

Notice of Utility Tariff Filing

The REGULATORY COMMISSION OF ALASKA (Commission) gives notice that CHUGACH ELECTRIC ASSOCIATION, INC. (Chugach) has filed tariff revision TA391-8, requesting Commission approval of Amendment No. 1 to its 2013 Gas Sale and Purchase Agreement with Hilcorp Alaska, LLC (Hilcorp) (Agreement).

The key provisions of the proposed amendment include:

- An extension of the contractual term for firm gas supply deliveries by one year to March 31, 2019.
- An expansion of the time horizon for non-firm gas supply deliveries through March 2019.
- The introduction of a new category of gas available for purchase (Discretionary Gas) which is defined as gas which Chugach may request to purchase from Hilcorp in Chugach's sole discretion and which Hilcorp may agree to sell to Chugach in Hilcorp's sole discretion. Under the terms of the Agreement, Discretionary Gas sales will be confirmed by form (attached as Exhibit D) and is not firm and is interruptible by either party. Additionally, Discretionary Gas Sales will not be included in Annual Contract Quantity, Average Daily Contract Quantity, Daily Contract Quantity, or Monthly Contract Quantity, but will be included in the monthly calculation of the amount due from Chugach to Hilcorp and will be shown as a separate line item on the monthly invoices.
- The introduction of a Royalty in Kind provision in Year 5 (April 1, 2018 through March 31, 2019) of the Agreement. This provision recognizes that the owner of oil and gas rights leased to Hilcorp may request to receive royalties "in kind" (i.e., in oil or gas itself) rather than in value (i.e., in money). Under the proposed provision, should a Lessor or Overriding Royalty Owner elect to take its royalty in kind, Hilcorp will have the right to reduce its obligations under the agreement after notifying Chugach within a specified period of time of its inability to deliver contracted quantities due to the royalty gas diversion, provided that the reduction is pro rata with reductions in obligations under other firm commitments of gas to third parties.

In addition to the proposed Amendment No. 1, Chugach has submitted revisions to Tariff Sheet Nos. 94, 95, and 95.5, updating references to the Agreement to reflect the extension.

Chugach also petitioned for confidential treatment of aspects of the Agreement until Chugach takes physical delivery of the gas.

This notice may not contain all requested revisions and the Commission may approve a rate or classification, which varies from that proposed. You may obtain more information about this filing from Chugach at 5601 Electron Drive, P. O. Box 196300, Anchorage, AK 99519-6300; phone: (907) 762-4709. The complete filing is also available for inspection at the Commission's office at 701 West 8th Avenue, Suite 300, Anchorage, AK 99501; phone: (907) 276-6222, or may be viewed at the Commission's website at <http://rca.alaska.gov> by typing Docket "TA391-8" in the *Find the Matter* search box.

To comment on this filing, please file your comments by 5:00 p.m., September 5, 2014, at the Commission's address given above or via our website at:

<https://rca.alaska.gov/RCAWeb/WhatsNew/PublicNoticesComments.aspx>

Please reference TA391-8 in the subject line of your comments and include a statement that you have filed a copy of the comments with Chugach at its address given above or at info@chugachelectric.com.

Individuals or groups of people with disabilities, who require special accommodations, auxiliary aids or service, or alternative communication formats, please contact Joyce McGowan at (907) 276-6222, toll-free at 1-800-390-2782, TTY (907) 276-4533 or send a request via electronic mail to rca.mail@alaska.gov by August 29, 2014.

DATED at Anchorage, Alaska, this 6th day of August, 2014.

REGULATORY COMMISSION OF ALASKA



Rich Gazaway
Advisory Section Manager