



# Homer Electric Association, Inc.

A Touchstone Energy® Cooperative 

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PRESS RELEASE

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## **HEA and UNOCAL sign Gas Sale and Purchase Agreement**

On Thursday, August 25, the Board of Directors of Alaska Electric and Energy Cooperative, Inc (AEEC), a subsidiary of Homer Electric Association (HEA), authorized HEA General Manager Brad Janorschke to sign a Gas Sale and Purchase Agreement with Union Oil Company of California.

Under terms of the agreement, AEEC will receive the natural gas from January 1, 2014, until March 31, 2016. Additionally, the agreement has provisions for two one-year extensions, if mutually agreed upon by both parties. The gas will be used to generate electricity for HEA's members after 2013.

The agreement calls for AEEC to purchase between 4.0 and 4.5 billion cubic feet of natural gas per year for use in its new power plants, following the expiration of its wholesale power purchase agreement with Chugach Electric Association on December 31, 2013.

The Gas Sale and Purchase Agreement does not become effective until approved by the Regulatory Commission of Alaska (RCA). AEEC plans to submit the agreement to the RCA in September to initiate the approval process.

The mechanism used to set the purchase price for the gas will be part of the package submitted to the RCA. In general, the contract price is commensurate with pricing in the Cook Inlet gas market and with other gas contracts previously approved by the RCA.

HEA General Manager Brad Janorschke said that the terms of the agreement were negotiated over an 18-month time frame and that he looks forward to a good working relationship with Union Oil Company and the purchaser of their Cook Inlet assets, Hilcorp Alaska LLC.

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