



FOR IMMEDIATE RELEASE

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Anchorage Assembly approves sale of ML&P ***Chugach acquisition of city utility moving forward***

The Anchorage Assembly has authorized the sale of Municipal Light & Power (ML&P) to Chugach Electric Association. By a unanimous vote of 10 to 0, the sale of substantially all the assets of ML&P was approved Tuesday night.

“The Municipality just took an important step in the sale of ML&P to Chugach. The result will deliver a unified utility to the ratepayers and strengthens the Municipality’s financial well-being,” said Mayor Ethan Berkowitz. “A lot of people worked very hard to make this happen. I thank them and the people of Anchorage for the willingness to take this next step.”

“We appreciate the hard work and diligence of Assembly members and the Chugach Board of Directors,” said Chugach CEO Lee Thibert. “We have had great discussion and dialogue, and we are looking forward to continuing to move toward a combined utility which will ultimately benefit the electric ratepayers of both organizations, the employees, and the community at large.”

Proposition 10, approved by more than 65 percent of Anchorage voters in the April municipal election, gave the Municipality of Anchorage (MOA) the authority to sell ML&P for a competitive value of approximately \$1 billion. It also included language that there will be no layoffs of Chugach or ML&P employees as a result of the transaction, and no increases to base electric rates for ratepayers as a result of the transaction.

Following the vote, Chugach and the MOA spent several months finalizing the term sheet which was released in September. The process has included numerous meetings of the Chugach board, and work sessions and public hearings with the Assembly.

The total transaction is valued at \$1,009,600,000 and is broken out as follows:

- An upfront cash payment by Chugach to the MOA of \$767.8 million;
- Annual 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;
- Annual payments under 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, pending decisions by Matanuska Electric Association.

Following the Assembly action, the Asset Purchase Agreement and related sale documents are scheduled to be signed later this month, after the satisfactory completion of certain schedules associated with the sale and the completion of ML&P audited financial statements.

Once all documents are finalized and signed, the transaction needs approval from the Regulatory Commission of Alaska (RCA). Once filed with the RCA, it could take from six to nine months for approval, and the deal is expected to close in fourth quarter 2019 or early 2020.

For more information, go to www.poweranchorage.com

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