



FOR IMMEDIATE RELEASE

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Chugach completes \$250 million financing

Chugach Electric Association has completed a \$250 million bond financing at very favorable interest rates. The transaction closed on Jan. 11. The bonds carry a weighted average interest rate of 4.36 percent, with the rate on individual tranches varying from 4.01 to 4.78 percent.

Following presentations by Chugach last fall in New York, Boston, Charlotte, Milwaukee and Chicago, a total of 18 different institutional investors took a piece of the most recent bond issue. The bonds are secured by Chugach assets through an indenture of trust.

Chugach will use the proceeds to pay down commercial paper and fund capital expansion – primarily its portion of the new Southcentral Power Project.

SPP is an efficient, new 183-megawatt, gas-fired, combined-cycle power plant currently under construction at Chugach's headquarters complex near Minnesota Drive and International Airport Road. It is a joint project between Chugach (70 percent) and Municipal Light & Power (30 percent). The \$369 million project is scheduled to begin commercial operations in December 2012.

Chugach uses its commercial paper program for short-term financing to fund the construction of SPP and other facilities before eventually locking that day-to-day borrowing into long-term debt. Since its development in 2009, Chugach's commercial paper program has been very successful for the utility. Today it provides a \$300 million credit line at an interest rate of 0.25 percent. Last fall the number of banks participating in Chugach program expanded from four to nine.

The financing is Chugach's second successful major financing effort in the past year, completing a project to take advantage of historically low interest rates to refinance prior higher-interest debt and finance current construction. In January 2011 Chugach issued \$275 million in new debt at a blended interest rate of 4.57 percent to pay off higher-interest debt and lower borrowing costs.

All of Chugach's bond debt is now amortizing, with no bullet debt left on its books.

Chugach carries bond ratings from three national agencies. Recently Fitch Ratings affirmed Chugach's A- rating, revising its outlook to Positive from Stable. In its

announcement of the rating and improved outlook, Fitch noted Chugach was “Fundamentally Stronger” due to recent actions that included refinancing its bullet bonds, regulatory support from state utility commission, and plans for new, more efficient generation.

Chugach has an A3, Stable rating from Moody’s Investors Service and an A- Stable from Standard & Poor’s Financial Services.

Chugach is the largest electric utility in Alaska, providing power for Alaskans throughout the Railbelt through retail, wholesale and economy energy sales.

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