

## Result #4: Chugach's Southern Intertie Benefits Correspond to Its Ownership

	Direct Benefits	Reliability Benefits	Total Benefits	Ownership Share
Chugach	38.6%	21.6%	31.3%	30.23%
Seward	0%	17.4%	7.4%	1.44%
MEA	9.4%	0%	5.4%	14.19%
ML&P	21.0%	21.6%	21.2%	22.43%
GVEA	8.3%	0	4.7%	20.11%
Homer	22.8%	59.4%	<del>20.0%</del> 30.0%	11.6%



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Not surprisingly, Chugach, ML&P and Golden Valley gain direct benefits from access to their Bradley Lake hydro. The most surprising direct benefit number to me was the large Homer share. It turns out that without the Southern Intertie, the relatively expensive Soldotna thermal unit will have to be operated more over the years. We assumed that Homer would receive 60% of the cost savings from not having to run this unit as much. As the primary Kenai utility, Homer also gains a major share of the reliability benefits of the Southern Intertie.

Comparing shares of benefits to ownership shares in the Southern Intertie, Homer and Seward appear to be getting the best deal, with a benefit shares that far exceed their ownership shares. MEA and Golden Valley, appear to have ownership shares significantly larger than their benefit shares. Benefits and ownership shares are in the same ballpark for Chugach and ML&P.

**Chugach Review Comment -** ATLAS assumes no reliability benefits for MEA and GVEA. This is incorrect. GVEA and MEA currently suffer outages (underfrequency load shedding) when the Kenai 115kV line trips during heavy export from the Kenai. The Southern Intertie would prevent these outages.

**Chugach Review Comment -** The comments regarding Soldotna Unit are no longer applicable. The unit has been moved to Nikiski and mode of operation changed.

**Chugach Review Comment -** The value for Homer's "Total Benefit" is reported incorrectly. The value should be 30%. The benefits shown in Result #4 table may change significantly if key assumptions such as local area operating reserves, fuel price projection, utility load forecasts and existing 115 kV line outage cost are changed. Production costing model issues identified on page 15 and 17 also materially change the benefits each utility receives. Also see review comments on page 20.