

October 31, 2018

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**Policy Position: Sale of Municipal Light & Power to
Chugach Electric Association**

The Anchorage Economic Development Corporation (AEDC) Board of Directors supports the sale of Municipal Light & Power (ML&P) to Chugach Electric Association (CEA) under the recently announced final terms of the proposed \$1.01 billion sale. Having reviewed the proposed terms of the sale AEDC bases its support on the specific terms of the proposed sale as follows:

- \$767.8 million paid in cash at closing
- PILT payments for to the Municipality 50 years
- No layoffs of ML&P or CEA employees because of the transaction
- No increase in base electric rates because of the transaction
- PILT calculated based on a formula tied to proportion of assets located within the ML&P service territory as of the date of closing, removing any incentive for Chugach Electric to move assets to or develop assets only within the Chugach legacy service territory

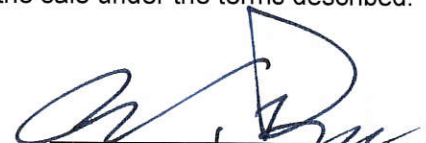
AEDC believes these other terms proposed provide significant revenues for the municipality that represent a sale price based on proper due diligence by the parties involved. This will result in a significant improvement in the Municipality's financial position while protecting the interests of all ML&P and CEA rate payers.

Further, AEDC believes this merger brings about a long-sought goal of unifying electric service within most of the Municipality of Anchorage that will result in long-term improved efficiencies, lower electric rates and a healthier economy than might otherwise occur without this sale.

The Board of Directors support the approval of the proposed sale of ML&P to CEA and encourages the Anchorage Assembly to approve all necessary ordinances to complete the sale under the terms described.



Raquel Edelen, Chair



Bill Popp, President & CEO