



January 28, 2026

ELECTRONICALLY FILED WITH RCA

Regulatory Commission of Alaska
701 W. 8th Avenue, Suite 300
Anchorage, Alaska 99501

Subject: Tariff Advice No. 585-8: Recovery of Hilcorp Alaska Gas Storage Costs

Commissioners:

The tariff filing described below is submitted in compliance with the Alaska Public Utilities Regulatory Act and Sections 3 AAC 48.200 – 3 AAC 48.430 of the Alaska Administrative Code. With this filing, Chugach Electric Association, Inc (Chugach) requests Commission approval to recover natural gas storage and related transportation, injection and withdrawal costs associated with Chugach's contract with Hilcorp Alaska Gas Storage, LLC (HAGS) through the quarterly fuel and purchased power adjustment mechanism in conformance with Alaska Administrative Code 3 AAC 52.502(a)(1) – (3).

<u>TARIFF SHEET NUMBER</u>		<u>CANCELS SHEET NUMBER</u>		<u>SCHEDULE OR RULE NUMBER</u>
<u>ORIGINAL</u>	<u>REVISED</u>	<u>ORIGINAL</u>	<u>REVISED</u>	
91	3 rd Revision	91	2 nd Revision	Cost of Power
92	6 th Revision	92	5 th Revision	Adjustment
94	186 th Revision	94	185 th Revision	Factor

This filing is not for a new service, will not result in the termination of an existing service, conflict with any other schedule or rate contained in Chugach's operating tariff, or in any other way adversely impact customers or the public. Chugach provides electric service to approximately 90,000 retail members with 113,000 retail metered locations and one wholesale customer, the City of Seward d/b/a Seward Electric System (Seward). Chugach is projecting annual revenues of approximately \$394.3 million for the calendar year 2026.

Background

The long-term fuel supply outlook for Southcentral electric utilities reflects a transition from historic dependence on Cook Inlet Basin gas production for generation. Locally produced gas supply volumes that in the past were adequate to fulfill generation needs are declining and the transition to new supply sources will require additional storage capacity and, as importantly, deliverability to meet current and projected demand. Chugach's near-term strategy is to manage and preserve current available gas volumes from its ownership position in the Beluga River Unit (BRU) as well as its firm gas contract volumes with Hilcorp in excess of generation requirements. The ability to preserve excess volumes for future use requires strategic gas storage facilities to

Chugach Electric Association, Inc.

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augment anticipated shortfalls as the Hilcorp contract for firm gas delivery reaches termination and to support a reliable transition to new fuel sources. Chugach currently relies predominately on BRU production and the Hilcorp contract volumes to meet daily demand with additional supply availability from limited capacity in Cook Inlet Natural Gas Storage Alaska (CINGSA) to manage periodic peaking needs during high demand conditions. To preserve Chugach's ability to optimize production from the BRU, integrate contracted gas supplies from Hilcorp, and utilize stored volumes at CINGSA, it is imperative to expand gas storage options to provide sufficient supply-source diversity and extend available gas volumes as far into the future as practicable. In this context, firm gas storage should be viewed as a critical system reliability resource and risk-management tool, designed to support Chugach's operations in providing affordable, reliable, and safe electric service under increasingly complex fuel supply market conditions.

Summary of HAGS FSS Agreement

The Commission issued Order U-25-007(2) on August 28, 2025, granting HAGS a certificate of public convenience and necessity for storage of natural gas on the Kenai Peninsula. On December 30, 2025, Chugach signed an FSS Service Agreement (FSS Agreement) with HAGS for natural gas storage services. The signed agreement is submitted as Attachment A to this filing. Service under this agreement is scheduled to commence on April 1, 2026, pending Commission approval, and shall continue for five years thereafter.

Under the agreement, HAGS will provide firm injection, storage, and withdrawal services in accordance with its Commission approved FSS tariff, including FSS Rate Schedule. Contracted storage quantities commence at 1.5 Bcf in Year 1 to 5.0 Bcf in years 3 through 5, with associated firm daily injection and withdrawal quantities subject to gas-in-place ratchets. Rates include reservation charges for injection and withdrawal, a capacity charge, and commodity charges, as specified in Appendix A of Attachment A to this filing. The agreement includes provisions governing operational flow orders, tariff supremacy, regulatory compliance, extension options, and an early termination buyout mechanism, ensuring service reliability while maintaining alignment with applicable regulatory requirements.

Chugach Cost Recovery Proposal

Chugach stores natural gas to meet both daily and seasonal gas deliverability requirements under normal operating conditions as well as for contingencies associated with transmission and generation unit outages throughout the year. Chugach currently recovers expenses related to fuel storage at the CINGSA facility through the quarterly Cost of Power Adjustment (COPA) process.

In this filing, Chugach is requesting Commission approval to recover costs associated with HAGS Firm Storage Service charges, in the same manner as CINGSA costs, consistent with the cost causer, cost payer principal established in 3 AAC 48.510(1). Unbundled cost elements associated with gas storage are: 1) cost of gas in storage; 2) transportation of gas from the field to the storage injection point; 3) injection costs; 4) withdrawal costs; 5) transportation of gas from storage; and 6) storage reservation and capacity costs.

Gas in storage will be valued using a weighted average cost, the same method currently used to value gas stored in CINGSA. The average cost will be updated monthly to include transactions

during the month. When Chugach withdraws gas for generation purposes, the weighted average cost will be removed from FERC account 151 and recorded as a fuel expense.

Consistency with 3 AAC 52.502

1) Cost element subject to change at a rate that would cause financial harm to the utility if the costs were recovered exclusively in base rates.

Chugach gas storage is needed to meet seasonal and daily gas volume requirements throughout the year. The need for expanded, longer term storage is required to maintain cost effective scheduling between supplies, and hourly fuel requirements to meet generation needs. Costs incurred on a volumetric basis (transportation to and from the storage facility, injection, and withdrawal costs) are expected to vary between \$1.1 million and \$1.9 million on an annual basis and increase year-over-year, based on the agreement. If these cost elements were not recovered through the COPA process, the changes in cost and the corresponding delay could have a direct negative impact on current year operating margins. The extent of the impact would depend on the amount of gas injected or withdrawn from storage during any given period.

For calendar-year 2026, Chugach will incur storage reservation and capacity costs totaling approximately \$1.1 million. The surcharge process incorporates a balancing account that allows for the precise recovery of the cost incurred, no more or no less. Chugach will record the transactions as a fuel expense in the same month that gas is withdrawn, plus monthly storage reservation, capacity, and withdrawal costs. In this manner, storage costs will be treated as a direct cost recovered through the surcharge process with no attendant impact on margins.

Following resolution of Docket No. U-25-036, Chugach anticipates returning to the routine simplified rate filing (SRF) process. Historically, under Chugach's semi-annual SRF framework, which utilizes June and December test years, Chugach recovers approximately 20 percent of incremental costs incurred between January and June of the current year due to timing constraints inherent in the base rate adjustment process. The remaining unrecovered balance reduces current-year margins. For cost increases incurred between July and December, no recovery occurs in the current year, and margins are reduced on a dollar-for-dollar basis. These costs are recognized in subsequent periods through later SRF filings.

2) Cost are beyond the control of the utility.

Chugach must meet ever-changing demands on the Chugach system, with the units available and within the constraints of the gas contracts. Chugach does not control third-party transportation or storage tariffed rates.

3) Costs are easily verifiable.

Total monthly costs associated with gas storage will be documented by invoice validating each expenditure type (transportation, injection, withdrawal, and storage cost). These invoices will be included with each quarterly COPA filing. At the time this expenditure is booked in Chugach's accounting system, Chugach will provide the final billed cost with its quarterly filing.

Description of Changes to COPA Attachments and Exhibits

Chugach will add supporting attachments to its quarterly COPA filing detailing costs associated with natural gas storage at HAGS including transportation costs, injection/withdrawal reservation costs, and capacity fees, with supporting invoices. Chugach will include a new exhibit in its COPA filings that tracks the HAGS inventory and calculates the HAGS-WACOG, consistent with the methodology presented in Chugach's current Exhibit 15 for CINGSA.

Member Impact and Associated Revenues

This filing will impact all of Chugach's 90,000 retail members and one wholesale customer, the Seward. Approval of this filing will allow Chugach to recover costs associated with natural gas storage at HAGS through the quarterly COPA mechanism in a revenue neutral manner, with costs passing through on a dollar-for-dollar basis without any additional margin.

Explanation of Tariff Sheet Changes

Tariff Sheet No. 91: This sheet has been updated to include language regarding specific CINGSA costs have been modified to broaden the scope and allow for the inclusion of other third-party storage costs such as Hilcorp Alaska Gas Storage, LLC (HAGS). The term "Weighted Average Cost of Fuel, or WACF" has been replaced with the term "Weighted Average Cost of Gas (WACOG)".

Tariff Sheet No. 92: This sheet has been updated to broaden the scope of storage costs and allow for the inclusion of other third-party storage costs, including HAGS. The terms "FSS Agreement" and "ISS Agreement" has been updated to "FSS Agreements" and "ISS Agreements" in section (viii). In addition, the text "CINGSA" has been updated to "storage", in section 2.

Tariff Sheet No. 94: This sheet has been updated to include new line items "HAGS FSS and Fees" and "HAGS- Gas Withdrawn" under the "Natural Gas Fuel Expense by Contract" title.

Please contact David Caye, Manager, Regulatory Affairs at (907) 762-4842 or David_Caye@chugachelectric.com if additional information is needed.

Sincerely,

CHUGACH ELECTRIC ASSOCIATION, INC.



Arthur W. Miller
Chief Executive Officer
P.O. Box 196300
Anchorage, Alaska 99519-6300
Telephone: 907-762-4758
Arthur_miller@chugachelectric.com

Attachments

cc: Kat Sorenson, Seward City Manager, City of Seward (electronically)



Chugach Electric Association, Inc.

COST OF POWER ADJUSTMENT FACTOR (cont.)

C. Fuel in Storage Account

Chugach shall maintain a Fuel in Storage account (FERC Account No. 151 – Fuel Stock), commencing with a zero balance on March 31, 2012, and balances thereafter reflecting the sum of the debit and credit entries described as follows:

- (1) Debit entries equal to:
 - (i) The cost of fuel purchased and injected into storage;
 - (ii) Transportation fees incurred for fuel transported to storage;
 - (iii) The cost of fuel provided to the storage facility for injection operations;
 - (iv) Storage injection fees;
- (2) Credit entries equal to the cost of fuel withdrawn from storage calculated by multiplying the total units of fuel withdrawn from storage by the weighted average cost of fuel.
- (3) Debit or credit entries for adjustments for entries described in (1) and (2) above for prior periods.

D. Gas Storage Recovery Definitions

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The following definitions apply to the fuel storage and related costs incurred under the Firm Storage Services Agreement (FSS Agreement) and Interruptible Storage Service (ISS Agreement) between Chugach and its Storage Service Providers that are recovered through Chugach's fuel and purchased power cost adjustment factor.

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- (1) Cost of Fuel in Storage is the total cost of the fuel in storage, including (1) the actual cost of the fuel purchased, (2) fees for transportation to storage, (3) lost and unaccounted for/storage fuel reimbursement, (4) fees for injection. This is recorded in the Fuel Stock Account 151 (Fuel in Storage).

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- (2) Weighted Average Cost of Gas (WACOG), is calculated using (A) Chugach's total Cost of Gas in Storage at the end of the preceding month, divided by (B) Chugach's total quantity of Gas in storage at the end of the preceding month (Mcf). The results are in dollars per Mcf, [A / B = WACOG]. Once per month, Chugach applies the WACOG to the total quantity of Mcf withdrawn during the month.

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The following definitions apply to the cost element line item, CINGSA – FSS, ISS, Hilcorp Alaska Gas Storage, LLC (HAGS) – FSS and Gas Withdrawn listed on Tariff Sheet No. 94:

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- (3) Gas Withdrawn is calculated using the WACOG multiplied by the total number of units (Mcf) withdrawn for each respective storage facility.
- (4) Fuel Storage costs consist of the charges for reservation, capacity and withdrawal pursuant to Commission approved third party storage tariffs.
- (5) Fuel Transportation consists of all costs related to the transporting of fuel purchased, or transported from storage, for use.

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Chugach Electric Association, Inc.

COST OF POWER ADJUSTMENT FACTOR (cont.)

E. Revision of Retail and Wholesale Cost of Power Adjustment Factors

- (1) By the first day of each quarter, Chugach shall file supporting information by Tariff Advice letter to evidence the development of the retail and wholesale cost of power adjustment balances and the development of the average fuel and purchased power costs per kWh sold for the ensuing quarter. Supporting information to be filed includes:
 - (i) Calculation of the Cost of Power Adjustment Factor as detailed in Tariff Sheet Nos. 94 through 94.1.1.
 - (ii) A schedule calculating the average retail line loss for the 12 months ending with the prior quarter.
 - (iii) A schedule identifying projected energy (kWh) sales in the next quarter.
 - (iv) A schedule of energy (kWh) generated per generating unit per month and the quantity of power purchased per month for the 12 months ending with the prior quarter.
 - (v) A schedule identifying projected energy (kWh) generated and purchased in the next quarter.
 - (vi) A schedule of the quantity of fuel used per generating unit for the 12 months ending with the prior quarter. Quantity data will be provided to the highest degree of detail available.
 - (vii) Invoices and/or other documentation to substantiate the fuel and purchased power costs of the prior quarter.
 - (viii) A schedule of the monthly Fuel in Storage account balance with the calculation of weighted average unit cost for the prior quarter, identifying transactions associated with the FSS Agreements, the ISS Agreements and gas exchanges. T
 - (ix) Invoices and/or other documentation to substantiate activity and balances in the Fuel in Storage account during the prior quarter.
- (2) Exchange Service: The charge for gas exchange transactions shall be determined on a case by case basis as agreed between Chugach and the buyer but in no event shall buyer pay less than the variable costs associated with the transaction. If gas storage service is used, buyer shall pay applicable transportation, injection/withdrawal and storage use fees. Revenues from storage use fees shall be credited as an offset against storage capacity costs. T
- (3) Unless sooner authorized by the Commission, the retail and wholesale Cost of Power Adjustment Factors will be effective subject to subsequent review and approval or adjustment by the Commission, for all billing subsequent to the revision date. Revision dates will coincide with the beginning of a monthly billing cycle.

RCA NO.: 8186th RevisionSheet No. 94

Canceling

185th RevisionSheet No. 94

Chugach Electric Association, Inc.

COST OF POWER ADJUSTMENT FACTORS AT G&T POST ACQUISITION

e.1. Fuel Adjustment Factor: Predicted Costs for the quarter beginning January 1, 2026

	Total	Retail	Seward
Natural Gas Fuel Expense by Contract			
BRU	\$15,244,312	\$14,830,226	\$414,086
Hilcorp Alaska, LLC - Firm (1/2015-3/2028)	\$7,268,169	\$7,070,741	\$197,428
Other Fuel Expenses			
Emergency Generator and Other Misc. Fuel	\$0	\$0	\$0
CINGSA - FSS, ISS, and Fees	\$1,281,395	\$1,246,588	\$34,807
CINGSA - Gas Withdrawn	\$4,131,937	\$4,019,700	\$112,237
HAGS FSS and Fees	\$0	\$0	\$0 N
HAGS - Gas Withdrawn	\$0	\$0	\$0 N
Gas Transportation and Compression	\$2,033,317	\$1,978,085	\$55,232
	\$29,959,130	\$29,145,341	\$813,790
Less Credits			
Economy Sales: Fuel and Margins	\$0	\$0	\$0
Wheeling Revenue	(\$195,997)	(\$190,673)	(\$5,324)
AWWU Water Sales	(\$114,279)	(\$111,175)	(\$3,104)
Pooling Agreement - MEA	(\$484,447)	(\$471,288)	(\$13,159)
Gas Exchange Revenue	(\$257,141)	(\$250,156)	(\$6,985)
Subtotal	(\$1,051,863)	(\$1,023,291)	(\$28,572)
Net Fuel Expense	\$28,907,267	\$28,122,050	\$785,217
Generation & Purchases (MWh)	543,745	529,367	14,377
Cost per MWh at Generation	\$53.16	\$53.12	\$54.61
Projected Balances as of December 31, 2025	(\$4,301,636)	(\$4,086,513)	(\$215,122)
Fuel Expense to be Recovered at G&T	\$24,605,631	\$24,035,536	\$570,095
Predicted Sales at G&T (MWh)	533,486	519,380	14,106
Fuel Adjustment Factor per kWh at G&T	\$0.04612	\$0.04628	\$0.04041

Tariff Advice No. 585-8

Effective:

Issued by:

Chugach Electric Association, Inc
P.O. Box 196300 Anchorage, Alaska 99519-6300

ATTACHMENT A

FSS SERVICE AGREEMENT GAS STORAGE

THIS FSS SERVICE AGREEMENT ("FSS Agreement"), is made and entered into this 30th day of December 20 25 (the "*Effective Date*"), by and between Hilcorp Alaska Gas Storage, LLC ("**Storage Provider**") and Chugach Electric Association, Inc. ("**Customer**"). Storage Provider and Customer are each individually referred to as "Party" and collectively referred to as "**Parties**."

WHEREAS, Storage Provider is the developer, owner, and operator of the KGF Facility, consisting of underground natural gas storage facilities located and developed by Storage Provider in the Kenai Peninsula Borough of Alaska, for the purpose of providing natural gas storage and related services; and

WHEREAS, Customer has requested Storage Provider to provide firm natural gas storage services on its behalf and Storage Provider is willing to provide such firm storage services under the terms and conditions of this Agreement and Storage Provider's tariff for storage service in intrastate commerce subject to jurisdiction of the Regulatory Commission of Alaska ("**Tariff**"), including without limitation Rate Schedule FSS.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements herein contained, Storage Provider and Customer agree that the terms below, together with the terms and conditions of the Tariff, including without limitation Rate Schedule FSS, constitute the terms of storage service to be provided and set forth the rights and obligations of Storage Provider and Customer with respect thereto. All capitalized terms used but not defined here shall have the meanings given to such terms in the Tariff.

Section 1. Service to be Rendered - Injection. Beginning on the Commencement Date and on any Day of the term hereof: (a) Storage Provider shall be obligated to accept for the account of Customer such quantities of Gas as Customer causes to be delivered for injection pursuant to the provisions hereof and of the Tariff, provided, however, that Storage Provider shall have no obligation to accept any quantities of Gas for injection which will cause Customer's Storage Quantity at any time to exceed Customer's Maximum Storage Quantity; and (b) Customer may cause to be delivered for injection such quantities of Gas at a daily rate not to exceed the Maximum Daily Injection Quantity. Customer shall furnish at the Point of Injection/Withdrawal, for each Dth delivered by Customer for injection, Storage Provider's Injection/Withdrawal Fuel Use and LAUF quantity utilizing the Current Injection/Withdrawal Fuel Use and LAUF Percentage. Although Storage Provider shall have no obligation to accept daily quantities of Gas in excess of the Maximum Daily Injection Quantity, Storage Provider may, at Customer's request, accept such daily quantities in excess thereof as Storage Provider, in its sole judgment, determines that it is able to accept without jeopardizing its ability to meet its other obligations and subject to the Overrun Storage Service Charge and Excess Storage Service Charge provisions as stated in Storage Provider's Tariff.

Section 2. Service to be Rendered – Withdrawal. Beginning on the Commencement Date and on any Day of the term hereof, Storage Provider shall redeliver to Transporter for the account of Customer such quantities of the Storage Quantity as Customer may request for withdrawal subject to the limitations set forth below. In no event shall the Storage Quantity be less than zero. The cumulative quantities of Gas redelivered by Storage Provider to Transporter for the account of Customer shall be at such daily rate as Customer may request but not in excess of the Maximum Daily Withdrawal Quantity without the consent of Storage Provider. Although Storage Provider shall have no obligation to redeliver daily quantities of Gas in excess of the Maximum Daily Withdrawal Quantity, Storage Provider may, at Customer's request, redeliver such daily quantities in excess thereof as Storage Provider, in its sole judgment, determines that it is able to redeliver without jeopardizing its ability to meet its other obligations and subject to the Overrun Storage Service Charge and Excess Storage Service Charge provisions as stated in Storage Provider's Tariff.

Section 3. Contract Quantities. The Maximum Storage Quantity, the Contract Injection Quantity, the Contract Withdrawal Quantity, the Maximum Daily Withdrawal Quantity, and Maximum

Daily Injection Quantity (the “***Customer Storage Amounts***”) are set forth in Appendix A to this Service Agreement. During the Term, Customer may request an increase in the Maximum Storage Quantity per contract year. Such requests must be submitted in writing, specifying the requested adjustment amount and must be delivered at least sixty (60) days prior to the desired effective date. Storage Provider shall make reasonable efforts to accommodate such requests, which shall include: (a) timely review of the request; (b) assessment of available storage capacity and operational feasibility; and (c) notification to Customer of approval or denial within thirty (30) days of receipt of the request. Any approved adjustment shall be subject to any required regulatory approvals and shall become effective upon such approval. Approved adjustments shall be documented in an amendment to Appendix A or in a written notice acknowledged by both parties.

Section 4. **Customer Guarantee Regarding Operational Flow Orders (OFOs)**. Customer hereby represents, warrants, and covenants that Storage Provider shall have the authority to issue an effective Operational Flow Order (“**OFO**”), as defined in the Tariff, to Customer and to any transporter, pipeline, shipper, or other owner of Gas being supplied to Customer in connection with this FSS Agreement, whether or not such OFO is effectuated at the Point of Injection/Withdrawal. Customer shall make commercially reasonable efforts to ensure that such transporters, pipelines, shippers, or other owners of Gas recognize and comply with any OFO issued by Storage Provider pursuant to this FSS Agreement and the Tariff.

Section 5. **Rates**. Beginning on the Commencement Date, unless agreed to otherwise by Storage Provider, Customer will pay Storage Provider Monthly, for the service provided for hereunder, the rates, charges, and fees in accordance with Storage Provider’s Tariff, and are further set forth on Appendix A to this Service Agreement. However, if the Commencement Date is any other than the first day of any Month, Customer will pay a pro-rata amount of the reservation and capacity fees based on the number of days of the Month that service has been made available divided by the total number days in the Month. If the RCA requires Storage Provider to adjust the Tariff rates charged for service hereunder pursuant to Rate Schedule FSS, then from and after the effective date of that rate adjustment, the adjusted rates shall become the effective rates hereunder pursuant to the Rate Schedule FSS. Notwithstanding the foregoing, nothing in this FSS Agreement shall limit Customer’s right to oppose (i) any proposed increase to Rate Schedule FSS regardless of the amount, or (ii) any proposed changes to the terms and conditions of Storage Provider’s Tariff.

Section 6. **Term**. Service under this Service Agreement shall commence as of April 1, 2026, and shall continue in full force and effect until the date that is five (5) years thereafter (“***Initial Term***”). In the event any quantities of Gas remain in storage for Customer’s account on the Day this FSS Agreement terminates, such remaining quantities shall be handled under the terms stated in the Tariff. Customer shall also have the right to extend this FSS Agreement for up to five (5) successive twelve (12)-Month terms (each, an “***Extended Term***” and, together with the Initial Term, the “***Term***”), commencing at the expiration of the Initial Term or the then-current Extended Term, at the prevailing published FSS rates in effect at the beginning of each such Extended Term and for the then currently subscribed Customer Storage Amounts; provided, however, Customer may request to increase or decrease its Customer Storage Amounts (subject to the minimum MSQ of 1,000 MMcf set forth in the Tariff) by including such request in Customer’s Notice to extend. Customer must provide Notice of each such extension not less than six (6) Months prior to the expiration of the Initial Term or the then-current Extended Term, as applicable. Additionally, notwithstanding the foregoing, Customer shall have the right, upon not less than six (6) Months’ prior written Notice to Storage Provider, to terminate this FSS Agreement prior to the expiration of the Term by electing the “***Buyout Option***.” If Customer exercises the Buyout Option, Customer shall pay to Storage Provider (i) all amounts due and payable for services rendered through the effective date of termination, plus (ii) an early termination fee (the “***Buyout Fee***”). The Buyout Fee shall pertain only to Customer’s contracted working capacity, excluding capacity related to Customer’s contributed Base Gas, and shall be equal to fifty percent (50%) of the following amount:

The sum of:

1. # of months (including any partial month) remaining in the Term as of the termination date, *multiplied by the TCQ multiplied by the FSS Capacity Rate, plus*
2. # of months (including any partial month) remaining in the Term as of the termination date, *multiplied by the CWQ multiplied by the FSS Reservation Rate, plus.*
3. # of months (including any partial month) remaining in the Term as of the termination date, *multiplied by the CIQ multiplied by the FSS Reservation Rate.*

The Buyout Fee shall be invoiced upon Customer's election and shall be due and payable within thirty (30) Days thereafter; provided, however, this FSS Agreement shall not terminate until the Buyout Fee and all other undisputed amounts are paid in full. Upon such payment, Customer shall be relieved of any further obligations under this FSS Agreement with respect to the remainder of the Term. The Buyout Option applies only to the Term and is subject to the Tariff and any applicable regulatory approval.

Example (for illustrative purposes only): If Customer gives notice to exercise the Buyout Option at the end of Year 4 of the five (5)-year Initial Term (with 12 months remaining), the Buyout Fee would be calculated as follows:

- Total Contract Quantity Capacity Fee: (12 months \times 1 Bcf \times \$0.012/Mscf) = \$[144,000]
- Withdrawal Reservation Fee: (12 months \times 3.42 MMscfd \times \$6.955/Mscf) = \$[285,521]
- Injection Reservation Fee: (12 months \times 2.82 MMscfd \times \$6.955/Mscf) = \$[235,006]

Buyout Fee: (\$[144,000] + \$[285,521] + \$[235,006]) \times 50% = \$[332,264]

Section 7. Notices. Any notice, request, statements or other communication ("Notice") regarding this FSS Agreement or its performance may be transmitted by electronic mail to the address listed below and shall, unless otherwise provided, also be transmitted by personal delivery or United States Mail, postage prepaid, to the address listed below. Notice shall be effective as of the day of the electronic mail, if such electronic mail is in fact delivered to the receiving Party's electronic mail server on that day before 5 p.m. Alaska Time. Otherwise, notice shall be effective when the hard copy is delivered to the receiving Party. Any Party may change its address by providing written notice to that effect to the other Party. If the date specified in this Agreement for giving any notice or taking any action is not a Business Day (or if the period during which any notice is required to be given or any action taken expires on a date that is not a Business Day), then the date for giving such notice or taking such action (and the expiration date of such period during that notice is required to be given or action taken) shall be the next day that is a Business Day.

A) If to Customer:
Chugach Electric Association, Inc.
5601 Electron Drive
Anchorage, Alaska 99518
Attention: Daniel Herrmann
Email: daniel_herrmann@chugachelectric.com

B) If to Storage Provider:
Hilcorp Alaska Gas Storage
3800 Centerpoint Drive
Anchorage, Alaska 99503
Attention: Rob Kinnear
Email: rob.kinnear@hilcorp.com

Section 8. Tariff. The provisions of Storage Provider's FSS Rate Schedule and Tariff are applicable to this FSS Agreement and are specifically incorporated herein by reference and made a part

hereof. In the event of any inconsistency between Storage Provider's Tariff and this FSS Agreement, the terms of this FSS Agreement shall control. For purposes of this provision, silence or absence of a specific term in the FSS Agreement shall not be deemed an inconsistency. Storage Provider shall put into effect any changes in accordance with any applicable orders issued from the RCA or any applicable regulatory body with jurisdiction at any time to change the provisions of service and this FSS Agreement shall be deemed to include such changes and any changes which become effective by operation of law or regulation, without prejudice to Customer's right to protest the same.

Section 9. Support. Customer shall support Storage Provider's applications to own and operate the KGF Facility, and any filing required to implement this FSS Agreement. Notwithstanding the foregoing, nothing herein shall limit Customer's right to oppose or refuse to support any such applications that are materially inconsistent with this FSS Agreement and/or the Tariff.

Section 10. Representations and Warranties. Each Party represents and warrants to the other as follows:

a. Such Party is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, and will be in good standing in each other jurisdiction where the failure to so qualify would have a material adverse effect upon the business or financial condition of such Party or its ability to perform its obligations under this FSS Agreement.

b. The execution, delivery and performance of this FSS Agreement by such Party has been duly authorized by all necessary action on the part of such Party in accordance with such Party's charter documents and does not and will not require the consent of any trustee or holder of any indebtedness or other obligation of such Party or any other party to any other agreement with such Party.

c. This FSS Agreement has been duly executed and delivered by such Party. This FSS Agreement constitutes the legal, valid, binding and enforceable obligation of such Party, except as such enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application relating to or affecting creditors.

d. There is no existing or pending action or proceeding, third party lien, third party covenant, or, to such Party's actual knowledge, threatened action or proceeding affecting such Party before any court, government authority or arbitrator that could reasonably be expected to materially and adversely affect the financial condition or operations of such Party or the ability of such Party to perform its obligations hereunder, or that purports to affect the legality, validity or enforceability of this FSS Agreement.

Section 11. Alterations. No modification of the terms and provisions of this FSS Agreement shall be made except by the execution of a written agreement by both Storage Provider and Customer. If any term or provision of this FSS Agreement shall be declared to be invalid or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect, provided that the economic and legal substance of the transactions contemplated under this Agreement are not affected in any manner materially adverse to Storage Provider or Customer. In any such event, Storage Provider and Customer shall negotiate in good faith to modify this Agreement so as to effect the original intentions of Storage Provider and Customer as closely as possible in a mutually acceptable and legally enforceable manner, to the end that the activities and results contemplated under this Agreement may be effected to the maximum extent possible. This FSS Agreement is subject to all valid laws, rules and regulations of duly constituted authorities having jurisdiction over the subject matter hereof and to receipt of any and all such authorizations as may be required for the construction, ownership and operation of the KGF Facility and provision of the service contemplated herein.

Section 12. No Drafting Presumption. No presumption shall operate in favor of or against Storage Provider or Customer as a result of any responsibility or role that Storage Provider or Customer may have had in the drafting of this FSS Agreement.

Section 13. No Third-Party Beneficiaries. This FSS Agreement shall not create any rights in third parties, and no provisions hereof shall be construed as creating any obligation for the benefit of, or rights in favor of, any person or entity other than Storage Provider or Customer.

Section 14. Choice of Law. This Agreement shall be interpreted, performed, and enforced in accordance with the laws of the State of Alaska. Any dispute under this Agreement shall be resolved in Alaska Superior Court, Third Judicial District in Anchorage, Alaska.

Section 15. Counterparts. This FSS Agreement may be executed in counterparts, and all such executed counterparts shall form part of this FSS Agreement.

Section 16. RCA Approval; Conditions Precedent to Effectiveness. This FSS Agreement does not take effect without the prior approval of the RCA and is at all times subject to revisions by the RCA. In this case, prior approval from the RCA requires both (1) approval of this FSS Agreement, and (2) approval of Customer's ability to recover all costs associated with this FSS Agreement in rates.

Section 17. Good Faith Cooperation on Gas Quality Specifications and Energy-Based Accounting. The Parties acknowledge the potential for imported liquefied natural gas ("LNG") to supplement declining Cook Inlet gas supplies. In the event that imported LNG is introduced:

a. The Parties commit to engaging in good faith efforts to review and, if necessary, revise the gas quality requirements and specifications applicable to the KGF Facility under the Tariff or this Agreement in order to facilitate the receipt and delivery of higher heating value LNG. Any modifications shall be subject to RCA approval and comply with all applicable laws, regulations, and recognized industry standards.

b. The Parties further agree to collaborate in good faith to establish and maintain energy-based measurement and accounting standards that ensure accurate and equitable handling of gas injection, storage, and withdrawal transactions. The Parties shall jointly implement any necessary adjustments to metering, reporting, and settlement procedures to support these standards, and shall ensure such procedures remain compliant with all applicable regulatory requirements.

IN WITNESS WHEREOF, the Parties have caused this FSS Agreement to be duly executed as of the Effective Date.

HILCORP ALASKA GAS STORAGE, LLC

By:



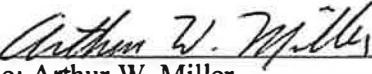
Name: Luke Saugier

Title: Senior Vice President, Alaska

Date: December 30, 2025

CHUGACH ELECTRIC ASSOCIATION, INC.

By:



Name: Arthur W. Miller

Title: Chief Executive Officer

Date: December 30, 2025

Appendix A

Customer: Chugach Electric Association, Inc.

Service Agreement No.:

Base Gas Contribution ("BGC"): [0] Bcf ([0] Dth)

Total Contract Quantity ("TCQ"):

Year 1: [1.5] Bcf ([1,509,301] Dth)

Year 2: [3.5] Bcf ([3,521,795] Dth)

Years 3-5: [5.0] Bcf ([5,031,135] Dth)

Maximum Storage Quantity ("MSQ"):

Year 1: [1.5] Bcf ([1,509,301] Dth)

Year 2: [3.5] Bcf ([3,521,795] Dth)

Years 3-5: [5.0] Bcf ([5,031,135] Dth)

Contract Injection Quantity ("CIQ"): [2.82] MMscfd ([2,833] Dth/d)

Contract Withdrawal Quantity ("CWQ"): [3.42] MMscfd ([3,442] Dth/d)

Maximum Daily Injection Quantity ("MDIQ"): [see MDIQ Ratchets below]

Maximum Daily Withdrawal Quantity ("MDWQ"): [see MDWQ Ratchets below]

Rates: [BGC carries no Reservation or Capacity Rate] FSS Reservation Rate (Withdrawal): \$6.955/Mcf

FSS Reservation Rate (Injection): \$6.955/Mcf

FSS Capacity Rate: \$0.012/Mcf

FSS Injection/Withdrawal Commodity Rate: \$0.936/Mcf

Overrun Storage Service Rate: \$2.005/Mcf

Excess Storage Service Charge: \$0.012/Mcf

MDIQ Ratchets:

Gas in Place % (Bcf) (GIP)	System MDIQ Range* (MMcfd)	
	High End	Low End
0.0% - 25.0%	107	107
25.0% - 40.0%	107	98
40.0% - 50.0%	98	90
50.0% - 65.0%	90	78
65.0% - 78.0%	78	66
78.0% - 92.0%	66	53
>92.0% < 100.0%	53	44
System MDIQ = $(-.0215 * \text{Bcf}^2) - (1.2123 * \text{Bcf}) + (121.17)$		
Customer MDIQ = System MDIQ * (Cust TCQ + BGC) / System Capacity		
* Table for illustrative purposes only, actual MDIQ calculated daily based on formula above.		

MDWQ Ratchets:

Gas in Place % (Bcf) (GIP)	System MDWQ Range* (MMcfd)	
	High End	Low End
100.0% - 90.0%	130.0	127.3
90.0% - 70.0%	127.3	94.2
70.0% - 50.0%	94.2	61.2
50.0% - 30.0%	61.2	28.1
30.0% - 10.0%	28.1	9.0
<10.0% > 0.0%	9.0	0.0
System MDWQ = $((\text{Bcf GIP} * 4.35) - (21.5))$		
Customer MDWQ = System MDWQ * (Cust GIP + BGC) / System GIP		
* Table for illustrative purposes only, actual MDWQ calculated daily based on formula above.		

Note: Billings are subject to the Regulatory Cost Charge and may also be subject to local sales tax. The Regulatory Cost Charge is a special surcharge applied to all retail Customer billings to pay the Company's share of the budget of the Commission. The Regulatory Cost Charge is an amount equal to 2.090% of the storage service billing, or as updated by the RCA from time to time.