



Chugach Consumers

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SOUTHERN INTERTIE QUESTIONS

Resource Development Council, March 6, 2003

**★ PRIMARY ISSUE: FISCAL
PRUDENCE AND RESPONSIBILITY**

QUESTIONS FOR CHUGACH ELECTRIC

The Chugach Electric “Confidential” study confirmed the long-known finding that the Southern Intertie would yield only \$60 million in benefits out of a \$125 million project cost.

- 1) Once Chugach knew in Feb 1998 the Southern Intertie would pay only 50¢ on the dollar, why did Chugach continue to lobby the legislature for a loser project instead of having the grant reappropriated for utility debt reduction or some other use that had clear positive benefits?
- 2) Knowing that the Chugach “Confidential” study had identified only \$60 million in Southern Intertie benefits, why did Chugach, at the same time, publicize a \$140 million benefit number?
- 3) Does anyone really believe the Regulatory Commission of Alaska would allow Chugach to deny ML&P the ability to get their Bradley Lake power to Anchorage over the existing line when Chugach is otherwise able to do it?

- 4) 25% - 50% - 100% are typical cost overruns for recent major electrical capital projects (South Anchorage Loop, Beluga rebuild, Cooper Lake reconstruction, Kachemak Bay cable). Will the final bids be in hand when utilities have to commit consumers rates to the Southern Intertie in July, 2003?
- 5) Can electric consumers be protected from any cost overruns?

QUESTIONS FOR ML&P

ML&P claims it has to have the Southern Intertie because its 26% share of the Bradley Lake Hydro project could be “stranded” and without a pathway to Anchorage. But from 1991 to 1999 ML&P actually received more energy from Bradley Lake than it was entitled to receive and only once in nine years was it briefly unable to bring its power north.

- 1) Why should ML&P ratepayers and the state pay \$millions to avoid this non-problem?
- 2) ML&P claims a \$73 million Southern Intertie benefit from a ridiculous case where for 40 years Chugach allows no ML&P power to be shipped from Bradley Lake and ML&P sells none of its power locally on the Kenai Peninsula yet continues to pay debt and makes no effort to sell the “stranded” project. Exactly how likely is that scenario to occur?

More information:

www.chugachconsumers.org/si.htm