

# AEDC Working Group Presentation

March 24, 2017



# Railbelt Utilities

- ❑ Six electric utilities
  - ❑ Two municipally owned utilities:
    - ❑ Anchorage Municipal Light & Power
    - ❑ City of Seward
  - ❑ Four cooperatives:
    - ❑ Chugach Electric Association, Inc.
    - ❑ Golden Valley Electric Association, Inc.
    - ❑ Homer Electric Association, Inc.
    - ❑ Matanuska Electric Association, Inc.

# Chugach Snapshot

- ❑ Member owned electric cooperative
- ❑ Governed by a seven member Board of Directors
- ❑ Not-for-profit
- ❑ Regulated by the RCA
- ❑ Represented and non-represented workforce
- ❑ Adopted sustainability, also known as the Triple Bottom Line (TBL), as a business management philosophy
  - ❑ TBL is a method of evaluating a business's performance using economic, social and environmental measures

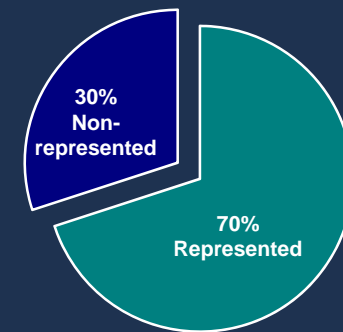


# Chugach Snapshot

Fully integrated

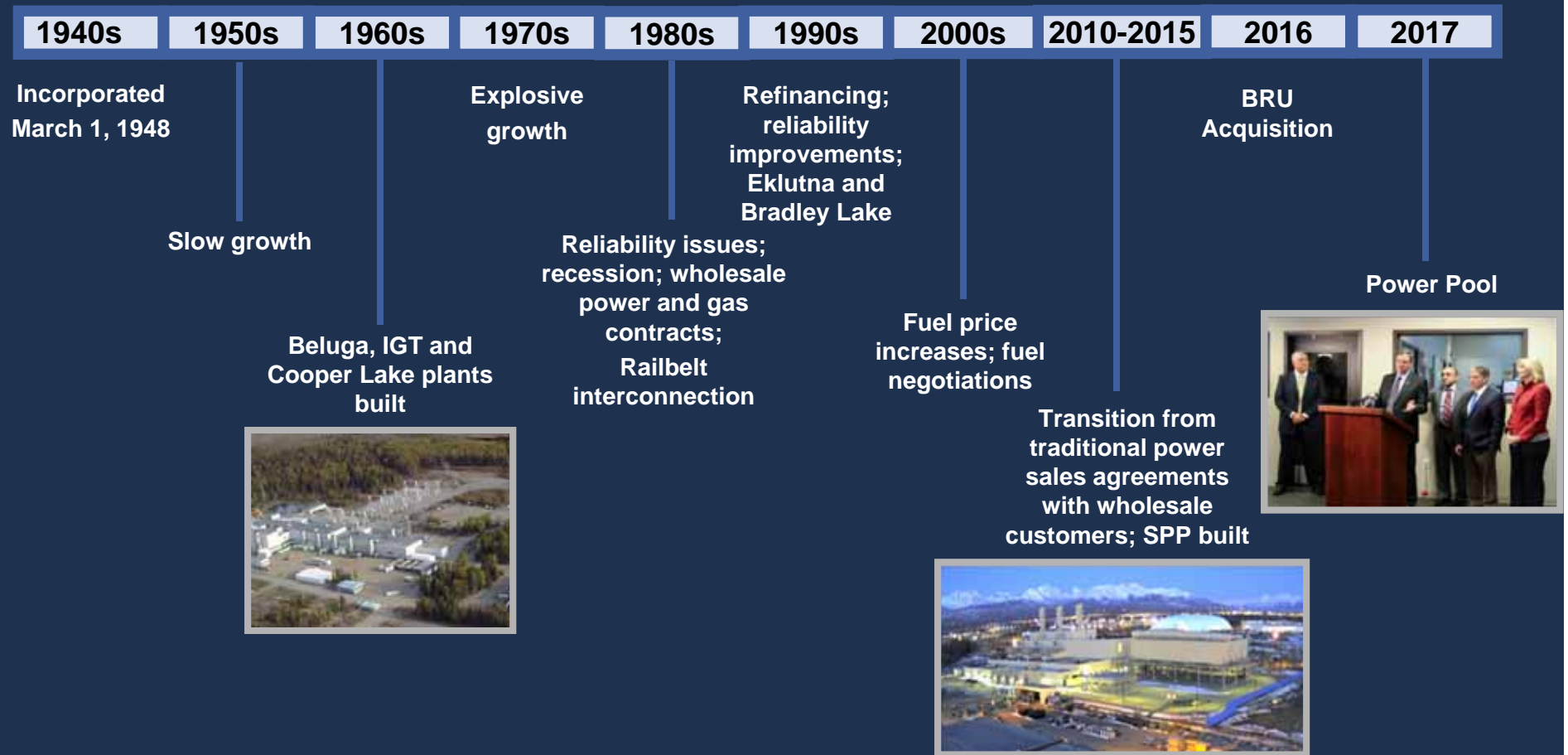


Approximately 68,200 retail members  
Approximately 83,500 service locations  
Approximately 290 employees

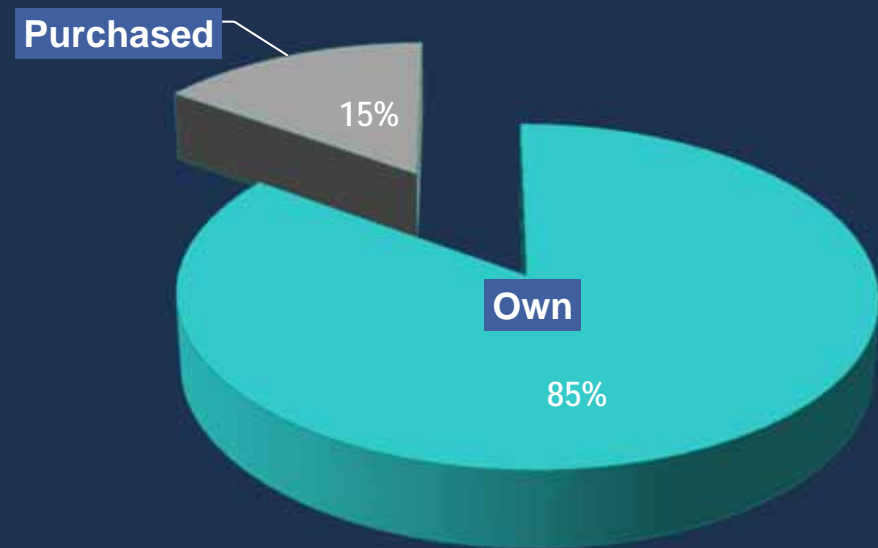
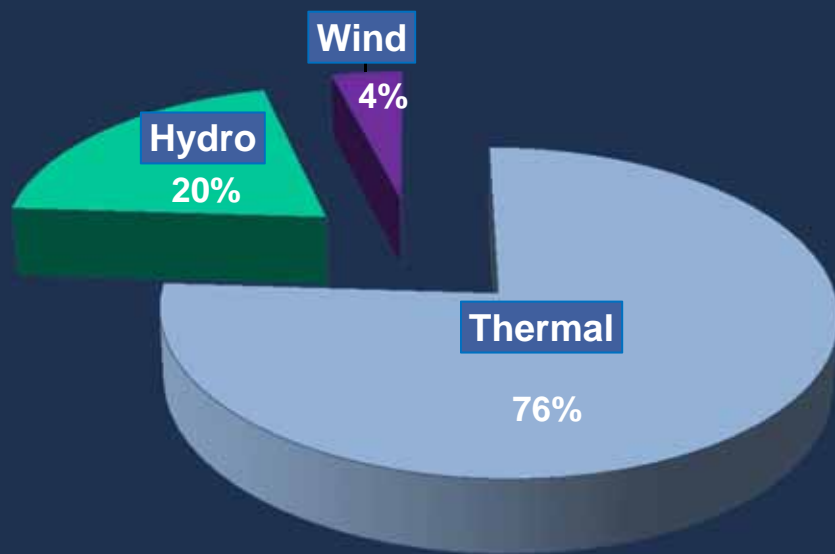


531 megawatts (MW) of thermal and hydro generation  
434 miles of transmission line  
1,719 miles of distribution line

# Chugach History & Timeline



# 2016 Generation & Purchases (MWh)





# Beluga Power Plant

- Chugach-owned
- Gas-fired
- 6 gas-fired units
- 332 Total MW



Unit	Commissioned	Total Run Hours
1	1968	157,958
2	1968	160,767
3	1973	258,175
5	1975	251,511
6	1976	278,588
7	1978	264,859

# International Generation Station (IGT)

- Chugach-owned
- Gas-fired
- 2 units
- 28.2 total MW



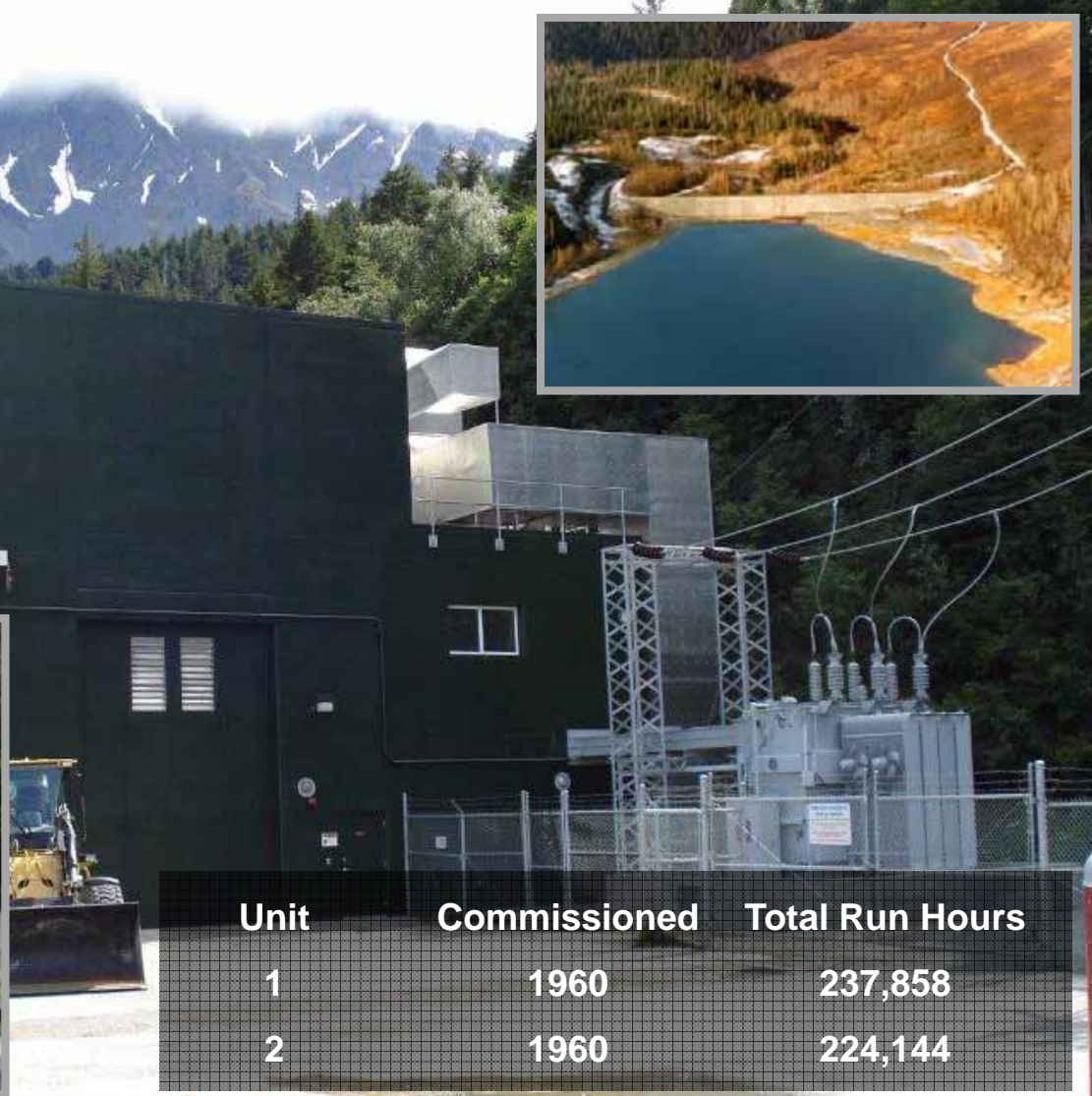
<u>Unit</u>	<u>Date</u>	<u>Total Run Hours</u>
1	1964	62,023
2	1965	57,367





# Cooper Lake Power Plant

- Chugach-owned
- Hydroelectric
- 2 units
- 19.2 total MW
- Relicense date: 2007
- 50 year permit



Unit	Commissioned	Total Run Hours
1	1960	237,858
2	1960	224,144



# Southcentral Power Project

- Chugach jointly owns with ML&P
- 70% Chugach ownership
- Gas-fired & steam
- 3 gas fired units
- 1 steam unit
- 200.2 Total MW (includes duct firing)
- Chugach operates and dispatches



Unit	Commissioned	Total Run Hours
10	2013	33,343
11	2013	32,382
12	2013	32,953
13	2013	33,267

# Eklutna Power Plant

- Chugach jointly owns with ML&P and MEA
- 30% Chugach ownership or 14.1 MW
- Hydroelectric
- 2 units
- 47 MW
- Chugach operates / ML&P dispatches
- Year commissioned: 1955





# Bradley Lake Hydroelectric Project

State-owned  
Hydroelectric  
Purchased power  
2 units  
120 MW  
31.4% or 37.7 MW – Chugach/Seward share  
Chugach dispatches / HEA maintains  
Year commissioned: 1991



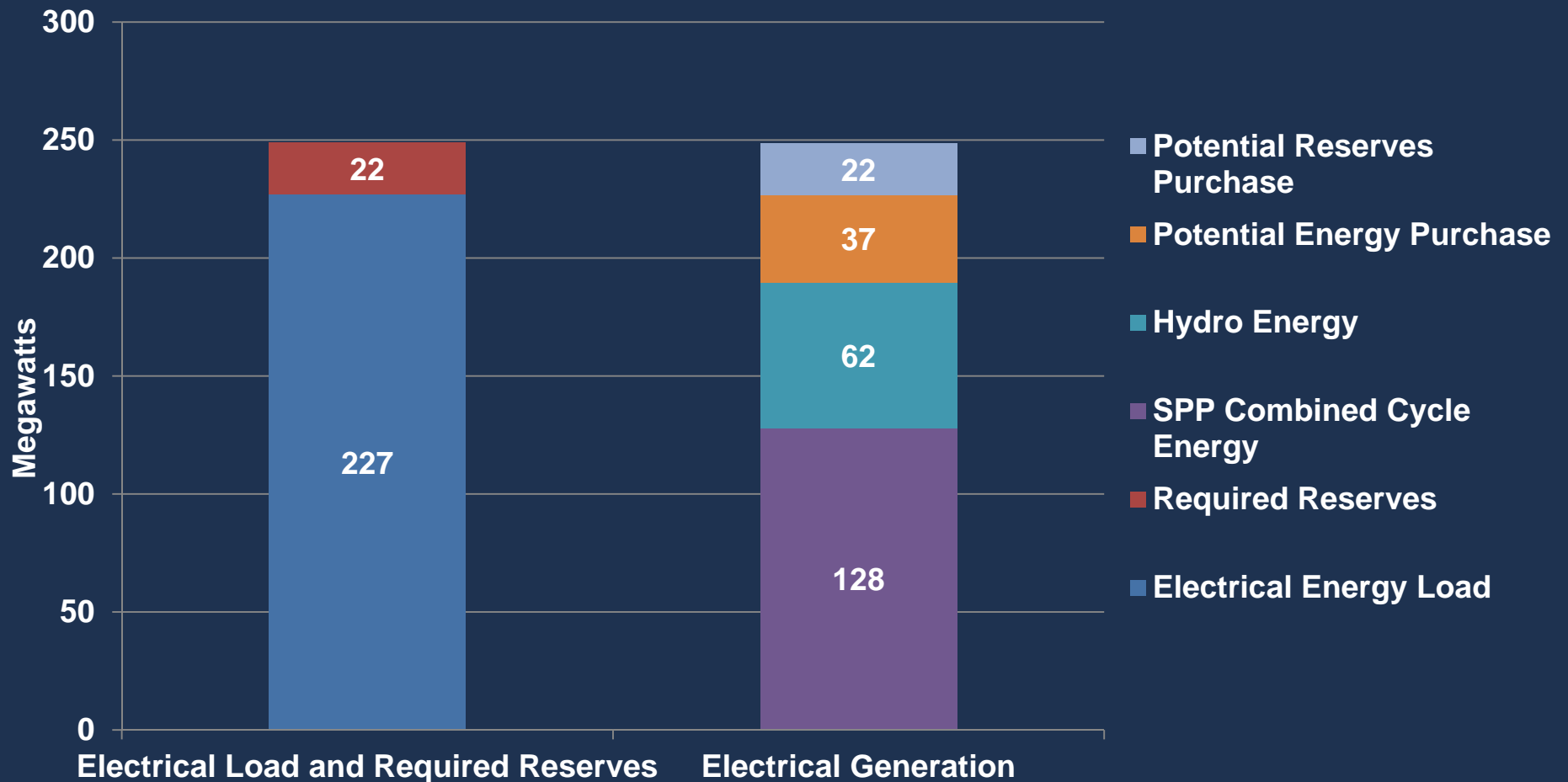
# Fire Island

- Fire Island Wind, LLC
- Owned by Cook Inlet Region, Inc.
- Wind power
- Purchased power
- 11 units, 17.6 MW
- Contract term: 25 Years
- Year commissioned: 2013

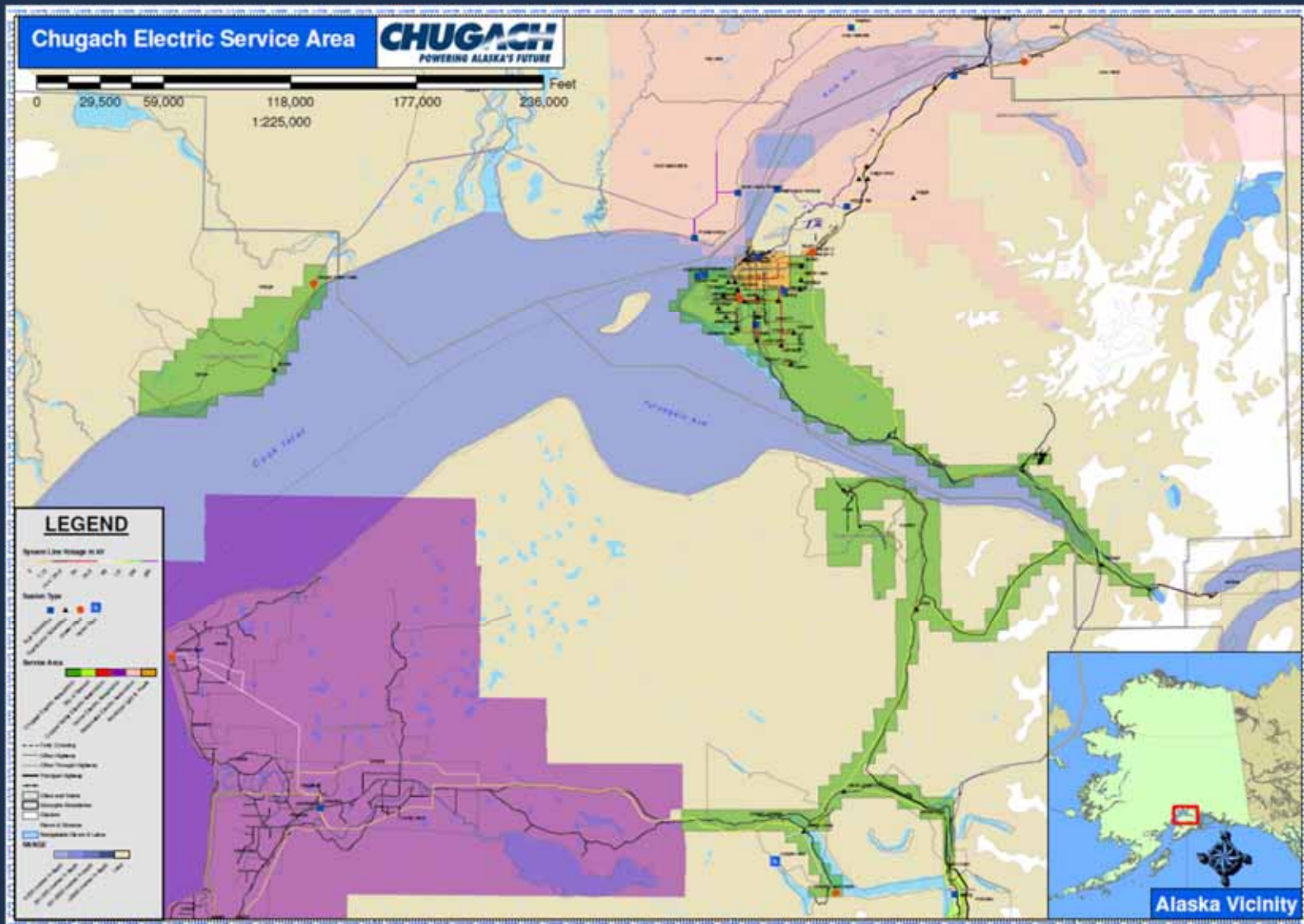




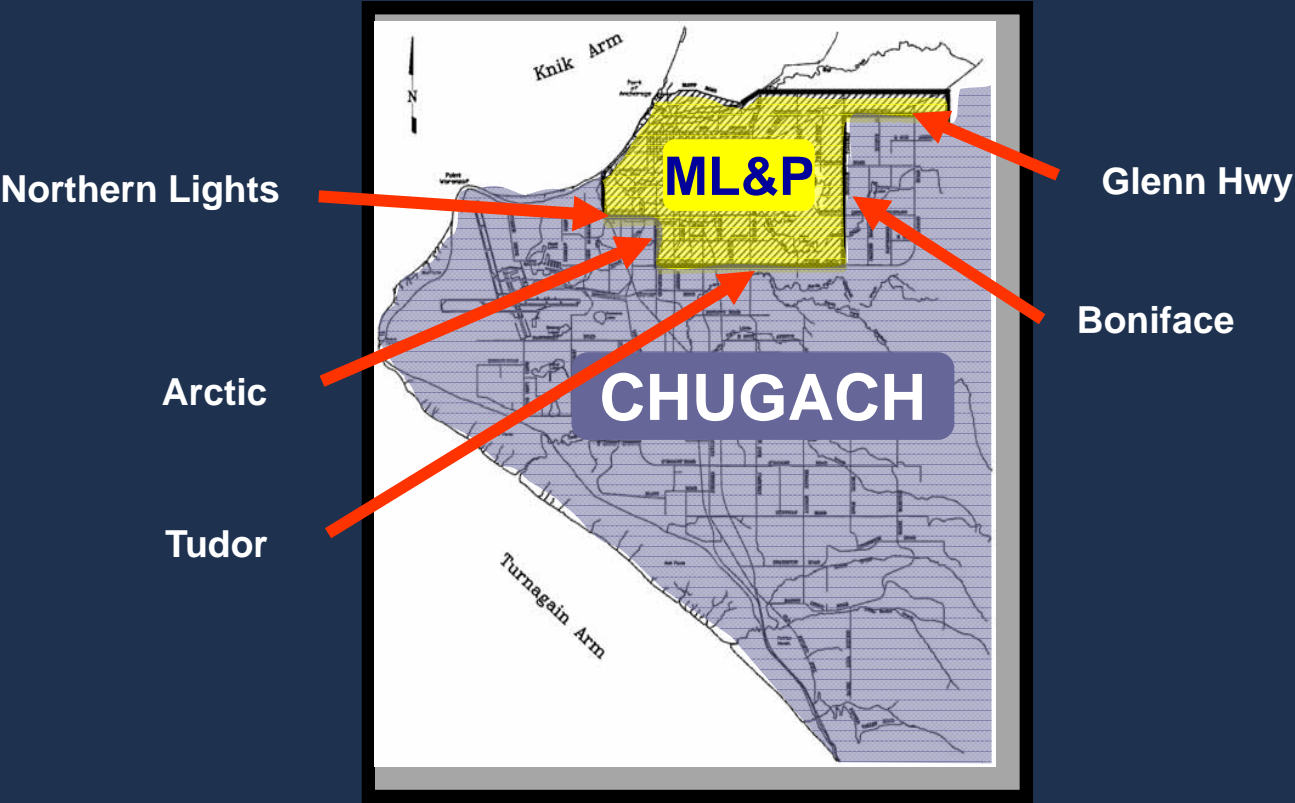
# Chugach 2016-17 Winter Peak Load, Capacity and Unit Commitment



# Chugach Service Territory



# Anchorage Service Territories

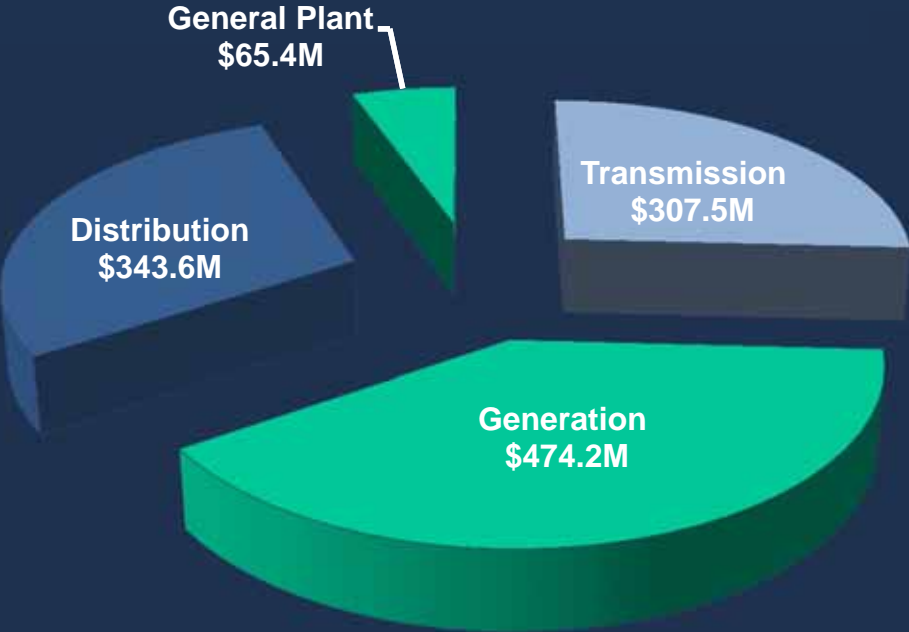


# Regulation

- ❑ Chugach is regulated by the Regulatory Commission of Alaska (RCA)
- ❑ Rates are established to allow for recovery of system costs
- ❑ Alaska cooperatives use a debt service coverage approach to ratemaking
  - ❑ TIER (Times Interest Earned Ratio) is designed to ensure Chugach maintains a debt service coverage ratio to remain in compliance with its debt covenants

# Financial Summary

## Assets



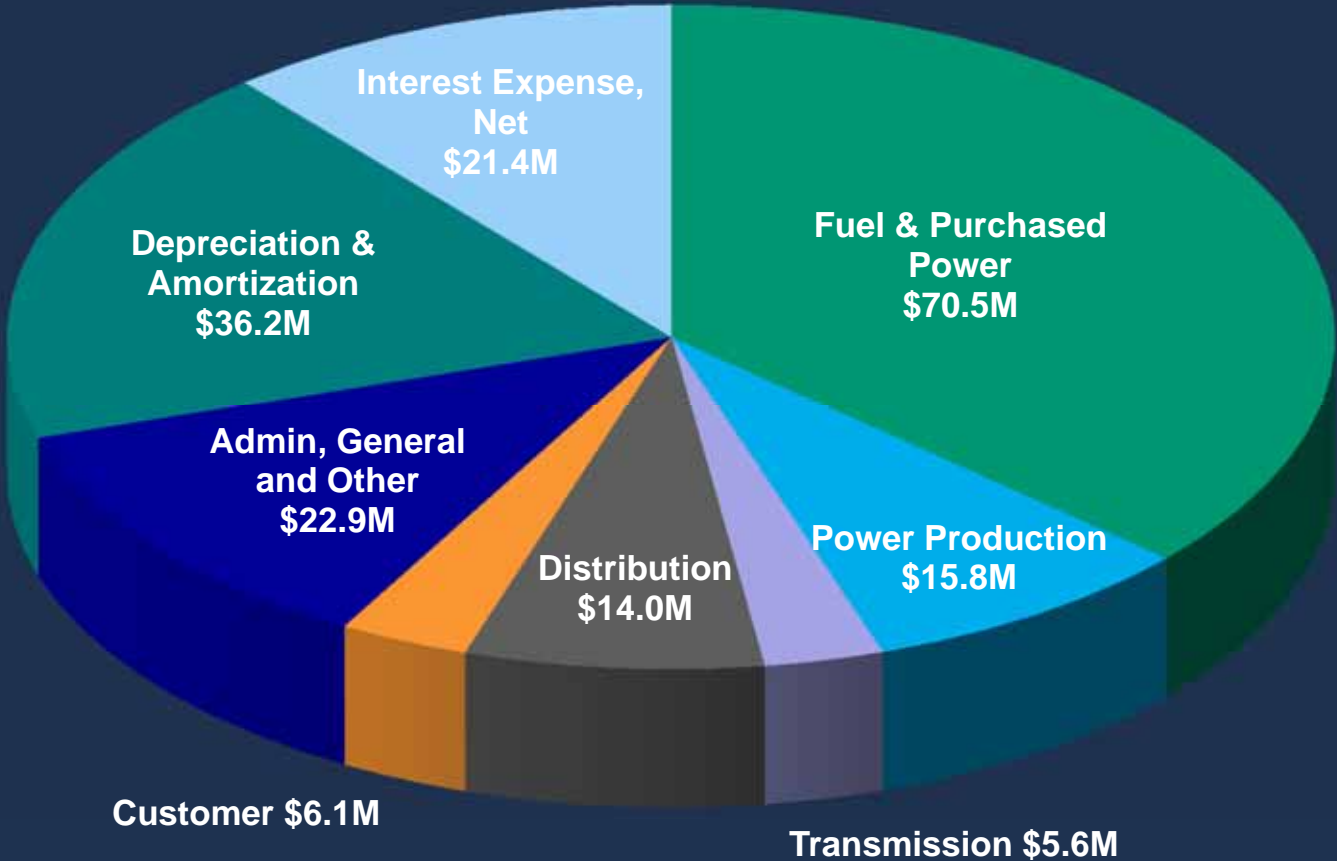
## Total Capitalization





# Financial Summary

## Total Cost of Electric Service (YTD Actual)



# Financing Information

- ❑ **Providing electric service is capital intensive**
- ❑ **Sources of capital are debt and member equity**
  - ❑ **Capital projects are funded from cash generated from operations and/or commercial paper / Line of Credit (LOC)**
  - ❑ **Large capital projects are debt financed using public or private bonds and/or cooperative banking partners**
- ❑ **Chugach is rated by three rating agencies**
  - ❑ **Standard and Poor's: A- (Stable), Commercial Paper A-1**
  - ❑ **Fitch Ratings: A (Stable), Unsecured Obligations A (Stable)**
  - ❑ **Moody's Investor Services: Commercial Paper P-2**

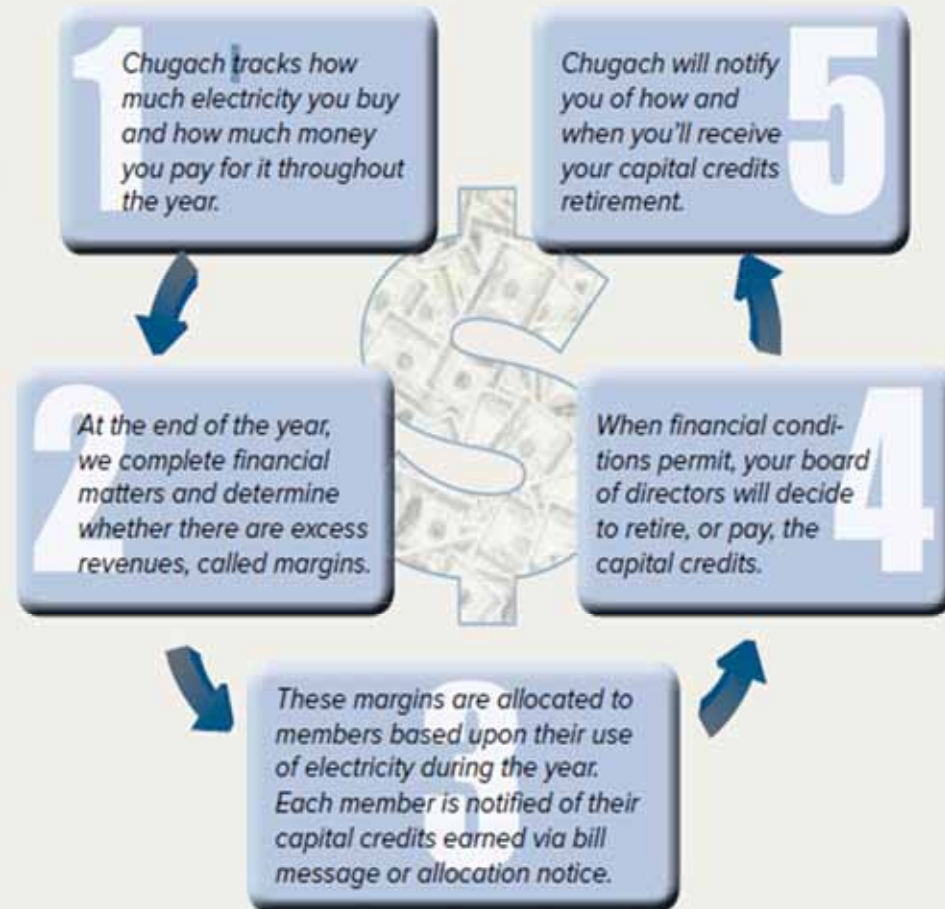
# Capital Credits

## What are Capital Credits?

As a member-owned cooperative, Chugach operates at cost, and any excess revenues—called margins—are allocated to members each year as capital credits.

After satisfying annual expenses in meeting the co-op objectives, any remaining money is either invested in lines and equipment, or returned to the members in the form of capital credits. The credits are assigned in proportion to the amount of electric service purchased by the member.

In an effort to keep rates reasonable, between the time capital credits are allocated to individual members and the time they are paid, Chugach uses the money to maintain and improve lines and other facilities.



❑ As of December 31, 2016, Chugach has returned over \$83 million in capital credits since inception

# Chugach's Community Connection



- ❑ Partnering with Red Cross of Alaska to support its Homefire Campaign
- ❑ Salvation Army's Annual Angel Tree Program
- ❑ Abused Women's Aid in Crisis (AWAIC) Adopt-a-Family Program
- ❑ Donation of utility/line digger derrick truck to UAA
- ❑ Power Pledge Challenge
- ❑ Thanksgiving Turkey Donations
- ❑ Hospice of Anchorage
- ❑ United Way
- ❑ Alaska Women's Run & Alaska Heart Run
- ❑ American Heart Association Go Red for Women
- ❑ Chugach Match up to \$100 per calendar year employee donation to a non-profit organization



## Chugach / ML&P Joint Projects

- ❑ **Bradley Lake (1991)**
- ❑ **Eklutna (1997)**
- ❑ **Southcentral Power Project (SPP) (2013)**
- ❑ **Beluga River Unit (BRU) (2016)**
- ❑ **Power Pool (2017)**