

Submitted by: Chair of the Assembly at the  
Request of the Mayor

Prepared by: Dept. of Law

For reading: \_\_\_\_\_ (*always blank*)

**ANCHORAGE, ALASKA**  
**AO No. 2018-\_\_\_\_\_**

1 **AN ORDINANCE AUTHORIZING THE SALE OF SUBSTANTIALLY ALL ASSETS**  
2 **OF MUNICIPAL LIGHT & POWER (ML&P) TO CHUGACH ELECTRIC**  
3 **ASSOCIATION, INC., AND APPROVING A THIRTY-FIVE YEAR POWER**  
4 **PURCHASE AGREEMENT, WITH OPTION TO PURCHASE, WITH CHUGACH**  
5 **ELECTRIC, INC. FOR POWER GENERATED BY THE EKLUTNA**  
6 **HYDROELECTRIC PROJECT.**  
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9 **WHEREAS**, the Assembly, via AR 2017-235, urged the Municipality of Anchorage  
10 (MOA), Municipal Light & Power (ML&P), and Chugach Electric Association, Inc.  
11 (Chugach Electric) to explore opportunities for merger of the ML&P and Chugach  
12 Electric utilities in the interest of eliminating duplicative investment in power  
13 generation and the local grid and reducing per capita costs of services; and  
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15 **WHEREAS**, MOA, ML&P, and Chugach Electric engaged in the recommended  
16 discussions and determined that a merger is not possible, but that a sale of ML&P  
17 to Chugach Electric could be feasible; and  
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19 **WHEREAS**, MOA commissioned an independent analysis to assess ML&P's  
20 strategic position and provide a range of its potential market values in a possible  
21 sale transaction; and  
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23 **WHEREAS**, MOA received and reviewed multiple expressions of interest from  
24 parties interested in a purchase of ML&P; and  
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26 **WHEREAS**, Chugach Electric proposed a competitive price for purchase of ML&P,  
27 consistent with the range of values for ML&P as determined by independent  
28 analysis; and  
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30 **WHEREAS**, through AO 2018-1(S), the Assembly found that a directed sale of  
31 ML&P to Chugach Electric is in the public interest because it will: (1) increase  
32 efficiencies in power generation, electrical infrastructure, and administrative costs;  
33 (2) ensure that Anchorage residents retain local control over the majority of  
34 Anchorage's electrical service, through a utility cooperatively owned by residents of  
35 the Municipality; (3) consolidate utility ownership within Alaska's Railbelt; (4) keep  
36 proceeds from Anchorage electrical service in the local economy; (5) maintain  
37 consistent union representation for ML&P employees; and (6) preserve existing  
38 rates for ML&P customers; and  
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40 **WHEREAS**, the Assembly passed AO 2018-1(S) on January 23, 2018, submitting  
41 to the qualified voters of the Municipality of Anchorage a charter amendment  
42 permitting ML&P to be sold to Chugach Electric and authorizing disposal of the  
43 proceeds of sale; and

1  
2 **WHEREAS**, on April 3, 2018, 65.08% of qualified voters voted in favor of Proposition  
3 10, thus amending the Municipal Charter to permit all or part of the assets and  
4 business of ML&P to be sold, leased, or otherwise disposed of, to Chugach Electric,  
5 and authorizing disposal of the proceeds of any such transaction; and  
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7 **WHEREAS**, in accordance with the terms of Proposition 10, the approved sale  
8 transaction was required to include (1) payment of a competitive value of  
9 approximately \$1 billion for acquisition of ML&P; (2) use of the proceeds to retire  
10 ML&P and MOA debt, replace ML&P's current payments in lieu of tax, and fund the  
11 MOA Trust Fund; (3) no ML&P or Chugach employee layoffs as a result of the  
12 transaction; and (4) no increase in base rates for existing ML&P and Chugach  
13 Electric ratepayers as a result of the transaction; and  
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15 **WHEREAS**, Proposition 10 further directed that the sale of ML&P be by ordinance  
16 approved by the Assembly no later than December 31, 2018; and  
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18 **WHEREAS**, representatives of MOA and representatives of Chugach Electric  
19 commenced negotiations of a sale transaction upon voter approval of Proposition  
20 10; and  
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22 **WHEREAS**, MOA and Chugach Electric have reached agreement on final terms for  
23 the sale of substantially all assets and business of ML&P to Chugach Electric, and  
24 on an accompanying thirty-five year power purchase agreement, with option to  
25 purchase, with Chugach Electric for power generated by the Eklutna Hydroelectric  
26 Project; and  
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28 **WHEREAS**, the terms of such agreements are in alignment with the requirements  
29 of the Anchorage Charter (as amended), Proposition 10, AO 2018-1(S), and the  
30 goals of MOA for the sale of ML&P; now, therefore,  
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### 32 **THE ANCHORAGE ASSEMBLY ORDAINS:** 33

34 **Section 1.** The MOA is hereby authorized to sell substantially all of the assets  
35 and business of ML&P to Chugach Electric, upon those terms and conditions  
36 reflected in documents appended as Exhibit A, as may be amended, subject to any  
37 changes to such terms and conditions required by the Regulatory Commission of  
38 Alaska (RCA).  
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40 **Section 2.** The MOA is hereby authorized to enter into a companion Power  
41 Purchase Agreement, with option to purchase, with Chugach Electric for power  
42 generated by MOA's interest in the Eklutna Hydroelectric Project, upon those terms  
43 and conditions reflected in documents appended as Exhibit B, as may be amended,  
44 subject to any changes to such terms and conditions required by the RCA.  
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46 **Section 3.** The proceeds of the sale and the Power Purchase Agreement shall  
47 be disposed of in accordance with the requirements of Charter Sections 16.04 and  
48 13.11, as amended.  
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50 **Section 4.** This ordinance shall be effective immediately upon passage and

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approval by the Assembly.

PASSED AND APPROVED by the Anchorage Assembly this \_\_\_\_\_ day  
of \_\_\_\_\_, 2018.

\_\_\_\_\_  
Chair of the Assembly

ATTEST:

\_\_\_\_\_  
Municipal Clerk