



CHUGACH ELECTRIC ASSOCIATION, INC.

CHUGACH ELECTRIC ASSOCIATION WITHDRAWS FROM 1990 IBEW UNION MEMO OF UNDERSTANDING ON INTERTIE CONSTRUCTION

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Chugach board votes on interties

The board of directors of Chugach Electric Association took action at its regular meeting Wednesday evening to keep a pair of power line projects moving forward, while at the same time reaffirming its belief that free, open and competitive bidding is necessary to cut costs to electric ratepayers.

Two new electric transmission lines are planned for the Railbelt. One is a northern intertie between Healy and Fairbanks; the second is a southern intertie between the central Kenai Peninsula and Anchorage. In 1993 the Legislature authorized \$90 million in grants to help construct the two new lines which will benefit consumers throughout the Railbelt by improving both the efficiency and reliability of the regional power grid.

The State funds, which are expected to pay about half of the cost of construction of the lines, are being held and disbursed by the Alaska Industrial Development and Export

Authority. The projects are under the oversight of an Intertie Participants' Group, made up of representatives from each of the seven Railbelt electric utilities. Fairbanks-based Golden Valley Electric Association will build the northern intertie on behalf of the participating utilities, while Chugach is the project manager for the southern line.

At Wednesday's meeting, the Chugach board approved a resolution that would authorize environmental work to proceed on the southern intertie route alternatives, following approval from the IPG. A team of engineering and environmental consultants has been working for the past several months to identify routing opportunities for the southern intertie. Their draft report is expected to be approved this month. The next stage in the route selection process will be to identify a lead agency to move the process through an environmental review of the alternative routes.

The board passed a motion directing Chugach's general manager to inform the International Brotherhood of Electrical Workers, Local 1547, that Chugach does not intend to operate under a memorandum of understanding between the parties dated March 14, 1990. The memorandum would have required the utilities to employ only IBEW union members on the intertie projects under union rates and work rules. A recent study commissioned by the Chugach board indicated those restrictions could add millions of dollars to the cost of the projects.

"Chugach strongly believes that as a member of the Intertie Participants' Group, Chugach must be free to act in a manner which best serves the interests of electric consumers," said Chugach President Ray Kreig. "It should not be restricted in its decision making to advancing the interests of a narrow segment of the work force in this state at the expense of our ratepayers."

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In addition, the board voted to approve a construction management agreement for the northern intertie. The board also approved a system agreement which outlines transmission access, system configuration and some participation details of the northern intertie

Chugach is Alaska's largest electric supplier. The cooperative utility is headquartered in Anchorage, and provides wholesale and economy energy power to utilities from Homer to Fairbanks. It also provides retail electric service to 66,000 metered locations from Anchorage to the northern Kenai Peninsula. Chugach owns and operates three natural gas-fired power plants and one hydroelectric facility, and also takes power under contract from two additional hydro projects.

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