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.



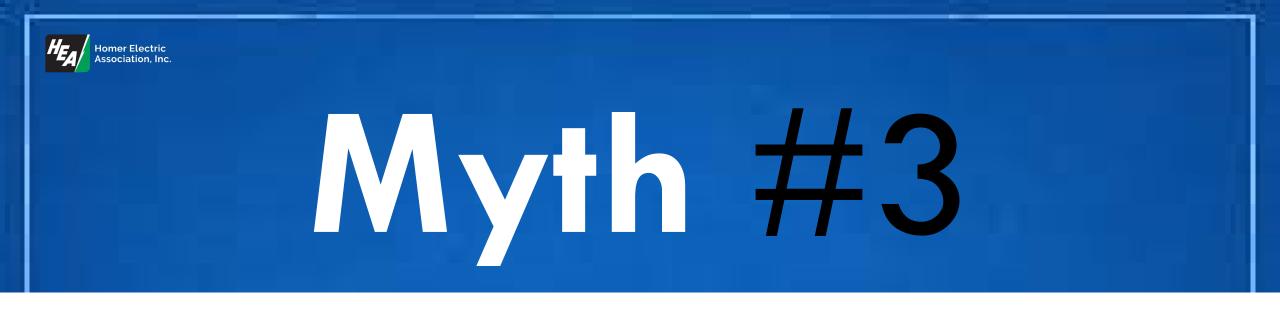
HEA DOES NOT OWN THE BATTERY ENERGY STORAGE SYSTEM (BESS).

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



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.



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

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



THE SEWARD EMPLOYEES ARE NOT PROTECTED AFTER THREE YEARS.

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



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.



HEA DOES NOT MAKE ITS OWN POWER.

HEA has generated power on the Kenai Peninsula since 2014.



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.



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?