

HOMER ELECTRIC ASSOCIATION

COMMITTED TO WORKING TOGETHER WITH

CITY OF SEWARD



THE DEAL – POWERING THE PENINSULA TOGETHER



PURCHASE PRICE OF ASSETS

\$36.25M Total

- \$25.25M Cash Payment
 - Aligns with Seward's Valuation
- \$ 1.10M Annually for 10 Years

Price adjusted for SES infrastructure



CITY REVENUE OPPORTUNITIES

- City Retains Accounts Receivable
- \$450K - 20 Year Lease of Administrative Office Building



RATE FREEZE THEN HEA PHASED OR INDEPENDENT RATES

- Base Rate Freeze (3 Years)
- Phasing in HEA Rates over 5 Years; or
- Independent Base Rate for SES



COMMITTED TO WORKING TOGETHER

- Retain Highly Skilled Jobs Locally
- Continue to Locally Operate Fort Raymond Power Plant & Upgrade
- Board Representation
- Newly Named Shared Utility



HEA RATES



Rates were expected to increase when leaving Chugach Electric in 2013.

- As anticipated, rates have stabilized.
- Rates will continue to be more competitive.



Strategic Plan will yield long-term rate stability.

Myth #1

**HEA DOES NOT OWN THE
BATTERY ENERGY STORAGE SYSTEM (BESS).**

HEA'S BESS is a 93-MWh storage
system owned solely by HEA.

Myth #2

HEA PLANS TO CLOSE THE FORT RAYMOND POWER PLANT.

The power plant is one of Seward's most valuable assets and ensures backup generation for Seward.

Myth #3

**SEWARD'S \$14M - 18M INVESTMENT
IN ASSETS WILL NOT BE RECOUPED.**

HEA will pay for Seward's investments
and system assets.

Myth #4

**THE SEWARD EMPLOYEES ARE NOT
PROTECTED AFTER THREE YEARS.**

HEA and IBEW have negotiated to preserve local jobs, employees pay, and benefits in Seward.

Myth #5

**SEWARD IS NOT SUBJECT TO THE
PROVISIONS OF SB 123.**

SB 123 mandated the creation of an electric reliability organization to establish uniform reliability, cybersecurity & other standards for all Railbelt utilities.

Myth #6

**HEA DOES NOT MAKE ITS OWN
POWER.**

HEA has generated power on the Kenai
Peninsula since 2014.

Myth #7

**HEA ENDED ITS CEA WHOLESALe AGREEMENT
IN 2014 WITHOUT PROPER NOTIFICATION.**

HEA provided sufficient notice to CEA for the switchover and today, produces its own power and generates electricity to assist other utilities.

Myth #8

**HEA CANNOT GUARANTEE
SEWARD A BOARD SEAT.**

HEA's guarantee to Seward was to create a clear and more assured path to representation through the creation of a Seward district.

Our goal is to provide education to all utility customers so the City could decide if we Power the Peninsula Together...It's YOUR VOTE & YOUR CHOICE.



THANK YOU!

QUESTIONS?

