

Fire Island Wind LLC

Sustainable wind energy for Southcentral Alaska

Project Overview

Fire Island Wind LLC is developing a commercial-scale wind farm on Fire Island, three miles west of Anchorage. The first 11-turbine project phase will have a 17.6 megawatt (MW) generation capacity and is expected to supply 51,000 MW-hours of power to Chugach Electric Association annually.

- Project will be completed and producing power in late 2012
- Generate electricity to power 6,000 Southcentral Alaska households, offset approximately 0.5 billion cubic feet (bcf) of natural gas consumption for power generation and supply about 4 percent of Chugach Electric Association's load
- The first phase of the project is expected to cost about \$65 million for generation and other on-island infrastructure, plus the cost of new transmission infrastructure
- Fire Island Wind expects the project will qualify for close to \$19 million in America Recovery and Reinvestment Tax Act of 2009 (ARRA) Section 1603 investment tax credit grant funding plus another \$25 million of state grant funding for submarine and mainland transmission infrastructure
- All grant funds will offset project costs and reduce cost of power to ratepayers. Chugach Electric Association will own and operate the submarine and mainland transmission infrastructure

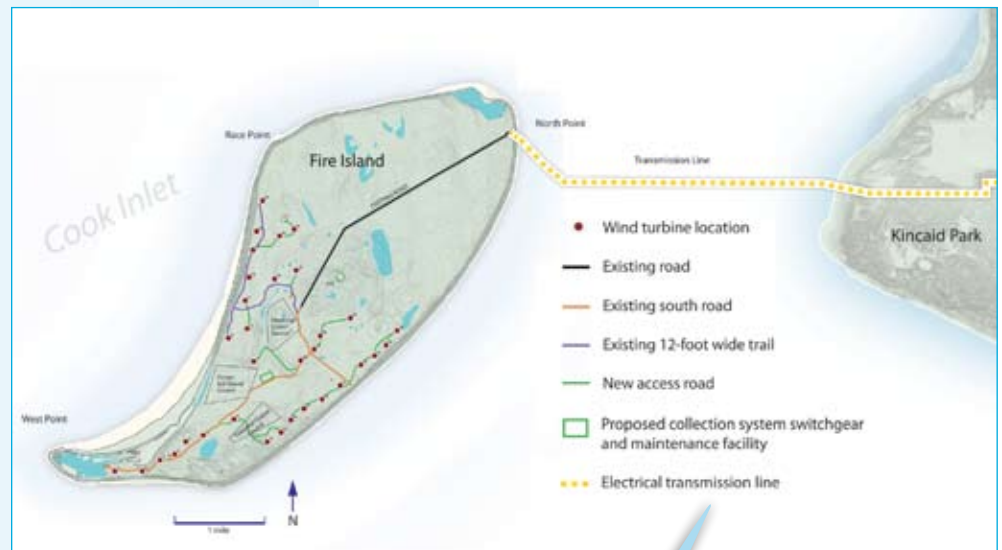
Fire Island Wind LLC will build additional project phases if additional buyers want to purchase wind power. The full project could include up to 33 turbines with 52.8 MW total generation capacity, enough to generate approximately 144,000 MW-hours of power annually.

Customers

Chugach Electric Association has agreed to purchase up to 17.6 MW of power at a flat net price of \$97/MW-hour for 25 years beginning Jan. 1, 2013. Chugach submitted this power purchase agreement to the Regulatory Commission of Alaska (RCA) for approval. A decision is expected by Oct. 10 and RCA approval is needed to enable Fire Island Wind to proceed with financing and construction in 2011.

Chugach is Alaska's largest electric utility and is setting an example for other Railbelt utilities by moving away from overdependence on natural gas. Its Fire Island wind power purchase agreement will improve Railbelt electric grid reliability and power price stability by incorporating clean, renewable wind energy into Southcentral Alaska's power portfolio.

The proposed wind power price is higher than today's average price of Cook Inlet generated power. However, it is cheaper than some of the power generated and used in the region today and will become increasingly attractive throughout the contract term as gas and power prices trend upward.



Project Benefits

Southcentral Alaska utilities rely almost exclusively on locally produced natural gas to supply more than 90 percent of the region's electric power generation and space heating needs. However, known Southcentral Alaska gas reserves are in steep decline and production will fall short of demand within the next two years according to utility projections.

Proposed alternative energy sources including an 800 mile in-state gas line from the North Slope and a large Susitna River hydroelectric facility are many years away.

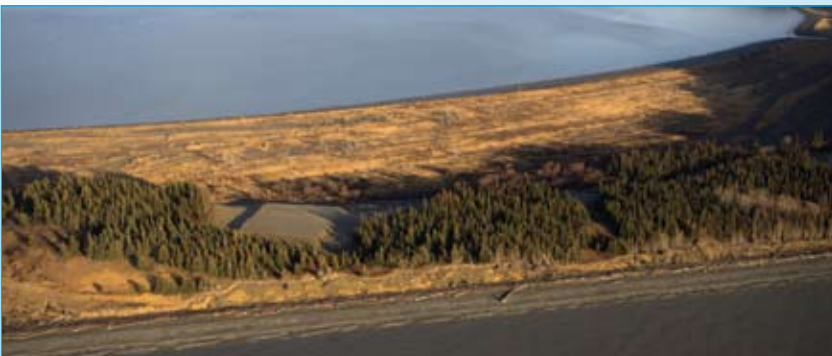
The first phase of the Fire Island Wind project is scheduled to be online in 2012. It will **reduce Southcentral Alaska natural gas consumption**, offsetting approximately 0.5 billion cubic feet of Chugach's natural gas consumption for power generation annually, about four percent of Chugach's energy needs.

The **cost of electricity produced by Fire Island is competitive** with the cost of electricity generated with natural gas fuel purchased under some existing utility contracts. It will almost certainly cost less than the cost of power generated with natural gas imported from Alaska's North Slope or abroad.

The Fire Island Wind project is a great first step toward **energy diversification** in our region, and will **improve the reliability** of Southcentral Alaska's power generation and transmission system. More sources of power and the addition of a no-fuel power source that will not run out increases the redundancy of the system and makes system failure less likely to occur.

Bringing Fire Island Wind online as an independent power producer will **increase competition** in Southcentral Alaska's energy market and increase innovation and long-term cost savings. The Fire Island Wind project will be built, owned and operated by Alaskans. The project will also add to the Municipality of Anchorage's property tax base.

Price stability is another key advantage of wind power, with the cost of Fire Island wind power remaining flat throughout the 25-year contract. Wind-generated energy is free from price fluctuations due to market conditions or supply disruptions. The price of energy generated by Fire Island Wind, as set out in Chugach's and Fire Island Wind's power purchase agreement, is already cheaper than some energy sources.



Fire Island Wind started site preparation work including road work and turbine pad construction in 2010.

Timeline

Fall 2011

- RCA approval of Fire Island wind power purchase agreement
- On-island construction resumes
- Clearing work for mainland transmission lines

Spring 2012

- On-island wind turbine infrastructure construction
- Submarine and mainland transmission system installation

Fall 2012

- Project commissioning, commercial operation begins



Fire Island Wind LLC is a wholly-owned CIRI company



CIRI is an Alaska Native corporation and one of 12 Alaska-based regional corporations established by the Alaska Native Claims Settlement Act of 1971 and benefits Alaska Natives who had ties to the Cook Inlet region. The Company is owned by more than 7,400 Alaska Native shareholders of Athabascan and Southeast Indian, Inupiat, Yup'ik, Alutiiq and Aleut descent. It is based in Anchorage and has a well diversified investment portfolio that includes traditional and alternative energy, oilfield and heavy construction services, real estate development and management, tourism, environmental remediation, wireless communications, aerospace defense and private equity and venture capital investments. CIRI is Southcentral Alaska's largest private landowner and has 1.3 million acres of subsurface estate available for responsible gas, oil, mineral and alternative development.

