



Chugach Electric Association, Inc.

OUTLET

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Chugach partners to acquire interest in gas field

Chugach and Municipal Light & Power jointly agreed to purchase ConocoPhillips' one-third ownership interest in the Beluga River Unit natural gas field. The final agreement transfers 30 percent of the one-third interest to Chugach and 70 percent of the one-third interest to ML&P. The total purchase price is \$152 million, with Chugach's portion totaling \$45.6 million.

Chugach's interest in the BRU is to reduce the cost of electric service. BRU complements Chugach's existing gas supplies and is expected to provide greater fuel diversity at an effective annual cost that is \$2 to \$3 million less than alternative sources of gas in the Cook Inlet region. Chugach expects its

share of the BRU will provide about 15 percent of the natural gas it will need from 2016 through 2033. Chugach's yearly gas purchases range from 8-9 billion cubic feet.

"Our goal is to secure low-cost and reliable supplies of natural gas and we look forward to more opportunities where we can work with ML&P to best serve our consumers," said Janet Reiser, Chugach Board Chair. "Partnership with ML&P allows Chugach to enter the Cook Inlet gas market as an asset owner. Our partnership shows that the two utilities have a track record of working together for the benefit of all ratepayers."

"Many hours of effort from staff made this purchase



The Beluga River Unit is on the west side of Cook Inlet near Chugach's Beluga Power Plant.

possible for the ratepayers," said Bradley W. Evans, Chugach CEO. "I'm honored to work with a team that can rise to the occasion and partner with others to seize opportunity."

"Chugach assembled a team of internal and external experts to ensure that this was the right opportunity for the cooperative,"

said Lee Thibert, Chugach Sr. Vice President. "Knowledge gained and the relationships made during this transaction will contribute to Chugach's ability to participate in future opportunities throughout the Railbelt."

Hilcorp is the assigned field operator for the part-

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Average monthly residential usage falls again

The average amount of kilowatt-hours used by Chugach residential customers each month continues to decline. In 2015, the average fell to 602 kilowatt-hours per month, down from 610 in 2014. As a result, beginning this month Chugach will start using 600 kwh of con-

sumption for the cost calculation in the residential service box on the back of the Outlet.

The change reflects a long-term trend. Two decades ago, the average residential customer used 750 kwh per month. In 2002, Chugach began using 700

kwh in recognition of lower consumption. In 2012 the Chugach average fell to 650 kwh per month.

Other Railbelt electric utilities have seen similar declines. When the 2015 data from other utilities is available, Chugach will update the regional compari-

son and publish the chart in a future issue of the Outlet.

The decline in consumption may be due to a combination of factors, including conservation, energy efficiency, weatherization, price sensitivity, weather and more.

Planning to develop property?

Developers that will need a line extension to unserved property – or the upgrade of existing service – should meet with Chugach early in the planning process. Late winter is a good time to begin discussions, so that both Chugach and the developer can reach agreement on electric service needs and associated costs

in time to bid projects before the start of construction season. Plans and permits can take time to develop and secure. {131177}

Under Chugach's line extension tariff (approved by the Regulatory Commission of Alaska), developers are responsible for the cost of extending prima-

ry service to their property, as well as the cost of the service line(s) and related equipment to serve the electric load on their property. Line extensions may be either single-phase or 3-phase, depending upon the needs of the customer. For commercial customers, Chugach pays for the needed transformer and applies a cred-

it (based upon the anticipated electric load) against the cost of the line extension. For residential properties, Chugach contributes a credit, the transformer, and the cost of up to 100 feet of service line.

For more information about line extensions, call 762-4631.

Gas field (cont'd from page 1)

ners.

"Hilcorp is a qualified operator with a history of successfully extending the life of legacy assets," said Thibert.

BRU is located on the west side of Cook Inlet, approximately 35 miles from Anchorage. It is an established natural gas field originally discovered in 1962.

In 2015, 86 percent of the energy Chugach sold came from natural-gas fired generation. The balance came from hydro and wind resources.

With the joint purchase of ConocoPhillips' one-third interest, ML&P will now own 56.67 percent of the Beluga River Unit, Hilcorp will own 33.33 percent and Chugach will own 10 percent.

The purchase and sale agreement is subject to approval by the Regulatory Commission of Alaska. The transaction is expected to close no later than the third quarter of 2016.

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. Members will also vote on two proposed bylaw amendments.

Election materials will be sent out the week of April 18 either by mail or electronically. Chugach encourages members to sign up for paperless election material delivery to save resources using the link on our home page, www.chugachelectric.com.

Go Paperless!
Save Resources!

Receive your election materials electronically.
Sign up now!
www.chugachelectric.com

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-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.

Contact us

Hours

Main number
Toll free
Member Services
Member Services fax
24-hour payment line
Credit
Power theft hotline
Danger tree hotline
Street light hotline
Underground locates
Regulatory Commission of AK
or
To report a power outage
In Anchorage
Outside Anchorage

Monday - Friday
8 a.m. - 5 p.m.
563-7494
(800) 478-7494
563-7366
762-4678
762-7803
563-5060
762-4731
762-7227
762-7676
811
(800) 390-2782
or
276-6222
762-7888
(800) 478-7494

Monthly residential service costs

(based on 600 kwh)

Customer charge/month	\$ 8.00
Energy charge \$0.11470 x kwh =	\$68.82
Fuel \$0.03263 x kwh =	\$19.58
Purchased power \$0.01487 x kwh =	\$8.92
FIW renewable energy adj. \$0.00245 x kwh =	<u>\$1.47</u>
<small>(Fuel, Purchased power and Fire Island Wind renewable energy adjustment factors effective January 1, 2016)</small>	
Subtotal	\$106.79
2% MOA Undergrounding Charge =	\$ 2.14
Regulatory Cost Charge \$0.000732 x kwh =	<u>\$ 0.44</u>
Total bill	\$109.37