

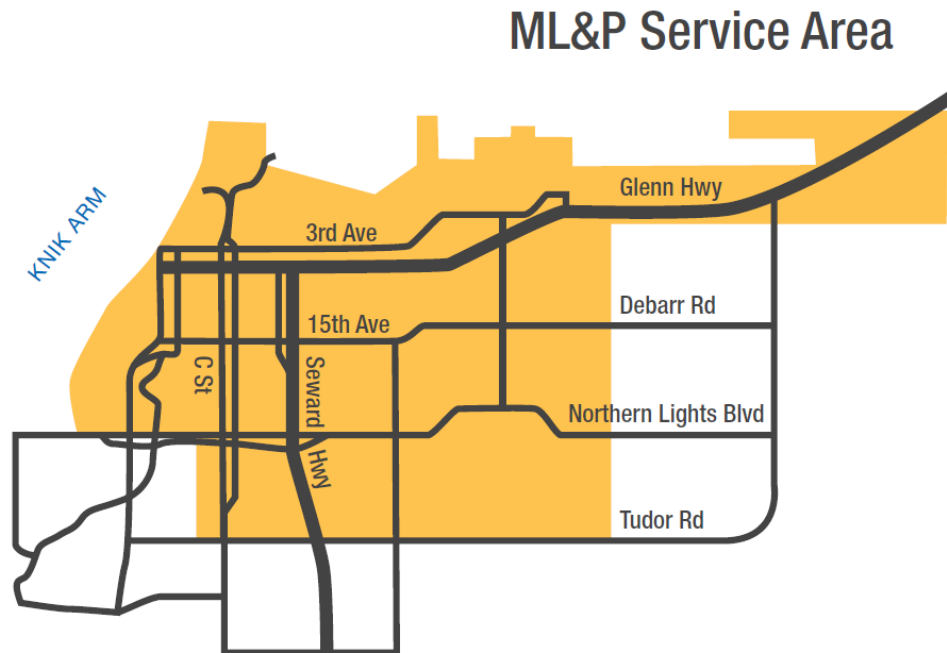


MUNICIPAL LIGHT & POWER

PRESENTATION TO THE SENATE OIL & GAS TAX
CREDIT WORKING GROUP

MARK JOHNSTON, GENERAL MANAGER

WHO ARE WE?



ML&P AT A GLANCE

- Average number of customers - 30,767
- Total power generated/purchased - 1,035,547 MWh
- Total generation capacity - 379.2 MW (Base ISO)
- Peak Demand - 161 MW

ML&P OPERATIONS

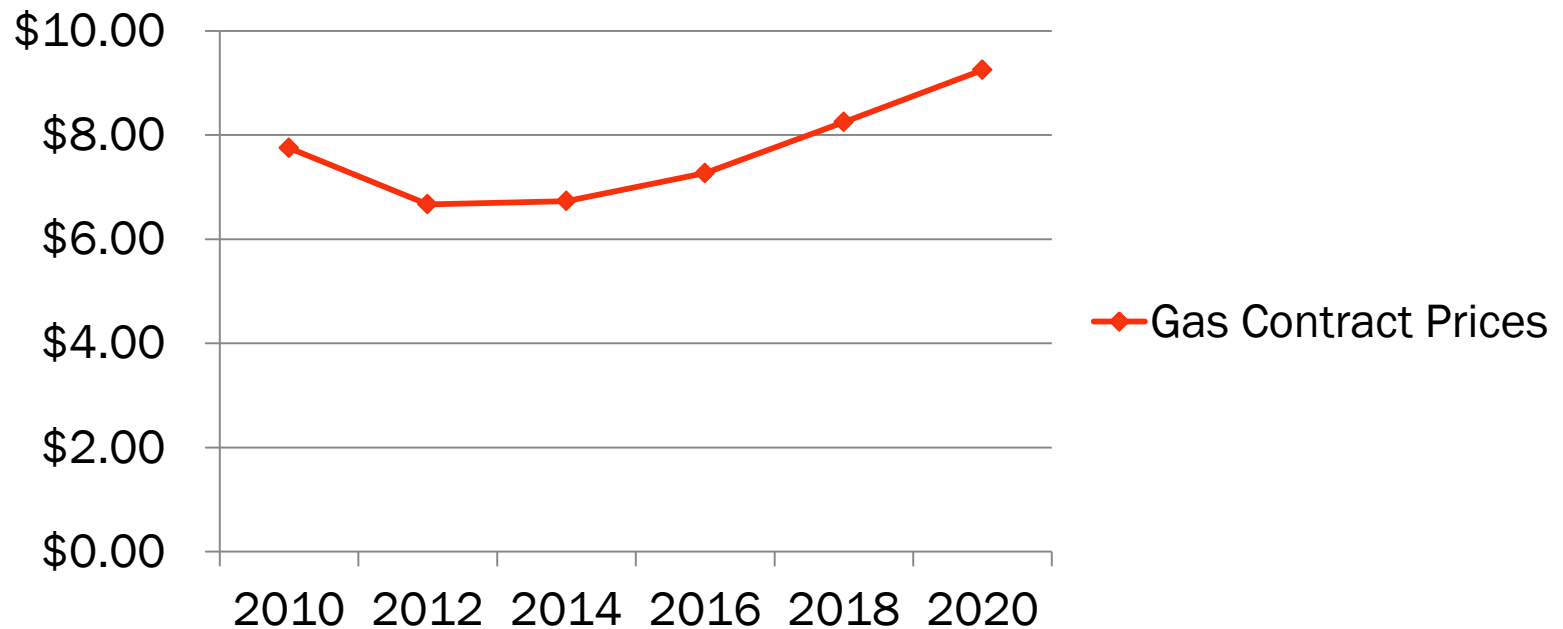
- Plant 1 provides 88.4 megawatts
- Plant 2 provides 219.5 megawatts
- Southcentral Power Project provides 48 megawatts
- Eklutna Hydroelectric Project provides 23.7 megawatts
- Plant 2A will provide 120 megawatts when complete in 2016

NATURAL GAS IS CRITICAL TO ML&P'S OPERATIONS


- ML&P GENERATION FOR NATIVE LOAD IN 2014
 - 80% Gas (824,786 MWH)
 - 20% Hydroelectricity (210,761 MWH)
- ML&P GENERATION FOR ECONOMY SALES IN 2014
 - 100% Gas (94,720 MWH)

ML&P GAS CONTRACTS

Gas Contract Prices Per MCF



PROJECTED ML&P GAS NEEDS



Dates	Native Load Total/BCF	1/3 Interest in Beluga River Unit BCF	Remianing Need
2016	7.5	7.6	0.5
2017	7.1	6.5	0
2018	6.5	5.8	0.7
2019	6.5	5.1	1.4
2020	6.5	4.3	2.2
2021	6.5	3.6	2.9
2022	6.5	3.2	3.3
2023	6.6	2.9	3.7
2024	6.6	2.9	3.7

**The data above reflect only rough projections. The accuracy of the projections will be significantly impacted by changing generation resources and operational circumstances that cannot be accurately predicted at this time.*

DNR ENGINEERING EVALUATION OF COOK INLET GAS RESERVES

- Hilcorp's acquisition of Chevron & Marathon assets has consolidated operations to a single portfolio.
- The recent DNR report indicates the Cook Inlet basin has approximately 1,183 BCF of proved and probable remaining gas reserves.
 - Approximately 711 BCF – Proved Reserves
 - Approximately 472 BCF – Probably Reserves
- Based on Southcentral utility demand (approx. 90 BCF/year) proven reserves will last 8 years.
- Based on proposed projects, total demand (approx. 282 BCF/year) proven reserves will last 2.5 years.

** Updated Engineering Evaluation of Remaining Cook Inlet Gas Reserves – September 2015*

COOK INLET TAX CREDITS

- Security for long term gas supply
- Diversity amongst producers
- Incentive for small producers to explore and produce
- Price stability

CONCLUSION

Whether through the current tax credit system or a modified version of it, ML&P supports the state providing incentive to producers to encourage further development in the Cook Inlet



Questions?