



Chugach Electric Association, Inc. **OUTLET**

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Hane Substation construction continues

Work continues on Chugach's newest distribution substation. Known as the Hane Substation, the facility is located on the Anchorage Hillside, at the corner of Hane Street and O'Malley Road, east of Lake Otis Parkway. Chugach is building the substation to serve the growing demand for electricity in the area, and to ensure reliability in the event of a problem.

Construction of the \$10.9 million project began in the summer of 2015. Installation of

electrical equipment is continuing through the winter months. Most of the landscaping has been done, and will be finalized in the spring. Fence panels are expected to go up in February. Across O'Malley Road, the foundations have been installed for a pair of new structures that will be erected and used to tap a transmission line to feed power to the substation. Power will leave the substation on underground cables. A communications



Construction continues on the Hane Substation along O'Malley Road.

monopole structure will be installed within the substation in the coming months.

The Hane Substation is expected to be completed and in service by late summer, 2016.

'Found gas' issue moves to court

The question of who should benefit from an unexpected discovery of natural gas at a storage facility that serves Chugach and other utilities has moved to Superior Court. The facility owners are appealing a decision by the Regulatory Commission of Alaska (RCA) on the issue of "found gas."

Chugach has taken service at the facility, known as

Cook Inlet Gas Storage Alaska (CINGSA) since it began operating in 2012. CINGSA allows utilities to store natural gas for later use, often at times of high demand. For gas producers, CINGSA helps flatten the difference in production from summer to winter months.

CINGSA was developed by the parent company of ENSTAR Natural Gas Company by installing both injection and

withdrawal wells at a largely depleted natural gas reservoir at Kenai. According to filings with the RCA, at the time CINGSA obtained its rights to the reservoir it was believed to have no more than 3.6 billion cubic feet (BCF) of gas remaining. CINGSA later discovered an additional 14.5 BCF of gas in a previously pressure-isolated section of the reservoir.

The case before the RCA revolved around the sale and proceeds of a portion of the found gas. At issue was whether or not proceeds should be shared with Chugach and the other tenants of the facility, whose participation helped ensure the project was built.

In its order, the RCA allowed CINGSA to sell up to 2 BCF of found gas, but required assigning

See Gas found, page 2

Gas found (cont'd from page 1)

the net proceeds from the sale between CINGSA and its firm storage service customers – including Chugach. Shares are to be based on customers' respective adjusted percentages of maximum storage quantity volumes which, for Chugach, totals about 15 percent. CINGSA was also required to file a reservoir engineering

study, and notify the RCA of any sales of found gas.

For Chugach, the order agreed with its arguments for fair treatment of the facility's customers. The order did not, however, mandate that a gas sale take place.

The RCA order is on hold now that the issue has gone to court.

Earthquake causes outages

The 7.1 magnitude earthquake that struck Southcentral Alaska at 1:30 a.m. on Jan. 24 caused outages for about 4,400 metered-locations on the Chugach system.

Many of the outages were caused by substation transformers tripping offline after protective devices reacted to sensors that monitored oil levels. What the protective devices actually responded to was simply the movement of fluid from one side of the case to the other as

the earth shook. The cores and windings in power transformers are surrounded by mineral oil that provides both insulation and cooling for the equipment. None of the handful of substation transformers that tripped offline actually lost oil.

Other outages on overhead portions of the Chugach system were probably caused by the movement of wires and trees. In some cases wires may have slapped together and in others wires may have swung

Annual meeting and election notes

Chugach's annual membership meeting will be held on Thursday, May 19, 2016 at the Dena'ina Civic & Convention Center.

Two directors will be elected to the Chugach board in the upcoming 2016 election. {191277834}

Members who are interested in either meeting with and being considered by the Nominating committee or running by petition should call 907-762-4791 to obtain a candidate packet. Candidate applications

and resumes for the Nominating Committee's review must be received by 5 p.m. Friday, Feb. 5, 2016. Petition applications must be received by 5 p.m. Monday, March 7, 2016.

Candidate packets 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 907-762-4177.

against trees or vice versa.

Chugach responded by calling out line crews and analyzing the incidents from the Power Control Center. Restoration efforts began quickly. Service was restored to most customers within 3 hours.

Subsequent inspections

of the Chugach system have not revealed any significant damage attributable to the earthquake. Where possible, crews have been programming a slight delay into the response time for a substation transformer's oil-level-sensing device to initiate a trip in response to a perceived loss of fluid.

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.com>. Chugach only accepts applications for open vacancies.

Member number hide-n-peek

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.

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Monthly residential service costs

(based on 650 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.11470 x kwh =	\$74.56
Fuel \$0.03263 x kwh =	\$21.21
Purchased power \$0.01487 x kwh =	\$9.67
FIW renewable energy adj. \$0.00245 x kwh =	\$1.59
<small>(Fuel, Purchased power and FIW renewable energy adjustment factors effective January 1, 2016)</small>	
Subtotal	\$115.03
2% MOA Undergrounding Charge =	\$ 2.30
Regulatory Cost Charge \$0.000732 x kwh =	\$ 0.48
Total bill	\$117.81