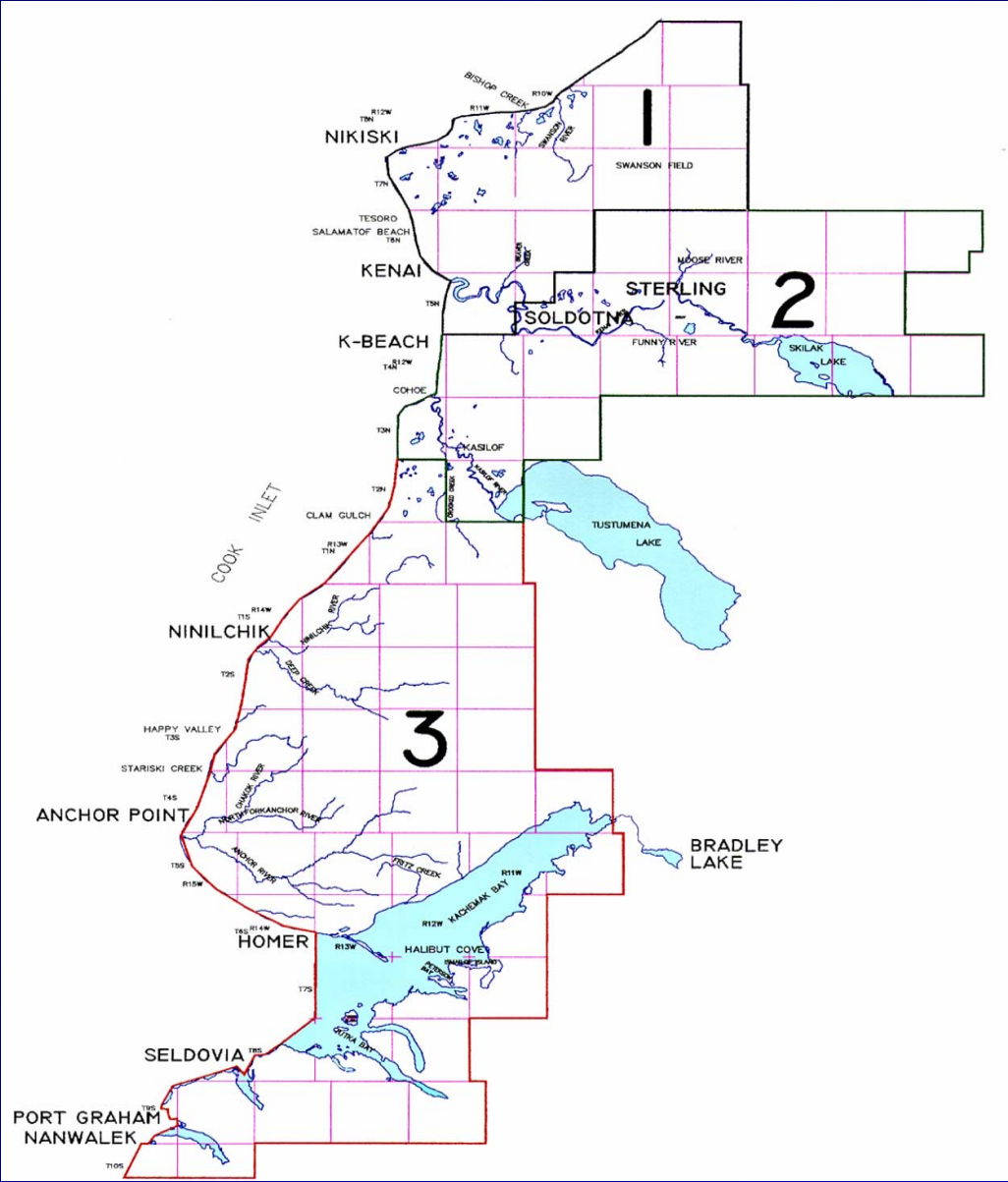


Homer Electric Association, Inc.

Overview for the
Alaska Energy Task Force
October 7, 2003

Service Territory



Nikiski Cogeneration Project



Nikiski Cogeneration Project Update



- Steam provided to Agruim
- Gas received from Agrium
- Gas sold to Chugach
- Chugach takes power as its own



Bark Beetle Mitigation



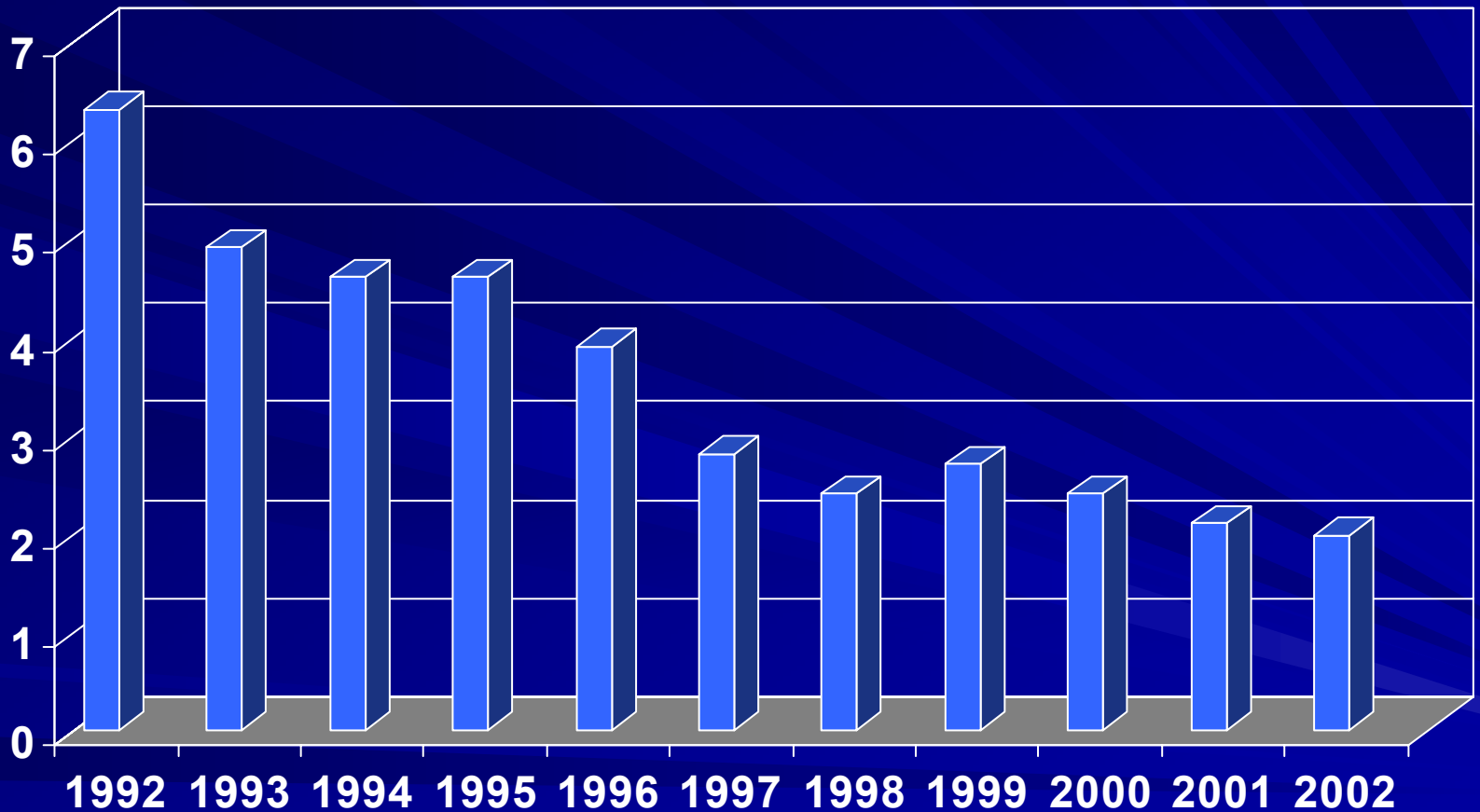
- \$1,758,000 expended by Homer Electric
- Includes over \$1 million federal grant funding

Bark Beetle Mitigation



- Cleared infested trees from Sterling to hillside of Homer
- 12,031 trees removed per member requests

Average Outage Hours Per Consumer 1992-2002



2002 Power Sales



■ 56.3% Commercial
■ 43.7% Residential

Kachemak Bay Regional Power Project

- Replacement of submarine cable
- Seldovia generator replacement
- New back-up generation in Port Graham



Regional Power Project – 1st Phase

- 3.8 mile submarine power cable from Homer Spit to McKeon Flats in Nov. 2001
- Ensures reliable service to South Kachemak Bay communities
- \$2 million federal funding & \$2 million state funding



Regional Power Project – Phase 2

- Replace diesel generators from 1950's
- Replacement of building, generators and switch gear
- Install stand-alone generator to serve Port Graham and Nanwalek
- Completion during late 2003

Bradley Lake Hydroelectric Plant



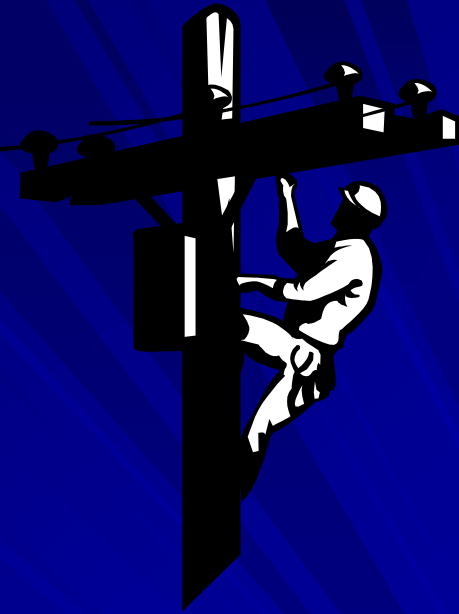
- Provides onsite maintenance & operations
- Owned by Railbelt utilities
- Homer Electric's share is 14 MW

Bradley Lake Hydroelectric Plant

Water Jets & Turbine Maintenance



Our Cooperative Grows



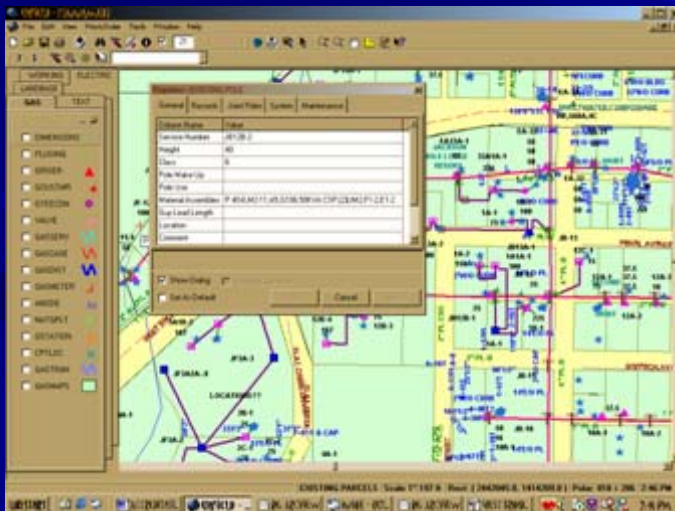
- 56 members in 1950
- Almost 19,000 members today
- 24,000 service locations

- 1963: 1,565 consumers, 632 miles of energized line

- 1983: 13,234 consumers, 1,786 miles of line
 - 94 employees

- 2003: over 24,000 consumers, 2,117 miles of line
 - 109 employees (15 more than 20 years ago)

Our Cooperative Grows



2002 Flood Impact

- High winds
- Record-breaking flood levels
- System damage
- Widespread outages

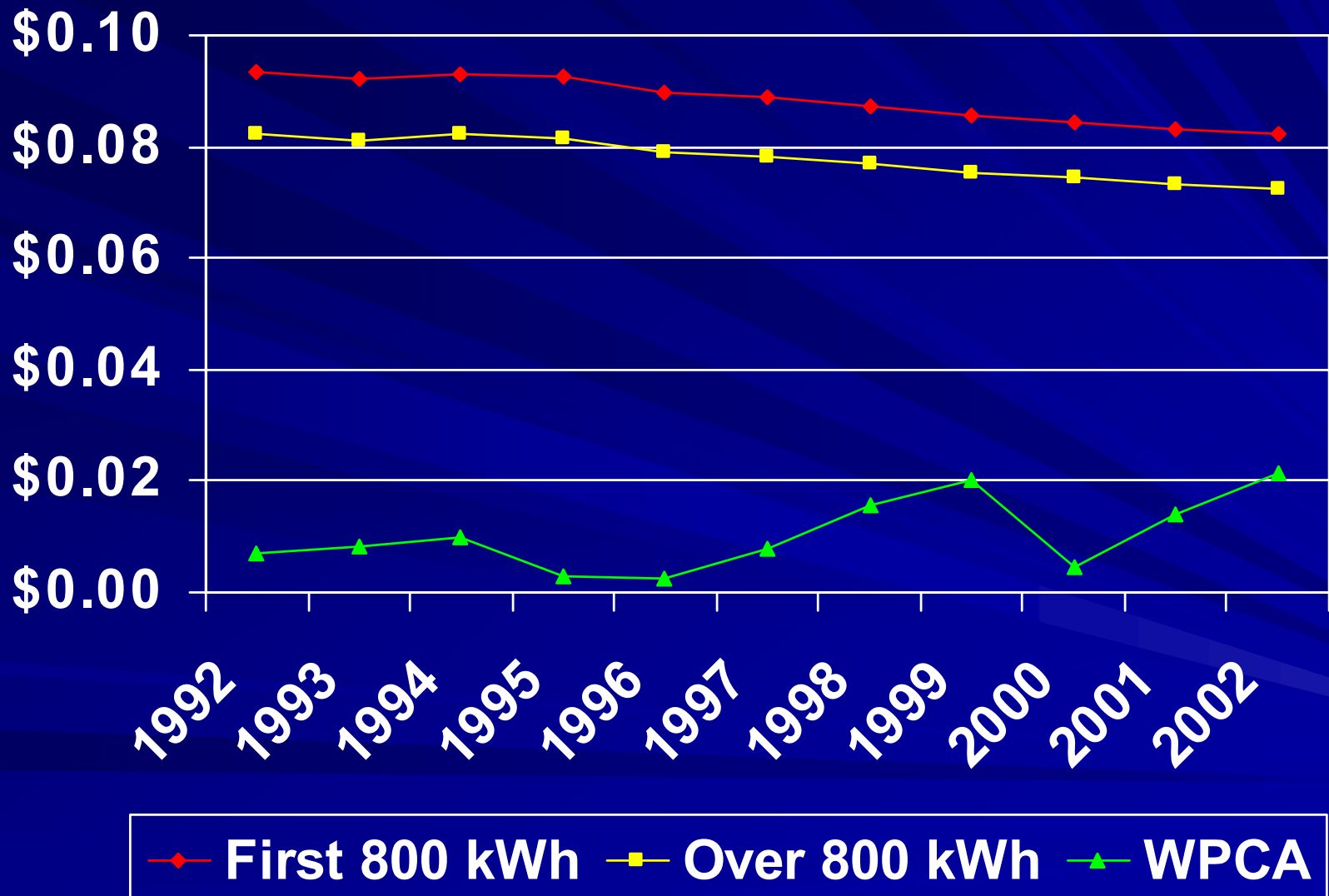


2002 Flood Impact

Exposed underground cable when Wosnesenki River flooded



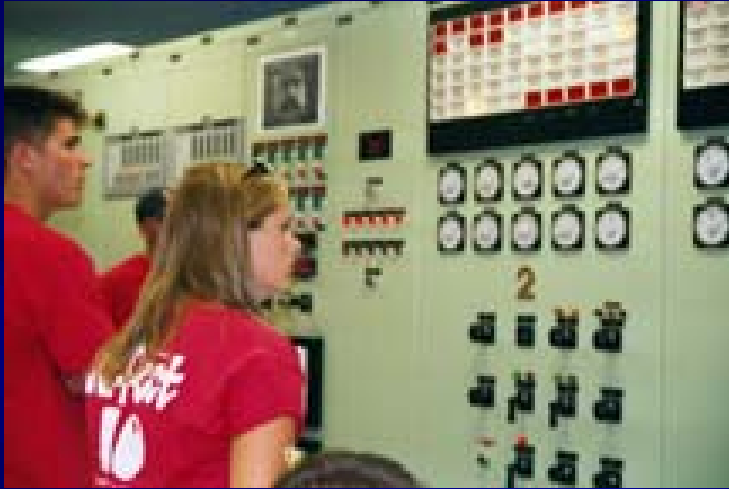
Supplying Affordable Power



Commitment to Community



Commitment to Community



Employees' Commitment to Community



Commitment to Community



Employees' Commitment to Community



Commitment to Community



Touchstone Energy

