



FOR IMMEDIATE RELEASE
September 28, 2018

City, Chugach move forward on sale of ML&P ***Term sheet released at Anchorage Assembly work session***

Nearly six months after Anchorage voters approved the sale of the city-owned Municipal Light & Power (ML&P) to Chugach Electric Association, Inc., the Municipality of Anchorage (MOA) today released the proposed term sheet related to the acquisition at a work session with the Anchorage Assembly. Today's release is part of the previously agreed to timeline and process. The MOA also presented draft language for the Assembly ordinance authorizing the sale of substantially all of the assets of ML&P to Chugach.

Representatives of the MOA, Chugach, and ML&P have been meeting regularly since the April 3, 2018 municipal election, working on the final details of the sale. The term sheet outlines the basic terms of the sale and is subject to further due diligence and negotiations by the parties. It forms the basis for the Asset Purchase Agreement, which is currently being negotiated and will serve as the final binding agreement between the parties.

"The term sheet is a product of rigorous review, vigorous discussion and adheres to the parameters outlined by the Assembly and ratified by more than 65 percent of the voters of Anchorage," said Mayor Ethan Berkowitz. "It represents an important milestone, and we are looking forward to a completed transaction."

"We're pleased to be moving forward with this acquisition and are looking forward to the public discussion over the next few months as we move toward final approval by the Chugach Board of Directors and the Assembly," said Chugach CEO Lee Thibert. "There is still more work to do as we complete the due diligence process and receive more information and data from ML&P and the city. We have made good progress and will continue to provide updates along the way."

Proposition 10, approved by more than 65 percent of Anchorage voters, gave the MOA the authority to sell ML&P for a competitive value of approximately \$1 billion. It also included language that the transaction would not result in lay-offs at Chugach or ML&P or increases to base electric rates for Chugach and ML&P ratepayers.

The term sheet released today includes those provisions and a total transaction value of \$1,009,600,000.00 broken out as follows:

- A cash payment by Chugach to the MOA at closing of \$767.8 million;

- Payments in lieu of taxes (PILT) from Chugach to the MOA over 50 years with a total estimated net present value of \$166.8 million;
- A 35-year Power Purchase Agreement (PPA) for power generated by the MOA's share of the Eklutna Hydroelectric Project with a net present value between \$48.8 million and \$75 million, depending on whether Matanuska Electric Association elects to buy its share of MOA's interest in Eklutna.

According to the ballot language approved by voters, the Anchorage Assembly must approve the final terms of the sale by December 31, 2018. Following that, the Regulatory Commission of Alaska is expected to take six months to approve the terms of the transaction.

Based on that schedule, it is anticipated the transaction would close sometime in mid-to-late 2019.

A series of public meetings have been scheduled for review of the transaction between now and the end of the year. They include:

October 9	Assembly Meeting - anticipated introduction of AO/AM
November 2	Assembly work session (tentative)
November 7	Assembly Meeting – anticipated first public hearing
November 15	Assembly Utility & Enterprise Committee Meeting
December 4	Assembly Meeting – anticipated public hearing and final Assembly action

For the documents and more information go to www.poweranchorage.com

Contacts:

Mayor's Office
Kristin DeSmith
(907) 231-2226

Chugach Electric Association
Julie Hasquet
(907) 717-9619

###