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## **Regulators decide Chugach Electric rate case**

On Sept. 25, 2024, the Regulatory Commission of Alaska (RCA) issued an order announcing its decision on the rate case filed by Chugach Electric Association, Inc., in June of 2023. The filing was a requirement of Chugach's acquisition of Municipal Light & Power (ML&P) four years ago.

At the time of the filing last year, Chugach requested an interim and refundable base rate increase of 5.2% to the Chugach retail class. Base rates cover the costs of generation, transmission, and distribution, but exclude fuel and purchased power costs. The interim rate increase was approved by the RCA and has been in effect since September 1, 2023.

In its recent decision, the RCA ordered a final permanent system base rate increase for Chugach of 4.3%, which reflects a system base rate reduction of 0.9% in relation to the interim rates.

Since the approved final rate increase is less than the interim increase, Chugach will refund the difference back to its members through a one-time bill credit which is expected to be applied on the January 2025 bills. In total, Chugach will refund approximately \$3.1 million to its members.

Once final base rates are in place, which is estimated to be Dec. 1, 2024, individual Chugach members will see varying impacts on their bills based on their usage and whether they are a residential or commercial customer.

In general, because ML&P legacy rates were higher than Chugach's legacy rates, and the RCA ordered immediate unification of rates, South (legacy Chugach Electric) members will see an increase on their bills, while North (legacy ML&P) members will see a decrease in most cases.

Prior to the interim rate increase, former ML&P customers had not had a base rate increase since 2017, and Chugach members had not had a base rate increase since 2020. Since the acquisition of ML&P, Chugach has saved over \$120 million, and overall rate levels are lower because of the acquisition.

Members can estimate their new rates by using a rate calculator on the Chugach website <https://www.chugachelectric.com/your-cooperative/regulatory-affairs/rate-case/billing-rate-calculator>.

For comparison, the total cumulative inflation for urban Alaska over the past four years from the first half of 2020 to the first half of 2024 was approximately 17.5%.

Chugach's filing had proposed a rate mitigation plan to the RCA to avoid the unequal effects on different rate classes, but the RCA rejected that plan opting instead for immediate unified rates between legacy Chugach and former ML&P customers.

The RCA approved several innovative Chugach-proposed rate structures as part of the rate case:

- “Time of Use” rates - Under a pilot program to incentivize usage at lower rates during off-peak hours, Chugach anticipates this rate option will be available to members in early 2026.
- Elimination of the demand ratchet for large commercial customers - This will allow those members to pay for actual demand during the current billing period. Under the previous method, the demand charge for large commercial customers was based on the highest use month for an 11-month period.
- A special rate schedule for ship interconnections on the Chugach system – To incentivize lower carbon emissions while in port by relying on shore power instead of burning their own fuel.

When Chugach purchased ML&P in October 2020, the RCA required the member-owned cooperative to file a rate case in 2023 to combine the rates of all customer classes regardless of geographic location.

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