

THE CHUGACH OUTLET

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Board viewpoint by Ray Kreig, President



COMPETITION! Everyone knows that competition is what gets consumers the best deal in their purchases whether it be groceries or airline tickets. What would happen to food prices if there was only one grocery store?

What about electric service? Presently, you have no choice but to buy your power from Chugach Electric Association if you live in the service area. There is little competition for your consumer dollar. Lacking that competition, your board of directors is the group of men and women who represent you, the ratepayer, in a "watchdog" capacity in the effort to keep rates down while providing safe, reliable power. Because our fuel is some of the least expensive in the country, Chugach rates are essentially the lowest in Alaska. However, they are only at about the national average. If there were retail competition, would these rates be lower? Are you receiving the best VALUE from YOUR cooperative when you pay your electric bill?

To answer these questions, Chugach has joined a group of 24 of the largest electric co-ops in one of the most extensive "benchmarking" efforts ever done. Benchmarking is a reliable way of measuring our performance against the best practices of other electric utilities. This study is being performed by a leading utilities management consultant for NRECA, the National Rural Electric Cooperative

Association. It will give us detailed information on where we are and where we need to improve in order to achieve the new joint staff-board goal of being at the top of all electric co-ops and investor-owned utilities in economic efficiency. Results and progress will be shared with you in future Outlets.

COST SAVING MEASURE - Your board is working with management in many areas to lower costs and your rates. Recently Chugach was faced with two alternatives in the disposal of obsolete turbines at Beluga and at Bernice Lake. If we removed the units and disposed of them through surplus means, we would likely have expended numerous resources and expense in the disposal process. On the other hand, Chugach chose to advertise the retired units for sale, and ended up receiving \$60,000 for the units. The buyer also agreed to remove the units and be responsible for asbestos abatement. These innovative methods benefit the cooperative and help keep your rates low.

As a result of this action, the IBEW Union has filed a grievance alleging violation of their Chugach labor contract. An arbitrator has been selected who may ultimately decide the issue. We'll keep you posted.

Ray Kreig

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