

Before Commissioners:

Kate Giard, Chair
Dave Harbour
Mark K. Johnson
Anthony A. Price
Janis W. Wilson

In the Matter of the Tariff Revision, Designated
as TA279-8, Filed by CHUGACH ELECTRIC
ASSOCIATION, INC., for a Rate Increase and
Rate Redesign

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) U-06-134
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**PETITION TO INTERVENE OF CHUGACH CONSUMERS AND
RAY KREIG**

Pursuant to 3 AAC 48.110, Chugach Consumers and Ray Kreig (collectively, "Chugach Consumers") petition to intervene in this matter. Tariff Advice Filing TA279-8 was filed by Chugach Electric Association, Inc. ("CEA") seeking Commission approval of a request to change retail and wholesale rates and for other relief, which has now been suspended by the Commission into a formal docket of investigation, U-06-134. Chugach Consumers seeks to limit the significant substantial rate increases sought by CEA and/or limit their effect on all distribution customers.

Chugach Consumers was formed in 1996 to advocate for the general public interest of CEA ratepayers and to educate consumers. It is a group of fiscally-concerned CEA ratepayers and others that support safe, reliable, low cost power for South Central Alaska. Chugach Consumers is active in CEA affairs under Power of Attorney of its chairman, Stephen Routh [CEA member #48527].

Ray Kreig [Kreig] is vice chairman of Chugach Consumers and is also a former

CEA director (May 1994 to April 2000; July 2005 to April 2006) and CEA board president (May 1995 to April 1997). Kreig has also served on the Alaska Rural Electric Cooperative Association Board of Directors, Executive Committee, 1995 to 1998. Kreig is a member and an electric consumer of CEA [#107412].

Chugach Consumers seeks to intervene in these proceedings based upon the inequitable results and adverse financial impacts to Chugach Electric ratepayers both retail and wholesale of CEA management of the utility. Chugach Consumers seeks to intervene also on behalf of other Railbelt electric consumers (ML&P and GVEA customers) whose electric rates are adversely affected by the precedential role that CEA has in setting the environment for tight management on behalf of the ratepayer or lack of same. The practices of CEA as the largest electric utility in the state are critical to the fate of all electric consumers, not just direct CEA customers.

Finally, past CEA rate cases have resulted in massive proceedings involving only the interests of wholesale customers. CEA's distribution customers have not received the attention merited. The wholesale customers purchase power from CEA under contracts with terms of expiration, at which time they may take their business elsewhere. Distribution customers, on the other hand, are captive customers in fixed monopoly service territories and have no choice but to buy their electricity from CEA and pay for any costs passed through to them. There are no competitive forces available to encourage efficiency and prudent management decisions that result in lower costs to the consumer. Consumers pay for management inefficiency and waste not only in their electric bills but as costs passed onto them in every good and service purchased in the CEA service territory.

CEA has historically charged very high non-fuel rates to its customers compared to national averages for electric utilities of a similar system configuration. For example, in 1992 it was charging distribution customers 3½¢ per kWh above the wholesale cost of generated power and transmission while national norms for systems of similar customer usage and service density were paying about 1¼¢ per kWh. The situation has changed little recently with CEA charging 4½¢ per kWh in 2004 while norms for similar systems nationally are in the 1½¢ per kWh range [Exhibit A] .

The rates charged to CEA customers are subject to change in accordance with the results of any rate proceeding. As such, CEA wholesale and distribution customers will be directly impacted by the result of this proceeding.

Under 3 AAC 48.110(a), any person who has a statutory right to be made a party to a proceeding is entitled to intervention as of right. Additionally, a person may be granted permissive intervention if that person's participation "will be conducive to the ends of justice and will not unduly delay the conduct of the proceeding." 3 AAC 48.110(b). The Commission considers seven primary factors in determining whether intervention should be granted. 3 AAC48.1 10(b)(l)-(7). With reference to those factors, Chugach Consumers, advocating and/or representing the interests of CEA customers, states the following:

(1) Collectively, CEA customers have significant financial interests in ensuring that the rates they pay CEA for power and electric services are just and reasonable and not unduly discriminatory pursuant to AS42.05.381 and AS 42.05.391. Given that electricity costs constitute a substantial portion of any consumer's expenditures, both through direct usage or indirect cost-pass-through in goods and services, the

Commission's decision in this case implicates consumers' interests that are entitled to procedural due process protection under AS42.05.181. As retail consumers and as advocates for their interests, Chugach Consumers should be allowed to participate in Commission proceedings that will affect such interests.

(2) As stated above, CEA captive customers have direct and significant financial interests in the rates they pay CEA for power and electric services.

(3) Because the final order in this case will directly impact rates, the Commission's decision will have a direct and significant effect on the financial interests of both CEA's wholesale and retail customers as well as indirectly and directly all other Railbelt electric consumers.

(4) Although Chugach Consumers could, arguably, submit non-party public comments in this case, doing so would not afford Chugach Consumers the rights and obligations of parties set forth in 3AAC 48.155, which are essential for Chugach Consumers to adequately protect the interests of CEA customers. Further, as this hearing addresses issues apparently relating to PURPA standards, Chugach Consumers has a statutory right to intervene.

(5) CEA's customers will not be adequately represented by any other party. Wholesale customers have indicated in their filings that if the Attorney General elects to participate in this proceeding, his participation can be expected to be substantially aligned with the interests of CEA's retail customers and in opposition to CEA's wholesale customers, and that even the interests of the various wholesale customers are at odds with one another. Their concern is how costs will be allocated to the various parties. However, Chugach Consumers believes that as important or more important

than the allocation is ensuring that customers, whether wholesale or retail, pay no more than absolutely necessary for safe and reliable power.

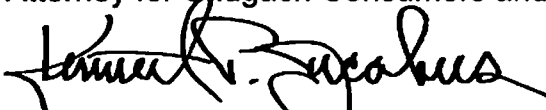
(6) Chugach Consumers' participation will assist in the development of a complete and sound record in this case. CEA's management of costs has a significant impact on wholesale and retail customers. Chugach Consumer's participation will ensure that the interests of all major stakeholders are adequately represented and reflected in the record in this docket.

(7) Chugach Consumers' participation will not unreasonably broaden the issues under consideration in these dockets and will not unduly delay the proceedings. Chugach Consumers intends to address only those issues that are relevant to ensuring that the rates electric customers pay Chugach are just and reasonable and not unduly discriminatory.

For the foregoing reasons, Chugach Consumers respectfully requests that the Commission grant its petition to intervene in this docket.

RESPECTFULLY SUBMITTED this 18th day of December, 2006

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CERTIFICATE OF SERVICE

I certify that a copy of the foregoing document and proposed order were served on the persons named below by U.S. mail on this 18th day of December, 2006.

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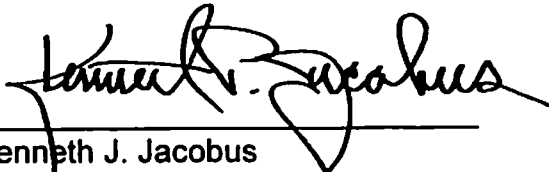
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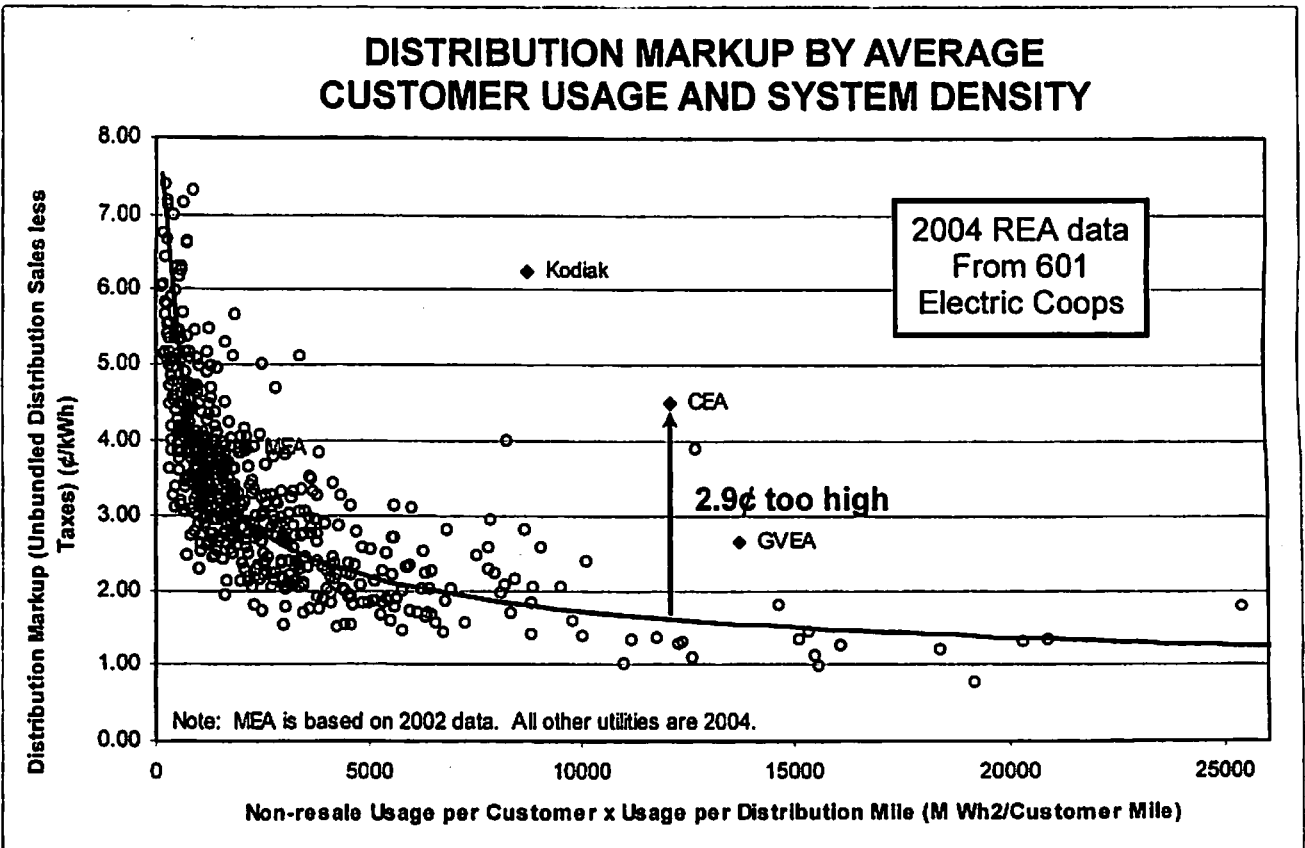
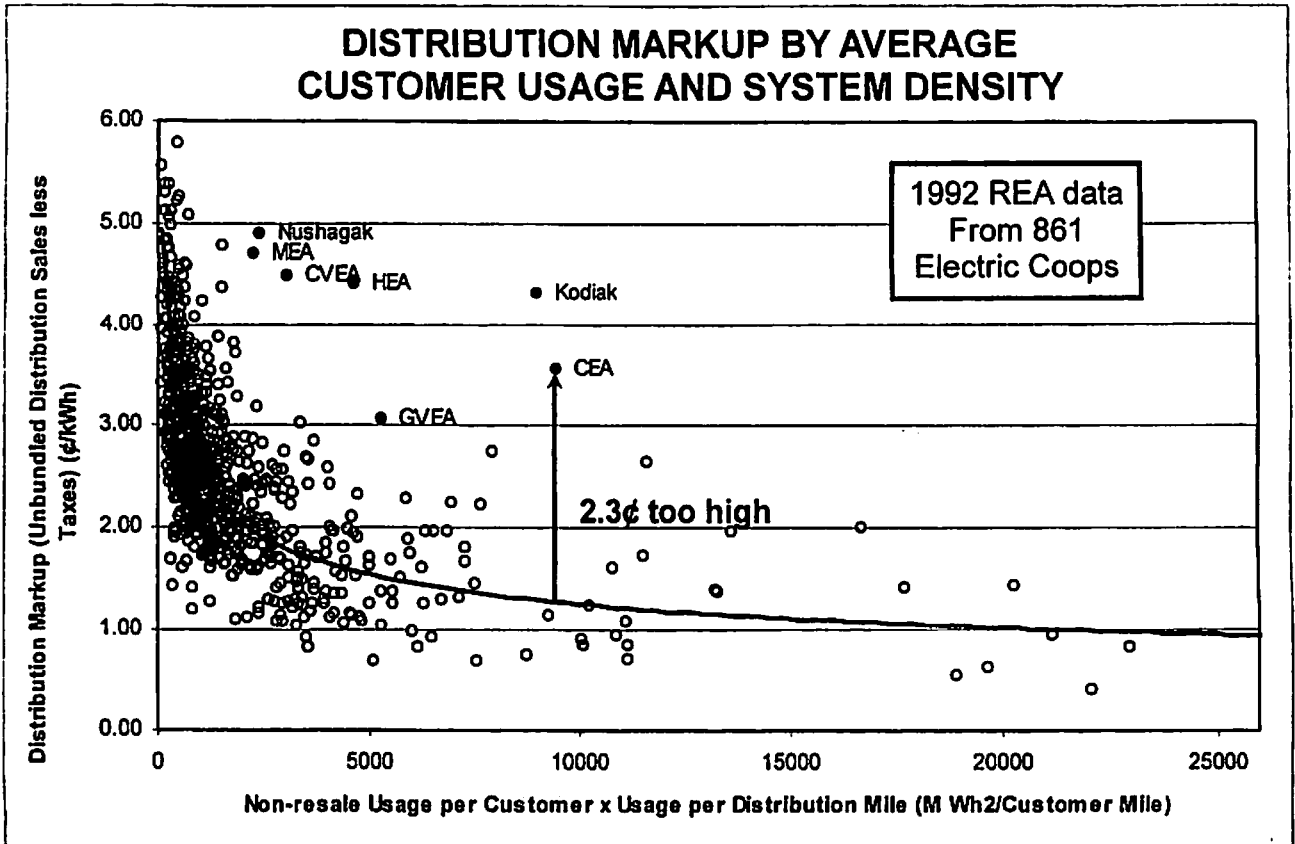
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Chugach Consumers



Safe, Reliable, LOW COST Power for South Central Alaska

