



FOR IMMEDIATE RELEASE
July 1, 2023

Contact: Julie Hasquet
(907) 717-9619

Chugach Electric files required review of base rates

As required by the Regulatory Commission of Alaska (RCA), Chugach Electric Association, Inc., filed a request to update its base rates, which is known as a general rate case. The filing was made on June 30, 2023.

Compared to today's rates, the filing requests approval of a 5.9% increase, as measured on a total bill basis, to the Chugach retail class. As part of this total, during the time the case is being reviewed, Chugach is requesting an interim increase of 3.6%, effective Sept. 1, 2023, with the balance of the increase expected to begin in September 2024. If the final, approved retail class increase is lower than the interim increase, Chugach will refund the difference with interest to its members.

When Chugach purchased Municipal Light & Power (ML&P) in October 2020, the RCA required the utility to file a rate case in 2023 to combine the rates of all customer classes regardless of geographic location. Since the acquisition closed nearly three years ago, there have been separate rates for the Chugach legacy members and the former customers of ML&P.

“We are looking forward to moving toward uniform rates for each customer class,” said Chugach CEO Arthur Miller. “Overall, the acquisition has been an extraordinary success, resulting in savings in excess of \$72 million since closing the transaction in October 2022. Those savings are passed along to our members in the form of rates lower than what they would otherwise be without the acquisition.”

The base rates of ML&P legacy customers have not been adjusted since 2017, and Chugach legacy members' base rates have not been adjusted since 2020. The rate adjustments are necessary to recover the costs of operating and maintaining the utility system at a time when Chugach, like all businesses, has experienced financial pressure from inflation and supply chain disruptions, as well as declining sales due to energy efficiency measures by members and the decline seen during the COVID-19 pandemic.

As part of the current filing, Chugach has proposed innovative rate structures including:

- Offering “time of use” rates under a pilot program to incentivize member usage during off-peak hours;
- Offering a special rate schedule for cruise ship interconnections on the Chugach system to incentivize lower carbon emissions while in port in Whittier; and,

- Eliminating the “demand ratchet” for large commercial customers which will allow them to pay for actual demand in a current billing period.

In order to change base rates, a utility must request the change and approval from the RCA, which determines whether the rates are just and reasonable. Chugach’s rate case filing will include a 30-day public comment period provided for by the RCA.

If there are no extensions requested, under the “statutory timeline,” a typical rate case takes about 15 months for full adjudication. Based on that timeline, Chugach is estimating final, new rates would go into effect in September or October 2024. Individual customer impacts will vary based on cost-of-service results and rate design.

In order to provide continued updates and more information on the rate case as it moves forward, Chugach created a dedicated page on its website at <https://www.chugachelectric.com/rate-case>. The web page will be updated as new information becomes available.