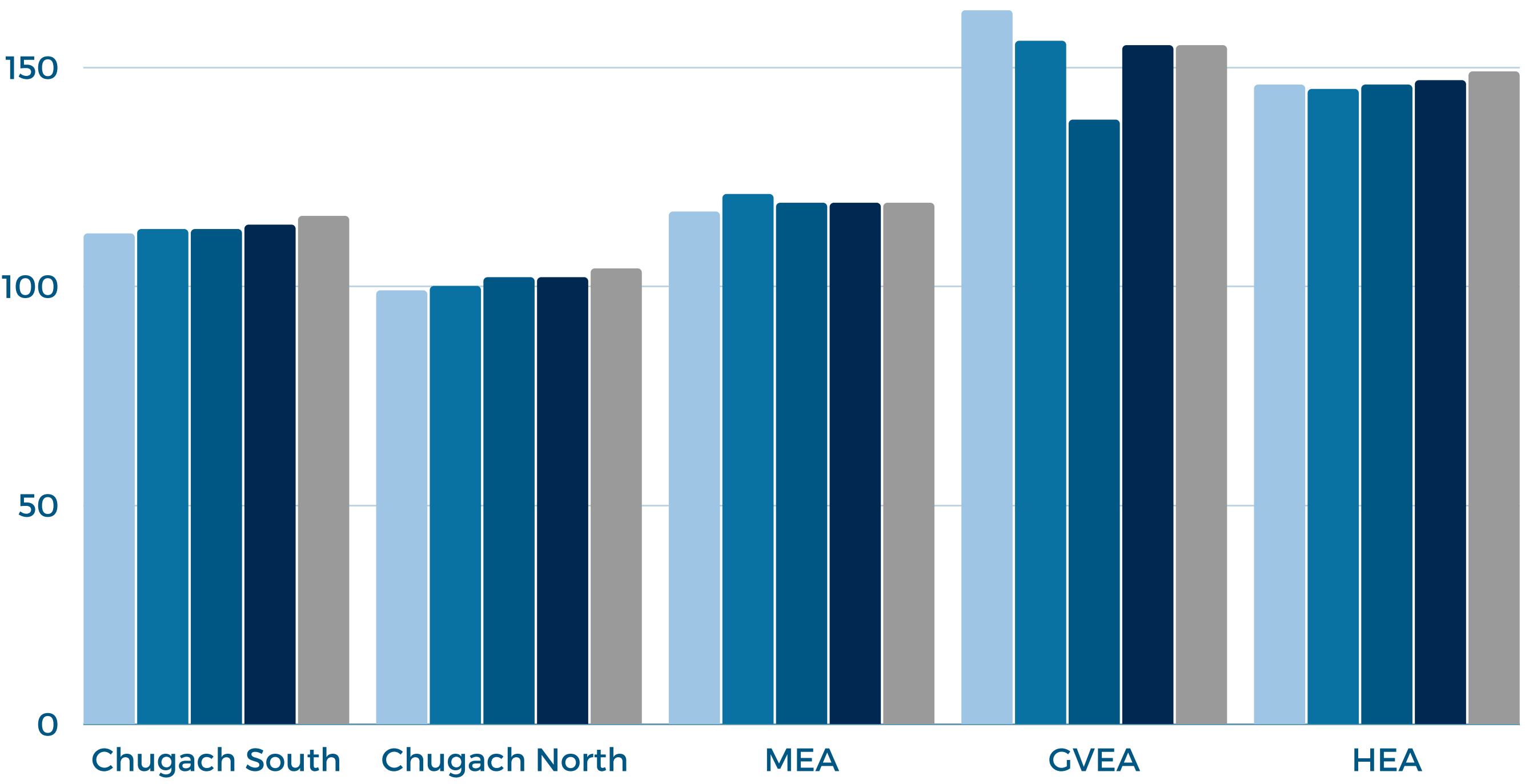
Hydro
15%

2022 Chugach Generation Mix

Railbelt Electric Bill Comparison

Average Residential Bill (Based on 525 kWh)

■ Q2 2022 ■ Q3 2022 ■ Q4 2022 ■ Q1 2023 ■ April 2023





Sam Cason



Sisi Cooper



Rachel Morse



Bettina Chastain



Mark Wiggin



Susanne Fleek-Green



Jim Nordlund

STRATEGIC PRIORITIES

- 01 Safety
- 02 Integration Synergies & Cost Savings
- 03 Communication, Member Engagement & Community Involvement
- 04 Business Planning and Economic Development

- 05 Leadership, Management & Employee Development
- 06 Decarbonization
- 07 Natural Gas Supply

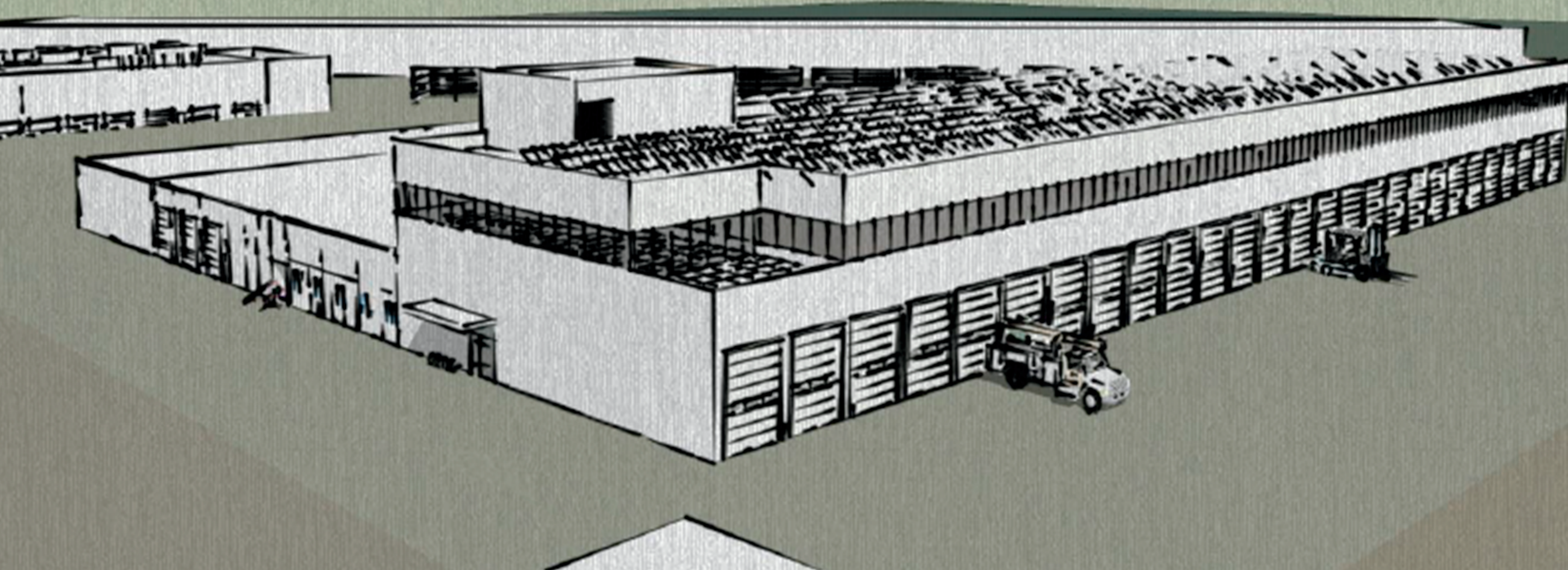


LOWERING COSTS

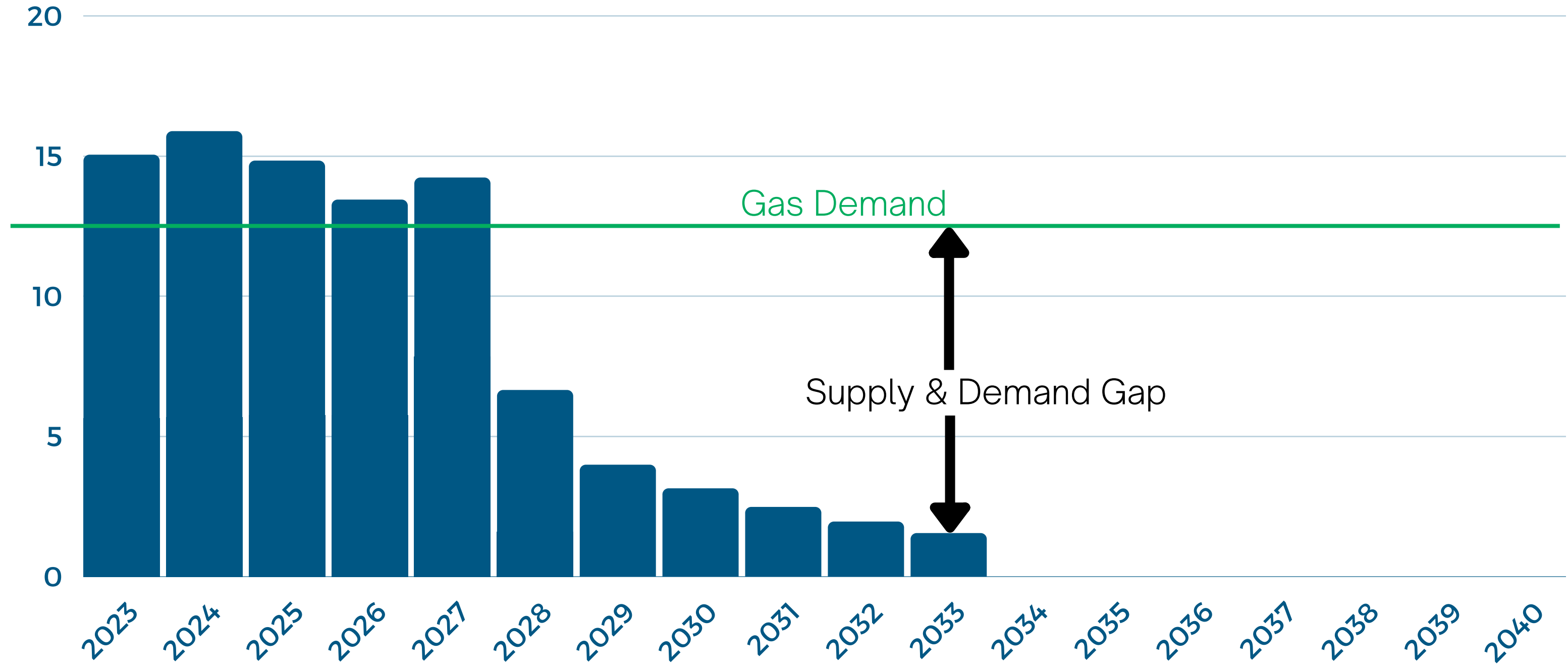
Continued Acquisition Integration and Savings



ONE CAMPUS



Chugach Natural Gas Forecast



*Chugach/Hilcorp contract expires March 31, 2028 **Expected end of BRU gas field life is 2033

Options to Fill the Gap

Pursue clean energy; when economic.

Clean energy includes energy from renewable generation (wind, solar, hydro, etc.) and energy from zero-emissions sources including nuclear and carbon capture

Alaska North Slope gas lines

Maximize life of Beluga River gas field

Identify LNG import opportunities

Transition requires energy storage

GENERAL RATE CASE



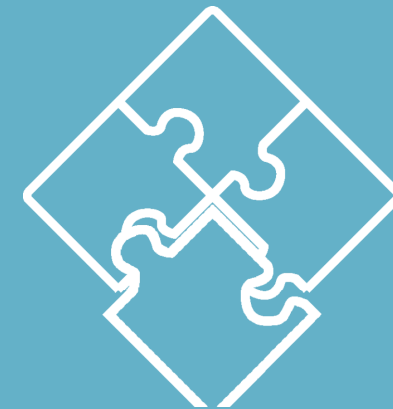
Acquisition/Regulatory Requirements

- RCA requirement (rate case in 2023)
- Expected to be filed by June 30, 2023



Financial Performance

- Base rates have not been adjusted in years
- Cost increases
- Declines in electric sales
- Covid-19 impacts
- Build equity



Unified Rates

- Unification of rates for each customer class on the Chugach system



Innovative Rate Structures

- Time of use rates
- New rate for cruise ship interconnection
- Removal of large commercial demand ratchet

PROPOSED RATE INCREASES

SYSTEM AVERAGE RATE CHANGES

#1

Interim*

September 2023

Change in Total Bill

3.6%

*Rate increase will be same for all rate classes

#2

Permanent**

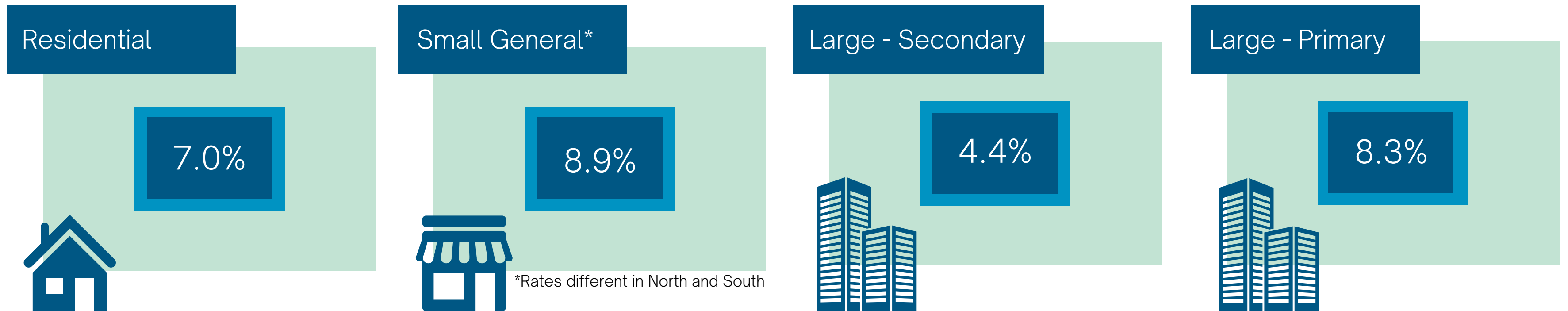
September 2024

Change in Total Bill

5.9%

**Rate increase will differ by rate class. Rate adjustments made in September 2024 will be the difference between permanent and interim rates.

ESTIMATED TOTAL BILL IMPACT



Electric Industry is Changing

01

Decarbonization

02

Decentralization

03

Technology Advancement



Decarbonization

1

Clean Energy

- Utility Generation
- Member Generation

2

Beneficial Electrification

3

Energy Efficiency



Decentralization

- 1 Industry is moving from centralized to decentralized business model
- 2 Distributed generation, microgrids, batteries
- 3 Increases complexity in the provision of electric service



Technology Advancement

- 1 Advanced Metering Infrastructure (AMI)
- 2 Demand-side management / Load control
- 3 Automation
- 4 Sophisticated rate design





Moving Forward

Transition to
clean energy

Secure
natural gas
supply

Support new
and improved
transmission
infrastructure

Advance
electric and
gas storage

A photograph of a rugged mountain range under a dark night sky. The sky is filled with vibrant green and blue aurora borealis (Northern Lights) dancing across the horizon. The mountains are dark and silhouetted against the glowing light. The overall mood is serene and majestic.

OUR VISION

Responsibly developing energy to build a clean,
sustainable future for Alaska