



FOR IMMEDIATE RELEASE

October 12, 2011

FOR MORE INFORMATION, CONTACT

-Phil Steyer, 762-4766/242-1417

### **Chugach board meets to discuss Fire Island order**

At a special meeting today the Chugach Electric Association board reviewed a recent order from the Regulatory Commission of Alaska on the Fire Island Wind Project. The board is pleased that the RCA has authorized Chugach to recover the costs of wind power purchases in rates.

"On behalf of the board, I'm pleased with the order and proud of the work done by staff to achieve it," said chair Janet Reiser. "Chugach appreciates that the Commission was responsive to the request for expedited review."

On Oct. 10, the RCA released an order allowing costs to be recovered in rates, and setting conditions that Chugach must follow. The Chugach board of directors met with staff today to discuss the order and its requirements – and some of the actions necessary for the project to come online by the end of next year.

"This project has a very tight timeline, and much remains to be done by the developer before wind power from Fire Island flows to the grid," Reiser said.

Fire Island Wind (a subsidiary of Cook Inlet Region, Inc.) plans to construct 11 wind turbines on CIRI-owned land on Fire Island as well as a transmission line to a substation at Chugach headquarters near Minnesota Drive and International Airport Road.

*Fire Island wind power helps take Chugach in a direction many of the cooperative's members would like to see it go. Currently Chugach generates about 90 percent of its power with natural gas, with the other 10 percent coming from hydro projects. In a recent survey 75 percent of members polled said they supported Chugach pursuing a more diversified generation mix that is less dependent on natural gas, and 75 percent also favored Chugach's decision to purchase power from a Fire Island wind project.*

*While the Commission order assured Chugach it would be allowed to recover the cost of payments for Fire Island wind in its rates, exactly how has yet to be determined. Commissioners were sensitive to the fact that under a flat-pricing scenario, initially current customers would pay more while customers in the out years would realize the benefit. Commissioners agreed with a Chugach proposal to evaluate rate options. A condition of the order is that by March 2012 Chugach file a proposed plan on how Fire Island wind power will be priced to ratepayers.*

*The RCA order requires Chugach to "disclose the full cost of power purchased" under the Fire Island agreement to its member-owners.*

*The order also calls for Chugach to control the effect of the variable wind resource on the interconnected grid and other utilities. The Commission requested a progress report in November on an integration study and cost reimbursement agreement with other utilities if their systems are materially affected.*

*"A lot remains to be done in a short time," Reiser pointed out. "Chugach must comply with the order. Fire Island Wind must secure financing, construct the wind farm and transmission line and be producing power by the end of 2012. Grant and other agreements need to be completed."*

*Chugach is a member-owned electric cooperative, providing power for Alaskans throughout the Railbelt through retail, wholesale and economy energy sales.*

#####