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January 30, 2017

Regulatory Commission of Alaska
701 West Eighth Avenue, Suite 300
Anchorage, Alaska 99501

Subject: *Docket I-15-001*
Joint Filing on Efforts Towards Power Pooling and Joint Dispatch among Anchorage Municipal Light and Power, Chugach Electric Association, Inc., and Matanuska Electric Association, Inc., and Joint Informational Filing of Amended and Restated Power Pooling and Joint Dispatch Agreement

Dear Commissioners:

The Regulatory Commission of Alaska (“RCA” or “Commission”) opened Docket I-15-001 to gather information about the Alaska Railbelt electric system to address issues regarding, among other things, “power pooling, and/or centralized transmission system planning and operation among Railbelt electric utilities.”¹ The RCA provided additional direction to the Railbelt utilities during its June 29, 2015, special public meeting in this docket and through its June 30, 2015, Letter to Alaska Senate President Kevin Meyer and Alaska House of Representatives Speaker Mike Chenault regarding the RCA’s Recommendation to the Legislature (“Recommendation to the Legislature”). Among other things, the RCA determined that “economic dispatch of the Railbelt’s electrical generation units will bring the maximum benefit to ratepayers.”² The RCA decided that it should “strongly promote economic dispatch” and that “[v]oluntary efforts by the utilities to utilize loose power pools should be encouraged as an interim step towards a tighter power pooling system.”³ Finally, the RCA determined that Railbelt utilities should file quarterly reports regarding voluntary power pooling strategies.⁴

On February 1, 2016, Chugach Electric Association, Inc. (“Chugach”) and the Municipality of Anchorage d/b/a Municipal Light and Power (“ML&P”) filed a joint report regarding the development of a power pooling and joint dispatch arrangement between the utilities. That filing summarized several of the projected qualitative and quantitative benefits of such an arrangement. Chugach and ML&P filed subsequent joint reports regarding their progress toward joint dispatch and power pooling arrangements on May 2, 2016, and August 10, 2016. On October 31, 2016, Chugach, ML&P, and Matanuska Electric Association, Inc. (“MEA”) filed a joint report informing the RCA that they were negotiating a power pooling and joint dispatch agreement among the three utilities.

¹ Order No. I-15-001(1) at 1, 4.

² Recommendation to the Legislature at 4.

³ *Id.*

⁴ *Id.*

Chugach, ML&P, and MEA (referred to herein as the “Parties”) are pleased to report that they have entered into an Amended and Restated Power Pooling and Joint Dispatch Agreement, dated January 27, 2017 (the “Agreement”). A copy of the Agreement is enclosed as an informational filing. As will be explained later, the Parties are not requesting Commission approval of the Agreement at this time. The Parties devoted extensive time and resources to cooperatively develop an agreement that complies with the Commission’s directions to the utilities regarding power pooling and economic dispatch. The Agreement represents a significant first step for achieving substantial efficiencies and savings for electric customers through voluntary utility action subject to supervision by the Commission. The Parties estimate potential total cost savings of up to \$16 million per year after joint dispatch and power pooling are implemented under the Agreement (following the Development Period, as discussed later).

In summary, the Agreement provides a contractual framework for coordinated scheduling, dispatch, and settlement transactions among the Parties for the purchase, sale, or exchange of energy, capacity, reserves, and transmission ancillary services on an efficient and economic basis using the Parties’ respective generation and transmission resources. With some limited exceptions, the Agreement generally provides for the Parties to make their generation and transmission resources available for power pooling “with the goal of efficiently and economically serving the combined firm loads of the Parties.”⁵ The Agreement also provides for management of the Parties’ power pooling and joint dispatch efforts by a Participants Committee and Operating Committee, similar to the management structure set forth in the Southcentral Alaska Power Project Participation Agreement.⁶

The Agreement provides for a one-year Development Period (from the date the Agreement is signed by all Parties) for the Parties to develop and agree upon specific, detailed Generation Dispatch Procedures, Transmission Dispatch Procedures, Fuel Supply Dispatch Procedures, and a Settlement Process, in accordance with Section 5.8 of the Agreement.⁷ In addition to allowing the Parties to finalize all of the technical procedures and processes necessary for effective power pooling, the Development Period will also allow the Parties to complete upgrades to supervisory control and data acquisition (“SCADA”), communications, and economic modeling resources that are necessary for effective joint dispatch operations and power pooling transactions. Most of those upgrade efforts are already in progress, and the Parties believe the one-year Development Period will be sufficient for completion of the upgrades and the dispatch procedures and Settlement Process referenced above.

Upon completion of dispatch procedures and the Settlement Process, the Parties will file the Agreement and the Settlement Process (the documents that provide terms and conditions for the provision of electric utility services related to power pooling) for Commission review and approval.⁸ Thus, the Parties are not requesting Commission approval of the Agreement at this time, but instead will seek approval of the Agreement and the Settlement Process through a

⁵ Section 3.2(a) of the Agreement.

⁶ See Article 5 of the Agreement.

⁷ See Sections 2.3 and 5.8 of the Agreement.

⁸ See Sections 5.8(e) and 8.1 of the Agreement.

subsequent filing. Upon approval by the Commission, the Agreement will have a term of 20 years.⁹

During the Development Period, the Parties will continue conducting economy energy transactions pursuant to their currently effective tariffs. The Parties plan to structure these economy energy transactions to replicate some of the dispatching, purchases, sales, and transfers that will occur as part of power pooling under the Agreement. Thus, those transactions will allow the Parties to obtain transactional data that will assist them in finalizing dispatch procedures and the Settlement Process, as well as allow the Parties to begin accessing some of the cost savings associated with joint economic dispatch. This use of economy energy transactions is consistent with the Commission's determination in its Recommendation to the Legislature that "[v]oluntary efforts by the utilities to utilize loose power pools should be encouraged as an interim step towards a tighter power pooling system."¹⁰

Section 3.4 of the Agreement provides for other entities to participate in power pooling under the Agreement. The Parties have had discussions with, and provided information to, the other Railbelt electric utilities — Golden Valley Electric Association, Inc., Homer Electric Association, Inc.), and the City of Seward — regarding the joint dispatch and power pooling contemplated under the Agreement. The Parties will continue to interact with these utilities regarding the Parties' power pooling efforts as they progress to completion.

Respectfully submitted,

MUNICIPALITY OF ANCHORAGE
d/b/a MUNICIPAL LIGHT AND POWER

CHUGACH ELECTRIC ASSOCIATION, INC.

By: Mark Johnston
Its: General Manager



By: Lee D. Thibert
Its: Chief Executive Officer

MATANUSKA ELECTRIC
ASSOCIATION, INC.

By: Anthony Izzo
Its: General Manager

⁹ Section 2.1(d) of the Agreement.

¹⁰ Recommendation to the Legislature at 4.

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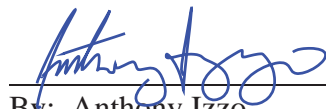
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Attachment

cc: Cory Borgeson, Golden Valley Electric Association, Inc.
John Foutz, City of Seward
Brad Janorschke, Homer Electric Association, Inc.

**AMENDED AND RESTATED
POWER POOLING
AND
JOINT DISPATCH AGREEMENT**

BY AND AMONG

CHUGACH ELECTRIC ASSOCIATION, INC.,

MUNICIPAL LIGHT & POWER

AND

MATANUSKA ELECTRIC ASSOCIATION, INC.

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**AMENDED AND RESTATED
POWER POOLING AND JOINT DISPATCH AGREEMENT**

This AMENDED AND RESTATED POWER POOLING AND JOINT DISPATCH AGREEMENT (including all exhibits and other attachments hereto, in each case as may be amended from time-to-time as described herein, the "Agreement") is made and entered into as of the date it has been signed by all Parties ("Execution Date"), by and among Chugach Electric Association, Inc. ("Chugach"), the Municipality of Anchorage d/b/a Municipal Light and Power ("ML&P") and Matanuska Electric Association, Inc. ("MEA").

RECITALS

WHEREAS, the Parties own and operate electric generation, transmission and distribution facilities, and using such facilities, each is engaged in the business of generating, transmitting, and selling electric power to retail and wholesale customers;

WHEREAS, the Regulatory Commission of Alaska ("RCA"), which regulates the Parties, has encouraged voluntary efforts by utilities to use joint economic dispatch and power pooling techniques for their generation and transmission resources;

WHEREAS, the Parties believe that the mutually-beneficial scheduling, dispatch, and planning of their electric generation and transmission facilities to meet the load of their retail and wholesale customers will enable the Parties to, among other things: (1) reduce the aggregate volume of natural gas the Parties are required to purchase, transport and utilize to generate electric energy; (2) maximize the efficiency of the operation of each Party's electric generation equipment; (3) maximize the capability of their facilities to accept and integrate existing or new economic renewable, hydroelectric and other electric generation resources; (4) maximize the availability of excess energy, capacity and Ancillary Services (as defined below) for sale by the Parties to third parties; (5) maximize the efficiency with which and minimize the cost at which the Parties purchase any additional required energy, capacity and ancillary services from third parties; (6) maximize the efficient usage of the Parties' transmission facilities; (7) maximize the capability of the Parties to provide mutual aid to one another; and (8) maximize the operational and administrative efficiency of each Party's internal business operations;

WHEREAS, the Parties desire to enter into this Agreement to provide the contractual framework for coordinated scheduling, dispatch and settlement transactions between and among the Parties for the purchase, sale, and/or exchange of energy, capacity, reserves and Ancillary Services on an efficient and economic basis using their respective Generation Resources and Transmission Resources;

WHEREAS, the Parties also desire to enter into this Agreement to provide the framework for the Parties to work together to identify and plan for opportunities to reduce the costs and risks of operating their electric Generation Resources and Transmission Resources, and maximize the efficient use of those resources; and

WHEREAS, Chugach and ML&P previously entered into that certain Power Pooling and Joint Dispatch Agreement, dated as of December 17, 2015 (the "Original Agreement"), and Chugach and ML&P now desire to amend and restate the Original Agreement as set forth herein, including the addition of MEA as a party hereto.

NOW, THEREFORE, in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

AGREEMENT

Article 1 DEFINITIONS

Section 1.1 Definitions. Except as otherwise expressly provided or unless the context otherwise requires, the following terms shall have the following meanings:

"AAA" has the meaning given in Section 8.2(a).

"Agreement" has the meaning given in the preamble.

"Ancillary Services" means those services necessary to support the transmission of capacity and energy from resources to loads while maintaining reliable operation of the Transmission Resources used for Power Pooling in accordance with Prudent Utility Practice.

"Business Day" means any day except a Saturday, Sunday, or any day that is designated as a legal holiday under AS 44.12.010(a). A Business Day shall begin at 8:00 a.m. and end at 5:00 p.m. local time for the relevant Party's principal place of business.

"Change to Resource or Load" has the meaning given in Section 7.1(a).

"Committee(s)" has the meaning given in Section 5.2.

"Development Period" has the meaning given in Section 2.3.

"Dispute" means any dispute or controversy regarding the existence, construction, validity, interpretation, enforceability, or breach of this Agreement.

"Execution Date" has the meaning given in the Preamble.

"Existing Priority Agreements" has the meaning given in Section 3.2(a).

"Final RCA Approval" has the meaning given in Section 2.1(b).

"Force Majeure Event" means an event or circumstance which prevents a Party from performing its obligations under this Agreement, which event or circumstance is not within the reasonable control of, or the result of the negligence of, the claiming Party, and which by the

exercise of due diligence the claiming Party is unable to avoid, cause to be avoided, or overcome. So long as the requirements of the preceding sentence are met, a "Force Majeure Event" may include, without limitation, flood, drought, earthquake, storm, fire, lightning, epidemic, war, riot, act of terrorism, civil disturbance or disobedience, labor dispute, labor or material shortage, sabotage, restraint by court order or public authority, and action or no action by, or failure to obtain the necessary authorizations or approvals from, any governmental agency or authority.

"Fuel Supply Dispatch Procedures" has the meaning given in Section 5.8(d).

"Generation Dispatch Procedures" has the meaning given in Section 5.8(b).

"Generation Resources" means, with respect to each Party, the electric power generating facilities or capacity owned by, or under contract to, such Party, at any time during the Term of this Agreement, for the primary purpose of meeting the electric energy and capacity needs of its firm retail customers and firm wholesale customers. The Generation Resources of ML&P are listed on the attached Exhibit B-1, the Generation Resources of Chugach are listed on the attached Exhibit B-2 and the Generation Resources of MEA are listed on the attached Exhibit B-3.

"Notices" has the meaning given in Section 11.6.

"Operating Committee" means the administrative body established pursuant to Article 5 for the purposes therein specified.

"Original Agreement" has the meaning given in the Recitals.

"Other Arrangements" has the meaning given in Section 4.1.

"Participants Committee" means the administrative body established pursuant to Article 5 for the purposes therein specified.

"Parties" means Chugach, ML&P and MEA.

"Party" means Chugach, ML&P or MEA.

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint-stock company, a business trust, cooperative, unincorporated association, government or any subdivision thereof, or an organized group of individuals (whether incorporated or not), or a receiver, trustee or other liquidating agent of any of the foregoing in his capacity as such.

"Pool Utilization" has the meaning given in Section 5.8(e)(i).

“Power Pooling” means the joint economic dispatch of the Parties’ Generation Resources and Transmission Resources to meet the combined firm retail and firm wholesale loads of the Parties.

“Principles” has the meaning given in Section 3.2.

“Prudent Utility Practice” means the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, method or acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost, expeditiously and consistent with good business practices, reliability, and safety. “Prudent Utility Practice” is not intended to be limited to the optimum practice, method or act, to the exclusion of all others, but rather to be acceptable practices, methods or acts generally accepted in the region.

“RCA” means the Regulatory Commission of Alaska or any successor agency having regulatory authority over this Agreement or any Party.

“Settlement Process” has the meaning given in Section 5.8(e).

“Term” has the meaning given in Section 2.1(e).

“Transmission Dispatch Procedures” has the meaning given in Section 5.8(c).

“Transmission Resources” means, with respect to each Party, the electric power transmission facilities operated at 69kV and above that are owned by or under contract to such Party for the primary purpose of delivering energy and capacity from such Party’s Generation Resources to its retail and wholesale customers.

“Willful Action” means any act or omission of a Party or on its behalf, at the Party’s direction, in respect of the matter involved, which:

(a) is knowingly or intentionally done or not done with conscious indifference to the consequences, or with the expectation that injury or damage to the other Party or any other Person would, or would be reasonably likely to, result therefrom; or

(b) is a material default under this Agreement (including the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures and the Settlement Process), and occurs or continues beyond a reasonable time to cure such default.

Section 1.2 Interpretation. Unless the context requires otherwise: (a) any pronoun used in this Agreement shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns, pronouns and verbs shall include the plural and vice versa; (b) references to Articles and Sections refer to Articles and Sections of this Agreement; (c) the terms “include,” “includes,” “including” or words of like import shall be deemed to be followed by the words “without limitation”; (d) the terms “hereof,” “herein” or “hereunder” refer to this

Agreement as a whole and not to any particular provision of this Agreement; (e) all words used as accounting terms shall have the meanings assigned to them under the Federal Energy Regulatory Commission Uniform System of Accounts, 18 C.F.R. Ch. 1, and, as applicable, generally accepted accounting principles, applied on a consistent basis and as amended from time to time; (f) if any date on which any action is required to be taken hereunder by any of the Parties hereto is not a Business Day, such action shall be required to be taken on the next succeeding day that is a Business Day; (g) reference to a given agreement, instrument, document or law is a reference to that agreement, instrument, document or law as modified, amended, supplemented and restated through the date as of which such reference is made (*provided*, that such date is before the date hereof), and, as to any law, any successor law; (h) reference to any federal, state, local, or foreign law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise; and (i) no provision of this Agreement will be interpreted in favor of, or against, any of the Parties to this Agreement by reason of the extent to which any such Party or its counsel participated in the drafting thereof or by reason of the extent to which any such provision is inconsistent with any prior draft of this Agreement, and no rule of strict construction will be applied against any Party hereto.

Article 2 TERM & TERMINATION

Section 2.1 Term.

(a) This Agreement shall take effect upon the date of effectiveness of a final order of the RCA, not subject to further reconsideration by the RCA or appeal by any third party, approving this Agreement and the Settlement Process without condition(s) or modification(s) unacceptable to Chugach, ML&P or MEA, such unacceptability to be determined in each such Party's sole discretion ("Final RCA Approval").

(b) If the RCA issues an order that approves (conditionally or otherwise) this Agreement and the Settlement Process, but imposes terms and conditions or modifications, or at any time orders revisions to them under Section 8.1, which are unacceptable to Chugach, ML&P or MEA, each as determined in its sole discretion, such Party may terminate this Agreement upon written notice to the other Parties, such termination to take effect on the date outlined in any such written notice of termination.

(c) If (i) Final RCA Approval is denied or (ii) Final RCA Approval is not obtained within 270 days of this Agreement and the Settlement Process being filed for approval by the RCA, then this Agreement may be terminated by Chugach, ML&P or MEA, effective on notice to the other Parties.

(d) Unless earlier terminated in accordance with its provisions, this Agreement shall continue in full force and effect from the date of Final RCA Approval for a period of twenty (20) years (the "Term"). The Agreement may be extended by mutual agreement in writing at any time during the Term. If the Agreement is extended, the Term of the Agreement is the initial Term and the extension period. To allow for appropriate planning, the Parties will meet and confer before the end of the fifteenth (15th) year of the Initial Term to attempt to reach agreement on whether to extend the initial Term.

Section 2.2 Termination of Participation. A Party may terminate its participation in, and withdraw its Generation Resources and Transmission Resources from, Power Pooling hereunder by providing written notice to the other Parties, such termination to be effective no earlier than ten (10) years from the date such notice is provided to the other Parties, unless otherwise agreed by all Parties. Upon receipt of such notification, the terminating Party and each non-terminating Party may take any action that they believe necessary to prepare for such termination, provided that they continue to satisfy their obligations under this Agreement. Once a Party provides written notice to terminate its participation in Power Pooling, that notice shall be irrevocable and that Party's termination shall be effective on the date of termination set forth in the notice, unless otherwise agreed to by all of the Parties.

Section 2.3 Dispatch Protocol and Settlement Process Development Period. The Parties shall agree on the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures and the Settlement Process, and Chugach and ML&P shall agree on any necessary amendments to the SPP Agreement,¹ in each case within one year from the Execution Date (the "Development Period"). In the event the Parties cannot reach such agreements within the Development Period, this Agreement may be terminated by any Party by providing written notice to the other Parties. The Parties may agree to extend the Development Period by mutual written agreement describing the length and other terms of such extension.

Article 3 PURPOSE; PRINCIPLES; PERIODIC REVIEW

Section 3.1 Purpose. The purpose of this Agreement is to provide coordinated scheduling, dispatch and settlement transactions among the Parties for the purchase, sale, and/or exchange of energy, capacity and Ancillary Services on an efficient and economic basis using their respective Generation Resources and Transmission Resources consistent with the provision of reliable electric service.

Section 3.2 Principles. The Parties acknowledge and agree that the following principles shall guide their entry into and performance of this Agreement (collectively, the "Principles"):

(a) All Generation Resources and Transmission Resources of a Party (including those resources that are acquired or changed after the Execution Date or after the Date of Final RCA Approval) must be made available for Power Pooling, with the goal of efficiently and economically serving the combined firm loads of the Parties, recognizing that any Party may unilaterally act as necessary to protect public safety or property consistent with Prudent Utility Practice. Exceptions to the foregoing requirements to make Generation Resources and Transmission Resources available, and to serve the combined firm loads of the Parties, may be made in relation to particular Generation Resources, Transmission Resources or loads by agreement of all of the Parties. The Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures and the Settlement Process shall account for,

¹ South Central Alaska Power Project Participation Agreement, dated August 28, 2008

and be subject to as provided for in Section 4.1, any preexisting (existing on the Execution Date) obligations or limitations applicable to such Generation Resources and Transmission Resources (collectively the “Existing Priority Agreements”), including but not limited to those described in each Party’s fuel supply contracts, the Bradley Lake Hydroelectric Project Agreements,² the Alaska Intertie Agreement,³ the Eklutna Hydroelectric Transition Plan (and related agreements),⁴ the MEA-McRoberts Creek Agreement,⁵ the MEA-Southfork Agreement,⁶ the Chugach-FIWP Agreement,⁷ the EGS Interconnection Agreement and EGS Switchyard O&M Agreement,⁸ and the SPP Agreement;

(b) Nothing in this Agreement is intended to affect or limit each Party’s (i) ownership of its Generation Resources and Transmission Resources, (ii) all direct operations and maintenance obligations with respect to such Generation Resources and Transmission Resources (including, without limitation, the financing of all related activities and obligations) or (iii) sole responsibility for the accounting and regulatory treatment of such Generation Resources and Transmission Resources;

(c) Power Pooling hereunder should be accomplished and administered with the goal of achieving as optimal an operating state as is reasonably possible. Without limiting the generality of the foregoing, the Parties acknowledge and agree that the benefits of Power Pooling need not be equally shared, so long as no Party is harmed by the operation of such Power Pooling; and

² The Bradley Lake Hydroelectric Project Agreement for the Sale and Purchase of Electric Power, dated December 8, 1987; the Bradley Lake Hydroelectric Project Agreement for the Wheeling of Electric Power and for Related Services, dated December 8, 1987; and the Bradley Lake Hydroelectric Project Amendment to Agreement for Sale of Transmission Capability, dated March 7, 1989.

³ Second Amended and Restated Alaska Intertie Agreement Among Alaska Energy Authority; Municipality of Anchorage, Alaska d.b.a Municipal Light and Power; Chugach Electric Association, Inc.; Golden Valley Electric Association, Inc.; Alaska Electric Generation and Transmission Cooperative, dated March 11, 2014.

⁴ 1996 Eklutna Hydroelectric Project Transition Plan by and among The United States of America d/b/a Alaska Power Administration, a unit of the Department of Energy; the Municipality of Anchorage d/b/a Municipal Light & Power; Chugach Electric Association, Inc.; and Matanuska Electric Association, Inc., dated May 28, 1996; as extended by the Eklutna Hydroelectric Agreement for Extension of 1996 Eklutna Hydroelectric Project Transmission Plant, dated October 2, 1997; Agreement for Construction, Maintenance, and Operating of New Anchorage Substation Terminating Eklutna Transmission System, dated May 28, 2010.

⁵ McRoberts Creek Power Sales Agreement, dated October 16, 1990.

⁶ Interconnection and Power Purchase Agreement Between Matanuska Electric Association, Inc. and South Fork, LLC, dated August 30, 2011.

⁷ Power Purchase Agreement by and between Fire Island Wind, LLC, as Seller and Chugach Electric Association, Inc. as Buyer, dated June 21, 2011.

⁸ Eklutna Generating Station Interconnection Agreement, dated December 29, 2014, and Agreement for Maintenance and Operation of the Eklutna Generation Station Switchyard, dated December 29, 2014.

(d) The Party causing costs to be incurred with respect to Power Pooling hereunder in order to meet such Party's load and other obligations (including, without limitation, the purchase of energy, capacity and/or Ancillary Services from a Person that is not a Party to this Agreement) shall be responsible for paying such costs; *provided*, that each Party shall pay its own costs of participating in Power Pooling hereunder; *provided, further*, that to the extent that costs are incurred to develop and administer Power Pooling hereunder (e.g., software, consultant services and reports and similar costs), such costs that are approved by the Operating Committee shall be shared among the Parties equally.

Section 3.3 Periodic Review. This Agreement (including the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures and the Settlement Process) will be reviewed periodically by the Operating Committee to determine whether revisions are necessary or appropriate, such revisions in each case to be consistent with the Principles and Prudent Utility Practice. Any Party may request that the Operating Committee conduct such a review, and any revisions determined necessary or appropriate shall be referred by the Operating Committee to the Participants Committee for approval and, if approved, shall be memorialized in an amendment pursuant to Section 11.7. Without limiting the generality of the foregoing, the Operating Committee shall review this Agreement (including the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures and the Settlement Process): (a) no less often than monthly during the first year of the Term and (b) thereafter, no less often than once each year of the Term.

Section 3.4 Potential Additional Parties. If, after the date of Final RCA Approval, an additional party desires to become a participant in Power Pooling hereunder, the Parties shall, so long as the addition of such participant can be arranged so as to provide a material net benefit to all Parties, work to incorporate such potential additional party in good faith, in light of the Principles, Prudent Utility Practice, the costs and benefits of the addition of such additional party to Power Pooling hereunder and such other considerations as the Parties determine reasonable at the time such request is received.

Article 4 RELATIONSHIPS TO OTHER AGREEMENTS AND SERVICES

Section 4.1 Scope. This Agreement is not intended to preclude the Parties from entering into other arrangements not contemplated herein ("Other Arrangements"), *provided*, that each Party's obligations with respect to Power Pooling shall take precedence over such Other Arrangements, unless otherwise mutually agreed by the Parties; *provided, further*, that the Existing Priority Agreements take precedence over Power Pooling pursuant to this Agreement, the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures, and the Settlement Process, as described in Section 3.2(a).

Section 4.2 Generation Resource Planning. As mutually agreed, but no less often than every three years, the Parties shall work together to consider joint planning for new Generation Resources, subject to the Principles and Prudent Utility Practice and otherwise to maximize the mutual benefit to the Parties. The costs of such joint planning shall be shared equally

Section 4.3 USO/TRANSCO. Nothing in this Agreement is intended to preclude or promote the formation of an RCA-approved unified system operator or an RCA-approved transmission operating company.

Article 5 MANAGEMENT BY COMMITTEE

Section 5.1 Management by Committee. The Parties' rights and obligations shall be managed by the Parties acting through a Participants Committee and an Operating Committee established and maintained during the Term in accordance with this Article 5. The Participants Committee is the executive body created to manage this Agreement and shall consist of members from each Party. The Operating Committee is the technical body created to administer this Agreement and shall consist of members from each Party.

Section 5.2 Additional Committees. The Participants Committee and the Operating Committee, from time to time, may establish and maintain such additional Committees as they deem advisable (collectively with the Participants Committee and the Operating Committee, the "Committees"), but in no event may any such additional Committees have powers greater than those of the Committee that created such additional Committee.

Section 5.3 Composition of Committees. Each Party shall have one natural Person designated to act as its primary representative on the Participants Committee and one natural Person designated as an alternate who will act as its representative when the primary representative is unavailable. Each Party shall have one natural Person designated to act as its primary representative on the Operating Committee and one natural Person designated as an alternate who will act as its representative when the primary representative is unavailable. Each Party shall notify the other Party of its initial designations and of each subsequent change in the identity of the natural Persons who will serve as its primary representatives and alternate representatives, respectively, on each Committee, and with reasonable promptness shall fill vacancies in such positions as they occur. Each Party shall designate, as soon as practicable, its primary representatives and alternative representatives on the Participants Committee and the Operating Committee. Each Party may change its primary representative and alternative representative by providing written notice of such change to the other Party.

Section 5.4 Authority of Representatives to Act on Behalf of Party.

(a) The primary representative and alternative representative of any Party on any Committee shall be deemed for all purposes to be duly authorized to represent and act on behalf of the Party in respect of all business conducted by the Committee and each Party agrees to be bound by any action taken by each Committee on matters within the authority of such Committee, to the extent allowed by applicable law.

(b) If both the primary representative and alternative representative of a Party are unable to attend a Committee meeting, then a Party shall send another natural Person to represent it at such Committee meeting and such natural Person shall presumptively be deemed to be duly authorized to represent and act on behalf of the Party in respect of all business conducted by the

Committee. Similarly, if a Committee proposes to act via a written action, a Party shall ensure that a natural Person, duly authorized, duly considers such proposed written action.

(c) Each Party shall act in good faith with respect to all actions, proposals and requests discussed or to be discussed by any Committee. Without limiting the foregoing, but subject to Sections 5.5(g) and 5.5(h), it is the explicit agreement of the Parties that no Party shall intentionally fail to be present at a duly called Committee after receiving proper notice or intentionally fail to respond to a request for written action.

(d) A Party's representative on a Committee shall be prohibited from taking action, voting or otherwise approving or disapproving of any action under this Agreement if expressly prohibited hereunder.

Section 5.5 Committee Procedures.

(a) Each Committee shall meet with such frequency and in accordance with such rules and procedures as it deems advisable for the conduct of its business, including, by way of illustration only, Roberts' Rules of Order; *provided*, that, in any instance in which such rules or procedures conflict with this Agreement, the provisions of this Agreement shall control.

(b) *Chairperson.*

(i) Each Committee shall have a chairperson.

(ii) The initial chairperson of the Participants Committee shall be appointed by ML&P and shall serve for a term of one (1) year from the date of his or her appointment. Thereafter, Chugach shall appoint the chairperson of the Participants Committee for a one (1) year term, and thereafter MEA shall appoint such chairperson for a one (1) year term, and thereafter each Party shall, on a rotating basis (i.e., ML&P, then Chugach, then MEA, then ML&P again, and so forth), appoint a chairperson of the Participants Committee to serve a term of one (1) year.

(iii) The initial chairperson of the Operating Committee shall be appointed by Chugach and shall serve for a term of one (1) year from the date of his or her appointment. Thereafter, MEA shall appoint the chairperson of the Operating Committee for a one (1) year term, and thereafter ML&P shall appoint such chairperson for a one (1) year term, and thereafter each Party shall, on a rotating basis (i.e., Chugach, then MEA, then ML&P, then Chugach again, and so forth), appoint a chairperson of the Operating Committee to serve a term of one (1) year.

(iv) Each chairperson shall prepare and maintain minutes of all meetings and records of written actions for all acts of the applicable Committee taken without a meeting, copies of which shall be provided to each Party as promptly as reasonably possible after each such meeting or action without a meeting.

(c) Each Committee member shall be given advance written notice of any meeting of the Committee stating the place, date and hour of the meeting and the purpose(s) for which the

meeting is called. Such advance written notice shall be given not less than three (3) days in advance of a meeting. A Committee member who is present at a meeting shall be deemed to have waived notice thereof. Physical presence shall not be required for attendance of a meeting of any Committee if, by telephone or other means, the Committee members not physically present are able simultaneously to hear and be heard by all other Committee members present. Each Committee member shall be given reasonable advance written notice of any proposed action to be taken.

(d) Except when impracticable because of emergency conditions or except as to representatives who waive (in advance in writing) this requirement, the representative of each Party shall be consulted to provide written approval or disapproval of any action proposed by the Operating Committee.

(e) The chairperson, or any two (2) members, of a particular Committee may call a Committee meeting by giving notice as required by this Agreement.

(f) Any Committee member may put an item on the agenda for a Committee meeting, provided he serves on such Committee, and any Committee member may initiate any proposal for written action by a Committee of which he or she is a Committee member. At least one (1) Committee Member from each Party is required to constitute a quorum of either the Participants or Operating Committee. The Participants and Operating Committee shall not conduct any business unless a quorum is present and voting.

(g) No Committee shall act without the unanimous approval of its members. The Parties agree that other than the duty to act in good faith under Section 5.4(c), this Agreement imposes no independent duty on the Parties or their Committee representatives to vote in favor of or in opposition to any proposed Committee action. The failure of a proposed Committee action to obtain unanimous approval of the Committee's members shall not, in and of itself, constitute a Dispute or a breach of this Agreement by any Party or be deemed to require or warrant a remedy at law or in equity. If a proposed Participants Committee action fails to obtain unanimous approval, any Participants Committee member who voted in favor of the proposed action may, within thirty (30) days after the vote by the Participants Committee, seek mediation of the issue under Section 8.2(c).

(h) Each Committee may act by unanimous written consent of the members of such Committee.

Section 5.6 Participants Committee.

(a) Each Party shall designate a member to the Participants Committee who is a natural Person who has the appropriate level of authority to act on the Party's behalf on all matters required to be acted upon by a member of the Participants Committee under this Agreement.

(b) In addition to any purposes, responsibilities and authority specified elsewhere herein, the Participants Committee shall have as its purposes, responsibilities and authority, the

following: (i) to act as the liaison among the Parties as to matters relating to the Parties and to supervise and coordinate the functions of the other Committees; (ii) to be the definitive policy-making body of the Parties in all matters relating to Power Pooling which are not by this Agreement or by action of the Participants Committee delegated to another Committee; (iii) to take responsibility, or delegate such responsibility to another Committee including the responsibility for taking, all actions necessary or deemed advisable in connection with Power Pooling; and (iv) to take action on all matters which are referred to it by the Operating Committee or another Committee.

(c) To the extent necessary, Participants Committee members shall execute all documents required to effectuate a particular duly authorized and approved act of the Participants Committee.

(d) In the event of conflict between the actions or decisions of the Participants Committee and any other Committee, then the act or decision, as the case may be, of the Participants Committee shall govern in all respects.

(e) The Participants Committee shall meet no less than annually and as often as necessary.

(f) The Participants Committee's decision on any item referred to it by the Operating Committee shall be final with respect thereto. Without limiting the foregoing, the failure of a proposed Participants Committee action to obtain unanimous approval may be submitted to mediation as provided for in Section 5.5(g).

Section 5.7 Operating Committee Meetings. The Operating Committee shall hold meetings at least monthly and otherwise at such times, means and places as the Operating Committee Member shall determine from time to time. Minutes of each Operating Committee meeting shall be prepared and maintained. Meetings may be held in person or telephonically.

Section 5.8 Operating Committee Duties and Authority. The Operating Committee shall have the duties described in this Section 5.8 and shall undertake such duties in light of the Principles, Prudent Utility Practice and the other terms and conditions of this Agreement. Votes and actions taken in respect of these duties shall be deemed to be within the authority of the Operating Committee. The duties of the Operating Committee are to:

(a) Evaluate and respond to requests by Parties to add or remove particular Generation Resources, Transmission Resources and loads from inclusion in (or service by) the Power Pooling arrangement;

(b) *Generation Dispatch Procedures.* Develop, establish and implement protocols, procedures and other standards for the efficient and economic dispatch of all Generation Resources that are used for Power Pooling (collectively, the “Generation Dispatch Procedures”). The Generation Dispatch Procedures shall not be part of this Agreement, but shall comply with applicable requirements of this Agreement. The Generation Dispatch Procedures shall include, without limitation:

(i) an annual plan for the use of all hydroelectric Generation Resources that are used for Power Pooling;

(ii) communication regarding and coordination of each Party’s annual plan for the maintenance of its Generation Resources that are used for Power Pooling;

(iii) the designation of, and any applicable protocols, procedures and other standards to be used with respect to, one or more software packages to provide the optimal daily and long-term dispatch of all Generation Resources that are used for Power Pooling;

(iv) a mechanism to enter into non-firm economy energy transactions with third parties using Generation Resources and Transmission Resources used for Power Pooling; and

(v) a mechanism to enter into transactions, subject to the Principles, to purchase and otherwise contract for resources of third parties for Power Pooling purposes.

(c) *Transmission Dispatch Procedures.* Subject to each Party’s tariff for Transmission Resources and the requirements of Existing Priority Agreements, develop, establish and implement protocols, procedures and other standards for the efficient and economic operation of all Transmission Resources used for Power Pooling (collectively, the “Transmission Dispatch Procedures”). The Transmission Dispatch Procedures shall not be part of this Agreement, but shall comply with applicable requirements of this Agreement. The Transmission Dispatch Procedures shall include, without limitation, communication regarding and coordination of each Party’s annual plan for the maintenance of all Transmission Resources used for Power Pooling.

(d) *Fuel Supply, Transportation and Storage Procedures.* Develop, establish and implement protocols, procedures and other standards for the efficient and economic dispatch of fuel supply, transportation and storage for all Generation Resources used for Power Pooling (collectively, the “Fuel Supply Dispatch Procedures”). The Fuel Supply Dispatch Procedures shall not be part of this Agreement, but shall comply with applicable requirements of this Agreement.

(e) *Settlement Process.* Develop, establish and implement protocols, procedures, and other standards for the settlement of all transactions (1) among the Parties with respect to Power Pooling hereunder and (2) between a Party and any applicable third parties with respect to Generation Resources and Transmission Resources used for Power Pooling hereunder (collectively, the “Settlement Process”). The Settlement Process shall not be part of this

Agreement, but shall comply with applicable requirements of this Agreement. The Settlement Process shall be submitted for Final RCA Approval. The Settlement Process shall include, without limitation:

(i) a mechanism for calculation of amounts of energy and capacity used for Power Pooling by each Party (including such energy and capacity as is delivered to, and received from, such Party pursuant to Power Pooling) in respect of the dispatch of all Generation Resources in accordance with the Generation Dispatch Procedures and the usage of Transmission Resources in accordance with the Transmission Dispatch Procedures, as applicable (collectively, the "Pool Utilization"); and

(ii) assessment of fees and charges for Pool Utilization, as such Pool Utilization is determined pursuant to clause (i).

Separate from the audit provisions of Section 6.5, prior to submitting the initial Settlement Process for Final RCA Approval, the Parties shall exchange among themselves data, books, and records as necessary for the Parties to confirm the reasonableness of the initial fees and charges for Pool Utilization and the methodology for the determination of such fees and charges.

(f) *Other Opportunities.*

(i) Identify opportunities to reduce operating costs and risk of operation of, and maximize the efficient operation of, Power Pooling hereunder; and

(ii) Administer this Agreement and recommend any amendments hereto.

Article 6 POWER POOLING; AUDIT

Section 6.1 Generation Resources. All Generation Resources used for Power Pooling shall be dispatched in accordance with the Generation Dispatch Procedures.

Section 6.2 Transmission Resources. All Transmission Resources used for Power Pooling shall be operated in accordance with the Transmission Dispatch Procedures.

Section 6.3 Fuel Supply. Fuel supply for Generation Resources used for Power Pooling shall be used in accordance with the Fuel Supply Dispatch Procedures.

Section 6.4 Settlement. All transactions (a) among the Parties with respect to Power Pooling and (b) between a Party and any applicable third parties with respect to Generation Resources and Transmission Resources used for Power Pooling hereunder shall be settled in accordance with the Settlement Process.

Section 6.5 Audits. Each Party shall have the right, but not the obligation, to audit the books and records of any other Party solely with respect to the other Party's obligations and activities hereunder; *provided*, that: (i) each Party may conduct only one (1) such audit of each other Party during any twelve (12) month period; (ii) any such audit shall be at the initiating

Party's sole cost and expense; (iii) any Party desiring to initiate such an audit must provide thirty (30) days' prior written notice to all other Parties; (iv) such audit must be conducted during regular business hours of the Party being audited; and (v) the audit shall not extend to books and records from prior to the two (2) calendar years preceding the date that the audit is initiated.

Article 7 CHANGE TO RESOURCES AND LOADS

Section 7.1 Change to Resources and Loads.

(a) For purposes of this Agreement, "Change to Resource or Load" means (i) any addition or retirement of Generation Resources or Transmission Resources; or (ii) a Party's cumulative addition of firm, non-native customer load that represents more than five (5) MW.

(b) Without limiting Section 3.3:

(i) prior to a Party electing to engage in a Change to Resource or Load that may reduce the benefits of Power Pooling to any Party, the Party desiring to engage in such Change to Resource or Load shall notify the other Parties and, if requested by another Party, the Parties shall meet and confer with respect to such Change to Resource or Load; and

(ii) a Change to Resource or Load by one Party that reduces the benefit of Power Pooling hereunder for another Party shall trigger a review of the Settlement Process by the Operating Committee and decision by the Participants Committee, as provided for in Section 3.3. Such review shall consider reallocating the relevant benefits and costs of Power Pooling to the Parties.

By way of example and not limitation, a Change to Resource or Load that causes the Power Pooling aggregate heat rate to increase, increases operations and maintenance costs or reduces Power Pooling reliability shall trigger such a review of the Settlement Process pursuant to this Section 7.1(b)(ii). Any additional Generation Resource constructed or otherwise added by a Party under the terms of this Agreement will be added to the applicable portion of Exhibit B.

Article 8 GOVERNING LAW AND DISPUTE RESOLUTION

Section 8.1 Governing Law; RCA Jurisdiction. This Agreement is governed by and interpreted under the laws of the State of Alaska, without regard to its choice of law rules. The Parties agree that this Agreement does not take effect without the prior approval of the RCA and is at all times subject to revision by the RCA. The rates, terms, and conditions of the Parties' provision of generation and transmission services, including settlement transactions pursuant to this Agreement, shall remain subject to supervision and regulation by the RCA in accordance with applicable law.

Section 8.2 Resolution of Disputes and Mediation of Failure to Obtain Unanimous Approval of Proposed Participants Committee Actions. The methods for resolving any and all Disputes shall be as detailed below in Sections 8.2(a) and (b). Voluntary mediation shall be the

resolution option for any issue not meeting the definition of Dispute where the Participants Committee fails to obtain unanimous approval as detailed below in Section 8.2(c).

(a) Any Dispute hereunder not resolved by the Participants Committee as described herein within thirty (30) days of notice of such Dispute may be submitted to non-binding mediation by any Party. The other Parties may, but shall not be obligated to, participate in mediation that is initiated by another Party. Any such mediation shall be conducted in accordance with the then in-effect Commercial Arbitration Rules and Mediation Procedures of the American Arbitration Association (“AAA”) by one mediator, who must have experience in the development or operation of power projects but must have never worked as an employee or consultant for any Party (and must not be at that time, or ever have been, an affiliate of any Party), unless all of the Parties agree otherwise in writing, appointed in accordance with the following process. The AAA shall provide a list of eleven (11) mediators from its national roster who have the required experience. Within fifteen (15) days of transmittal by the AAA, each Party shall have the right to strike three (3) names from the list and rank the remaining names from most to least acceptable. If a Party does not return the list within the time specified, all persons named therein shall be deemed acceptable to such Party. From among the persons who have been approved on all lists (or have been deemed acceptable in accordance with the preceding sentence), and in accordance with the designated order of mutual preference, the AAA shall invite the acceptance of a mediator to serve. If acceptable mediators are unable to act, or if for any other reason the appointment cannot be made from the submitted lists, the AAA administrator shall submit another list of eleven (11) mediators and repeat the process until a qualified and acceptable mediator is found and able to serve. The mediation shall be held in Anchorage, Alaska. Each participating Party shall (i) bear its own costs and attorneys’ fees and (ii) pay a share of the mediator’s fees and expenses calculated by dividing one (1) by the total number of Parties participating in such mediation. Notwithstanding the pendency of such mediation, the Parties shall continue to proceed in good faith to continue to comply with all provisions and objectives of this Agreement.

(b) If a Dispute hereunder is not resolved pursuant to Section 8.2(a), any Party may file a claim in a court of competent jurisdiction over the matter in Anchorage, Alaska. The prevailing Party shall be entitled to attorneys’ fees as provided by Rule 82 of the Alaska Rules of Civil Procedure. EACH OF THE PARTIES HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON AN ALLEGED BREACH OF, OR ALLEGED FAILURE TO PERFORM UNDER, THIS AGREEMENT. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE PARTIES ENTERING INTO THIS AGREEMENT.

(c) If a proposed Participants Committee action fails to obtain unanimous approval of its members, any Participants Committee member who voted in favor of the proposed action may, within thirty (30) days after the vote by the Participants Committee, submit the issue to non-binding mediation under the rules set forth in Section 8.2(a) (except that no notice of a Dispute shall be required). The other Parties may, but shall not be obligated to, participate in mediation that is initiated by another Party. For purposes of mediation under this Section 8.2(c), the mediator shall attempt to resolve the issue among the participating Parties considering (i) the availability, reliability, safety and required regulatory or other governmental compliance of the

Power Pooling arrangement as a whole, (ii) sound economics for the Power Pooling arrangement, (iii) the Parties' reasonable expectations of the costs and benefits to each Party associated with this Agreement, and (iv) Prudent Utility Practice.

Section 8.3 Continued Performance. While the procedures in this Article 8 are pending, each Party (including, for the avoidance of doubt, any disputing Party) shall continue to perform its obligations under this Agreement in the manner in which they were performed prior to the dispute, unless doing so would be impossible or impracticable under the circumstances.

Article 9 FORCE MAJEURE

Section 9.1 No Breach of Agreement for Force Majeure Events. No Party shall be considered to be in breach of this Agreement to the extent that a failure to perform its obligations under this Agreement is due to a Force Majeure Event. A Party rendered unable to fulfill any of its obligations by reason of a Force Majeure Event shall give prompt notice thereof and shall exercise due diligence to remove such inability within a reasonable time period. If oral notice is provided, it shall be promptly followed by written notice.

Section 9.2 Limitations on Force Majeure Events. No Party shall be relieved of liability for breach or other failure of performance hereunder to the extent that such failure is due to causes arising out of its own negligence or due to removable or remediable causes that it fails to remove or remedy within a reasonable time period. Nothing contained herein shall be construed to require a Party to settle any strike or labor dispute in which it may be involved. No Party shall be relieved by operation of this Article 9 of any liability to make payments described herein or determined hereunder (including pursuant to the Settlement Process) when due or which the Party is obligated to make with respect to performance which occurred prior to the occurrence of the Force Majeure Event.

Article 10 CONFIDENTIALITY

Section 10.1 Confidentiality. In recognition of the confidential nature of all information regarding Power Pooling hereunder and the desire of the Parties to keep such information confidential, no Party may disclose to any Person who is not a Party any such information in any form or medium, including, but not limited to, communications and data, business information and models, bidding information, studies, reports, proposals, technical information and data, business or financial proposals and projections, sketches, drawings, models, samples, computer programs and documentation, and specifications regarding Power Pooling, including without limitation, regarding the economics of Power Pooling, the Parties, the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures or the Settlement Process. If any Party desires to disclose any such confidential information, the Party shall request permission to do so from the Operating Committee, who shall determine whether to authorize the requested disclosure after due consideration to the scope of the request, the Principles and the possible effects on the other Parties and the arrangement for Power Pooling hereunder.

Section 10.2 Permitted Disclosures. Notwithstanding Section 10.1, any Party may disclose such information without the prior approval of the Operating Committee:

(a) as may be required to be disclosed pursuant to the requirements of any law, rule, or regulation or any order, decree, subpoena or ruling or other similar process of any court, governmental agency or governmental or regulatory authority including, without limitation, the RCA. Prior to making or permitting any of its representatives to make such disclosure, to the extent permitted by applicable law, the disclosing Party shall provide notice to the other Parties of its intent to make such disclosure, including notice of any opportunity for any Party to seek a protective order or other appropriate remedy;

(b) to comply with any financing or lending requirements or documents;

(c) to its Affiliates, officers, directors, employees, agents, lenders, investors, consultants, advisors, contractors, accountants, auditors and counsel, *provided*, that they comply with the provisions of this Article 10; and

(d) to publicize to any third party (including, but not limited to, through press releases and other media) information about only the general activities of Power Pooling and otherwise to distribute otherwise publicly available information that has not entered the public domain through the breach of this Agreement.

Article 11 GENERAL

Section 11.1 No Third Party Beneficiaries. This Agreement does not create rights of any character whatsoever in favor of any Person other than the Parties, and the obligations herein assumed by the Parties are solely for the use and benefit of the Parties. Nothing in this Agreement shall be construed as permitting or vesting, or attempting to permit or vest, in any Person other than the Parties, any rights hereunder or in any of the resources or facilities owned or controlled by the Parties or the use thereof.

Section 11.2 Waivers. Any waiver at any time by a Party of its rights with respect to a default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any other default or matter. Any delay in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right (but, for the avoidance of doubt, any such delay shall not extend any period provided by any statute of limitations or other similar applicable law).

Section 11.3 Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the Parties. No Party may assign any or all of its rights or obligations hereunder without the prior written consent of the Operating Committee.

Section 11.4 Limitation and Release of Liability of Each Party.

(a) Each Party shall be liable and responsible to the other Parties only for direct damages resulting from: (i) the negligent acts or omissions or Willful Actions of such Party and/or its directors, officers, owners, employees, affiliates and Committee members of such Party; or (ii) the material breach by such Party of this Agreement (including, without limitation, the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures or the Settlement Process). The amount of any such direct damages shall be reduced by the amount of insurance proceeds, if any, actually received by the Party claiming such direct damages to cover any such direct damages.

(b) Except for the liability set forth in Section 11.4(a), each Party hereby releases each other Party from any other liability of any kind with respect to this Agreement.

(c) No Party, or any of its affiliates, contractors, consultants, professional advisors, officers, directors, owners or employees, shall be liable for special, indirect, incidental, punitive or consequential damages arising out of, due to, or in connection with its performance or non-performance of this Agreement (including, without limitation, the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures or the Settlement Process) or any of its obligations herein or therein, whether based on contract, tort (including, without limitation, negligence), strict liability, warranty, indemnity or otherwise.

Section 11.5 Section Headings. All indexes, titles, subject headings, section titles, and similar items are provided for the purpose of reference and convenience and are not intended to affect the meaning of the content or scope of this Agreement.

Section 11.6 Notices. Notices, requests, consents or other communications to be made under or in relation to this Agreement (collectively, "Notices") shall be addressed to the applicable Party or Parties at the addresses provided in Exhibit A, which may be updated from time-to-time by written Notice to the other Parties. All Notices shall be in writing and shall be by hand delivery, certified mail (return receipt requested), or electronic mail, to the applicable addressee. If mailed or hand delivered, the Notice shall be simultaneously sent by electronic mail. Any such Notice shall be deemed to have been received (a) if hand delivered, on the day on which it was hand delivered; (b) if mailed, on the date indicated on the returned receipt; and (c) if transmitted by electronic mail, on the date it is received by the recipient's electronic mail server. If any Notice is received after the close of a Business Day, it shall be deemed received the next Business Day. For the avoidance of doubt, real-time or routine communications concerning Power Pooling hereunder need not comply with this Section 11.6, *provided*, that any such communications shall satisfy all applicable requirements of the Generation Dispatch Procedures, the Transmission Dispatch Procedures, the Fuel Supply Dispatch Procedures and the Settlement Process, or any other applicable requirements hereunder.

Section 11.7 Amendments. It is contemplated by the Parties that it may be appropriate from time to time to change, amend, modify, or supplement this Agreement, including the exhibits that are a part of this Agreement, to reflect changes in operating practices, costs or for other reasons. Any changes, amendments, modifications or supplements to this Agreement shall

be in writing executed by all Parties and may, depending on the changes in question, be conditioned on approval by the RCA.

Section 11.8 Survival. Notwithstanding anything herein to the contrary, the provisions of Articles 1, 2, 4, 8, 10 and 11 shall survive and remain in full force and effect notwithstanding the expiration or termination of this Agreement, and shall continue to apply to all Parties that either terminate or assign any rights or obligations under this Agreement even after such termination or assignment.

Section 11.9 Further Assurances. Upon the reasonable request of any Party, the other Parties shall execute such additional documents, instruments and assurances and take such additional actions as are reasonably necessary and desirable to carry out the terms and intent of this Agreement. This provision shall continue to apply to all Parties that either terminate or assign any rights or obligations under this Agreement even after such termination or assignment. No Party shall unreasonably withhold, condition or delay its compliance with any reasonable request made pursuant to this Section 11.9.

Section 11.10 Counterparts; Entire Agreement. This Agreement may be executed in one or more counterparts all of which shall be deemed a single agreement. This Agreement shall supersede all other prior and contemporaneous understandings or agreements, both written and oral, among the Parties relating to the subject matter of this Agreement. Without limiting the generality of the foregoing, ML&P and Chugach acknowledge and agree that this Agreement shall supersede the Original Agreement in all respects, and shall bind and govern ML&P and Chugach with respect to the subject matter hereof from and as of December 17, 2015.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their duly authorized officers as of the date first written above.

CHUGACH ELECTRIC ASSOCIATION, INC.

By: 

Name: LEE D. THIBERT

Title: CEO

Date: 1-20-2017

[signatures continue on following page]

**THE MUNICIPALITY OF ANCHORAGE
D/B/A MUNICIPAL LIGHT AND POWER**

Recommend approval by: 

Name: Mark Johnston

Title: General Manager

Date: 1/20/17

By: 

Name: Michael K. Abbott

Title: Municipal Manager

Date: 1-27-17

[signatures continue on following page]

MATANUSKA ELECTRIC ASSOCIATION, INC.

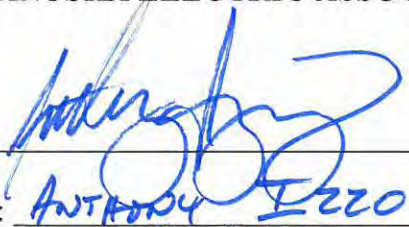
By: 
Name: ANTHONY IZZO
Title: GM / CEO
Date: 1/20/17

EXHIBIT A

NOTICES

<i>Chugach</i>	Chugach Electric Association, Inc. 5601 Electron Drive Anchorage, Alaska 99518 Attention: Lee Thibert Email: Lee_Thibert@chugachelectric.com
<i>ML&P</i>	Municipal Light and Power 1200 East 1st Ave. Anchorage, Alaska 99501 Attention: Mark Johnston Email: JohnstonMA@muni.org
<i>MEA</i>	Matanuska Electric Association, Inc. 163 East Industrial Way Palmer, AK 99645 Attention: Tony Izzo Email: tony.izzo@mea.coop

EXHIBIT B-1

GENERATION RESOURCES OF ML&P

Facility	Unit No.	Commercial Operation Year	Type	Rating (MW⁹)
<i>Plant 1 & 2¹⁰</i>	3	2007	Combustion Turbine	29.3
	4	1972	Combustion Turbine	32.5
	7	1979	Combustion Turbine	80.8
	8	1984	Combustion Turbine	83.5
<i>Plant 2A</i>	9	2016	Combustion Turbine	47.5
	10	2016	Combustion Turbine	47.5
	11	2016	Steam Turbine	26.5
<i>Eklutna Hydro¹¹</i>	1	1955	Hydro-Turbine	10.5
	2	1955	Hydro-Turbine	10.5
<i>Bradley Lake¹²</i>	1	1991	Hydro-Turbine	15.0
	2	1991	Hydro-Turbine	15.0
<i>SPP¹³</i>	10	2013	Steam Turbine	17.25
	11	2013	Combustion Turbine	14.1
	12	2013	Combustion Turbine	14.1
	13	2013	Combustion Turbine	14.1

⁹ ISO 30 degrees Fahrenheit.

¹⁰ NOTE: Plant 2 Units 1, 2, and 5 were retired December 31, 2016. Plant 2 Unit 6 is slated to be retired once Plant 2A becomes commercially operational.

¹¹ NOTE: ML&P owns 53.3% of Eklutna Hydro; the capacity shown reflects ML&P's share under normal operating conditions.

¹² NOTE: ML&P has rights to 25.9% of Bradley Lake capacity; the capacity shown reflects ML&P's share under normal operating conditions.

¹³ NOTE: ML&P owns 30% of SPP; the capacity shown reflects ML&P's share under normal operating conditions.

EXHIBIT B-2

GENERATION RESOURCES OF CHUGACH

Facility	Unit No.	Commercial Operation Year	Type	Rating (MW ¹⁴)
<i>Beluga Power Plant</i> ¹⁵	1	1968	Combustion Turbine	19.6
	2	1968	Combustion Turbine	19.6
	3	1973	Combustion Turbine	64.8
	5	1975	Combustion Turbine	68.7
	6	1976	Combustion Turbine	79.2
	7	1978	Combustion Turbine	80.1
<i>IGT Power Plant</i> ¹⁶	1	1964	Combustion Turbine	14.1
	2	1965	Combustion Turbine	14.1
<i>Eklutna Hydro</i> ¹⁷	1	1955	Hydro-Turbine	5.8
	2	1955	Hydro-Turbine	5.9
<i>Bradley Lake</i> ¹⁸	1	1991	Hydro-Turbine	18.2
	2	1991	Hydro-Turbine	18.2
<i>SPP</i> ¹⁹	10	2013	Steam Turbine	40.20
	11	2013	Combustion Turbine	33.3
	12	2013	Combustion Turbine	33.3
	13	2013	Combustion Turbine	33.3
<i>Cooper Lake Hydroelectric Project</i>	1	1960	Hydro-Turbine	9.6
	2	1960	Hydro-Turbine	9.6
<i>Fire Island Wind Project</i>	n/a	2012	PPA (Wind Resource)	17.6

¹⁴ ISO 30 degrees Fahrenheit.

¹⁵ Beluga Power Plant Unit Nos. 4 and 8 were retired.

¹⁶ IGT Power Plant Unit No. 3 was retired.

¹⁷ NOTE: Chugach owns 30% of Eklutna Hydro; the capacity shown reflects Chugach's share under normal operating conditions.

¹⁸ NOTE: Chugach has rights to 30.4% of Bradley Lake capacity; the capacity shown reflects Chugach's share under normal operating conditions.

¹⁹ NOTE: Chugach owns 70% of SPP; the capacity shown reflects Chugach's share under normal operating conditions.

EXHIBIT B-3

GENERATION RESOURCES OF MEA

Facility	Unit No.	Commercial Operation Year	Type	Rating (MW ²⁰)
<i>Eklutna Generation Station</i>	1	2015	Combustion Engine	17
	2	2015	Combustion Engine	17
	3	2015	Combustion Engine	17
	4	2015	Combustion Engine	17
	5	2015	Combustion Engine	17
	6	2015	Combustion Engine	17
	7	2015	Combustion Engine	17
	8	2015	Combustion Engine	17
	9	2015	Combustion Engine	17
	10	2015	Combustion Engine	17
<i>Eklutna Hydro</i> ²¹	1	1955	Hydro-Turbine	3.3
	2	1955	Hydro-Turbine	3.3
<i>Bradley Lake</i> ²²	1	1991	Hydro-Turbine	8.3
	2	1991	Hydro-Turbine	8.3
<i>Southfork Eagle River Hydroelectric</i>	n/a	2011	PPA (Hydro)	< 1
<i>McRoberts Creek Hydroelectric</i>	n/a	1990	PPA (Hydro)	< 1

²⁰ ISO 30 degrees Fahrenheit

²¹ NOTE: MEA owns 16.7% of Eklutna Hydro; the capacity shown reflects MEA's share under normal operating conditions.

²² NOTE: MEA has rights to 13.8% of Bradley Lake capacity; the capacity shown reflects MEA's share under normal operating conditions.