

Reservoirs ready for winter

Reservoir levels in the two largest Railbelt hydroelectric projects were holding a lot of water heading into winter. The accompanying charts show the levels in late November at the Bradley Lake and Eklutna Lake hydroelectric projects. The black lines show the year-to-date reservoir levels, with the historic average level represented by the red line.

Bradley Lake is a State-owned, 120-megawatt project near the head of Katchemak Bay outside Homer. All six Railbelt electric utilities take shares of Bradley's output in exchange for paying the debt service on bonds used to finance the project.

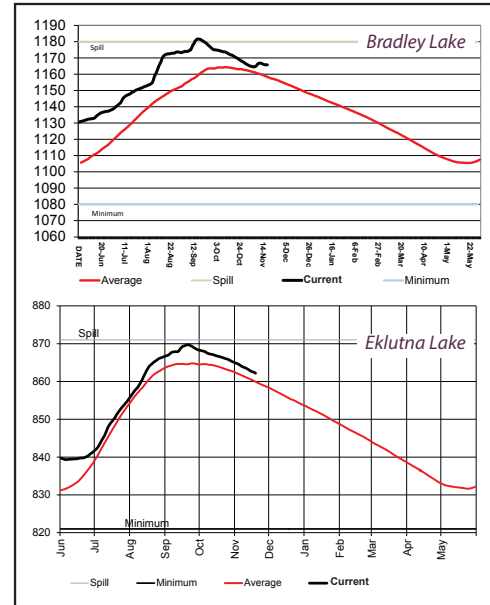
Eklutna is a 40-MW project owned jointly by Municipal Light & Power, Chugach and Matanuska Electric Association.

The third-largest hydro project in the Railbelt is Chugach's 20-MW Cooper Lake hydro project. The Cooper reservoir has been kept 15-20 feet below normal for much of the last two years to allow the construction of the Stetson Creek diversion project. Reservoir levels at Cooper Lake are expected to return to normal after the project is completed next summer.

As the pattern shows, the reservoirs begin to fill in the spring from snowmelt, with

inflow peaking in the fall from seasonal rains. Utilities take power from the projects all year long. Unlike some places in the country, the limited amount of reservoir storage in the Railbelt means utilities can't use hydro power to meet base load requirements. For many Railbelt utilities, it has a greater economic value for load following and peak-load shaving.

In 2013, 11 percent of the kilowatt-hours Chugach sold came from hydro projects.



Natural gas-fired generation accounted for 87 percent with 2 percent from wind power.

RCA asks about CO2

The Regulatory Commission of Alaska held a meeting to ask Railbelt electric utilities about their current and projected carbon dioxide emissions. The meeting was driven by a proposed rule issued by the Environmental Protection Agency in June. EPA's proposed action would reduce CO2 emissions state-by-state from certain electric utility generation sources.



The CO2 emissions rate from the new Southcentral Power Project is much lower than from older natural gas-fired plants.

istration team drafting comments on the EPA rule. The comment period closed Dec. 1.

For its proposal, EPA looked at the amount of CO2 produced in each state by qualifying individual generation units in 2012. The total tonnage was converted to an emissions rate

The October RCA conference was an opportunity to receive utility perspective on the emissions issue. The Commission wanted a record to draw upon as it made input to an Admin-

Capital credits retirement

Chugach will be mailing checks and assigning credits in mid-December for a \$4 million retail capital credits retirement. The retirement was authorized by a pair of board actions approving the return to retail members of record from 1989 and 1990.

Capital credits are a feature of purchasing service from a not-for-profit electric cooperative like Chugach. They are a member's share of the margins in a year in which revenues exceed expenses. Capital credits are allocated as a percentage of the total amount of service billed to a member in a given year.

The \$4,006,160 retail retirement will return the remainder of margins earned in 1989 and

a portion of those earned in 1990. The total is on top of capital credits already paid to estates of deceased members, and to former members who elected to take early discounted payments.

In addition to the retail retirement, Matanuska Electric Association, Homer Electric Association and the City of Seward will share in a \$3.5 million wholesale capital credits retirement.

Electric cooperatives use retained margins to offset the need for borrowing. They are generally invested in assets of the cooperative. Members are notified annually of their individual allocation of the prior

Rate case highlights transmission issues

Transmission issues driven by changes in relationships among Railbelt electric utilities have been highlighted at a recent hearing on a Chugach general rate case before the Regulatory Commission of Alaska.

For decades, both Homer Electric Association and Matanuska Electric Association, along with the City of Seward, purchased power from Chugach for resale to their own retail customers. Chugach planned, financed, constructed and operated assets – including transmission lines and substations – to meet the collective needs of customers of the four utilities.

However, both HEA and MEA

gave notice that they would not remain wholesale customers of Chugach when their contracts ran out at the end of 2013 and 2014, respectively, and each embarked on programs to build new power plants.

Chugach's wholesale contracts provided a means to share the cost of regionally beneficial transmission assets. With contracts expiring, Chugach included proposed charges for the use of those assets in the rate case. Recently, the RCA heard seven days of testimony on the issue from Chugach and other Railbelt utilities.

An RCA order on the rate

case is expected in the 1st quarter of 2015.

In the 2014 session, legislators spent time considering how best to expand, operate and finance the regional transmission grid. Business structures that have been successful elsewhere in the country were discussed as possible models for adoption here. In the capital budget, the Legislature included \$250,000 for the RCA to use in “... determining whether creating an independent system operator or similar structure for electric utilities in the Railbelt area is the best option for effective and efficient electrical transmission.”

Capital credits (cont'd from page 1)

year's margins, but retirements must be specifically authorized by the board of directors after considering the impact on the finances of the cooperative.

Retained margins become equity on the books of the cooperative. Chugach has specific debt-to-equity targets set by its lenders. When Chugach

took on new debt to finance its share of the Southcentral Power Project it was necessary to suspend retirements for several years to grow equity.

RCA (cont'd from page 1)

by factoring in the number of megawatt-hours of energy produced. Each state was then given a goal for lowered emissions by the year 2030, compared to the baseline year 2012.

For Alaska, the proposed goal is to go from an emissions rate of 1,351 lbs of CO₂ per

MWH in 2012 to a rate of 1,003 lbs per MWH in 2030. That translates to about a 26% reduction. The goal is state-wide, even though the individual generating units that made the agency's screening threshold are all within the Railbelt. The State of Alaska is responsible for developing a plan to demonstrate how it intends to

meet the goal set by EPA.

By 2016, with a generation portfolio comprised primarily of efficient new gas-fired units augmented by hydro and wind resources, Chugach expects its CO₂ emissions rate will already be below the 2030 target set by EPA.

Annual meeting and election notes

Chugach's annual membership meeting will be held on Thursday, May 14, 2015 at the Dena'ina Civic & Convention Center.

Members may submit proposed bylaw changes until 5 p.m. on Wednesday, Jan. 14, 2015.

Two directors will be elected to the Chugach board in the upcoming 2015 election. (1167520)

Members who are interested in either meeting with and being considered by the Nominating Committee or running by petition should call 762-4791 to obtain a candidate packet. Candidate applications and resumes for the Nominating Committee's review must be received by 5 p.m., Tuesday, Feb. 10, 2015.

Bylaw proposals or candidate nominations should be submitted to:

Tom Schulman
PO Box 196300
Anchorage, AK 99519-6300
tom_schulman@chugachelectric.com

More information and forms may be found at www.chugachelectric.com or by calling 762-4177.

The Chugach Outlet

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Corporate Mission: Through superior service, safely provide reliable and competitively priced energy.

Corporate vision: Powering Alaska's future

Personnel policy: It is a policy of Chugach Electric Association, Inc., to recruit, hire, train, compensate and promote persons without regard to race, color, religion, national origin, sex, marital status, pregnancy, parenthood, disability, veterans status, age or any other classification protected by applicable federal, state, or local law. Chugach is also an equal opportunity/affirmative action employer. Current openings are posted on the employment page at <http://chugachelectric applicantpro.com>. Chugach only accepts applications for open vacancies.



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Monthly residential service costs (based on 650 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.09415 x kwh =	\$61.20
Fuel \$0.04669 x kwh =	\$30.35
Purchased power \$0.00870 x kwh =	\$5.66
FIW renewable energy adj. \$0.00198 x kwh =	\$1.29
<small>(Fuel, Purchased power and FIW renewable energy adjustment factors effective October 1, 2014)</small>	
Subtotal	106.50
2% MOA Undergrounding Charge =	\$ 2.13
Regulatory Cost Charge \$0.000754 x kwh =	\$ 0.49
Total bill	\$109.12

Member number hide-n-seek

Find your member number (in brackets) in the Outlet and get a \$100 credit on your electric bill. Call Chugach's service center at 563-7366 to claim your prize.