

Contents

- 1 From the Editor
- 2 June 3 / September 3 Chapter meetings
- 3 Member's Profile
- 4 Chevron News
- 5 Chevron vs. The Specialists
- 6 Chevron Business Focus Area – New Energies

From the Editor

So how is retired life? a friend recently asked. Well, I don't miss the deadlines, CPDEP, RSIP/Ergo Buddy reporting—but I do miss the action of the work routine.

Watching the six-month Iran war, its global implications, the rapidly evolving AI economy and continuing trade wars has kept my mind and curiosity going on many fronts. Why haven't oil and gas prices risen more? Is it demand destruction—or simply too much complacency in the oil markets? What about natural gas and the intense competition to turn it into electricity versus valuable LNG exports? And how are energy companies actually doing?

We explore several of those questions in this issue. **Chevron is certainly doing well.** But rather than looking only at Chevron, we compare it with several specialists across the oil value chain—and then look at Project Kilby, where Chevron is applying its natural-gas and project-development capabilities to an entirely new customer: Microsoft's enormous demand for AI power.

My own career spanned enormous changes in our industry, but perhaps none is more fascinating than watching an oil and gas company now position itself as a major supplier of power to the AI economy.

Will they throw a bone to our struggling Association?

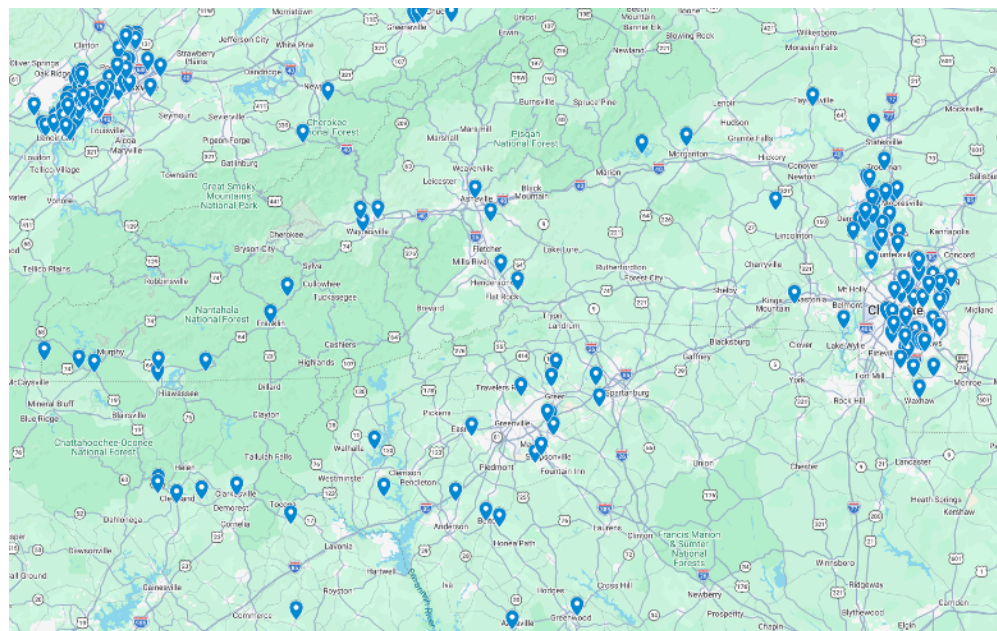
Speaking of the Association, please check out new CRA President Steve Berghold's message in the latest issue of [Encore](#). His comments resonate with me. I've benefited greatly from the friendships and networking within our chapter and through two CRA Annual Meetings. For those who would like to become more involved, next year's Annual Meeting in Pascagoula, MS offers an opportunity to attend as a chapter **Fellow** or to serve on one of CRA's committees.

Blue Ridge Chapter Membership

Blue Ridge Mountains Chapter

Our chapter is part of the Mid-West area of CRA which includes 4 more chapters in Georgia, Kentucky, and western Tennessee, (~1300 members). Out of the approximately 400 retirees in our part of the Mid-West area, we have now 42 active members including their partners. Membership dues are \$10 per person per year with the first year waived for new members.

Below is the map of retirees in the 2608 area of the Mid-West



CRA has stepped up the focus on recruiting, requiring a Membership Recruitment Contact and a bimonthly report from each chapter on the status of recruiting. BRMC needs a recruiting team. We will be discussing this at our September 3rd meeting. In the meantime, we will take advantage of the new bi-weekly recruiting reports sent by CRA and send out a Welcome letter to all viable recruits.

Chevron

Chevron Retirees Association.

Blue Ridge Mountains Chapter

Tel (832) 922-7027 (editor)

(828) 301-0095 (president)

Emails:

brmchevronretirees@gmail.com (website)

khoile36@gmail.com (editor)

davidkent54@gmail.com (president)

The Chevron Retirees Association (CRA) is not a subsidiary of the Chevron Corporation, but an independent organisation comprised of retired employees of Chevron or its predecessor companies. The contents and opinions expressed in this chapter newsletter does not necessarily reflect the views of the Corporation nor the national

Our Chapter Highlights

- Our Chapter's bank balance stood at **\$2621** as of August/28//2026
- **Please bring your dues to the September meeting or send Kathy Dawkins a check:**
 - **97 Arthur Road, Asheville, NC 28806**
- Check out our new [Chapter website](#) and send feedback!

We are always seeking new photos and articles to post on the website, please send them to chapter email address:

brmchevronretirees@gmail.com

Message from David Kent, Chapter president:

- Our government has been successful establishing agreements with foreign governments which expanded our career opportunities. Also our government has presided over a large domestic energy foundation.
- Since 2014 our CRA membership dropped from 14,000 to just over 7,000. The new CRA president is interested in increasing the membership. Each chapter is requested to have a Membership Recruitment Contact. So I am requesting your involvement and hoping someone would volunteer for this new chapter officer position. This means we are asked to provide quarterly report on Chapter recruiting results.
- Now let's get outdoors on September 3rd to Jeter Mountain Farm and enjoy the great outdoors of Western North Carolina.

CRA Mugshots



Midwest Area, Calgary Annual Meeting
Jim Conard (Atlanta), Khoi (BRM), Don Reiss (KY)

CRA Benefits:

- The Benefit Hub has a lot of savings and discounts for CRA members. To take advantage of [ChevRec Benefit Hub](#), requests a **code** from [Jim Bonwell](#).

June 3 2026 Chapter Meeting

Thank you to the organizers of our last chapter meeting where we had a wonderful picnic at the Cowpens National Battlefield near Chesnee, SC. Many attended and it was good to welcome some new faces. We are blessed to celebrate living in a country having a 250th anniversary. Below is a short history of the Battle:

On January 17, 1781, the Battle of Cowpens took place at a cattle pasture in South Carolina. American General Daniel Morgan used a brilliant layered defense to trap and crush British Lieutenant Colonel Banastre Tarleton's forces. This decisive Patriot victory shattered British momentum in the South and set the stage for the end of the Revolutionary War.

- The Location: Named "Hannah's Cowpens," the site was a local pasture used to pen cattle.
- Heavy Losses: The British suffered over 800 casualties, with hundreds captured, destroying Tarleton's force. The Americans lost fewer than 100 men.
- Turning Point: The crushing defeat forced British General Lord Cornwallis to chase the Americans north into North Carolina, bleeding his army dry before his eventual surrender at Yorktown.



Photos from the June 3 Picnic

Thursday September 3, 2026 11:30 AM chapter meeting

Please note that our next meeting is on Thursday at the scenic [Jeter Mountain Farm](#)

1126 Jeter Mountain Road
Hendersonville NC 28739. [Directions here.](#)

We will meet at 11:30 AM at the "1813 Smokehouse" near the entrance for our lunch. Many visitors like the bbq pork sandwich with typical sides.

After our meal, we will set up at "The Porch" to catch up with our ongoing conversations. The Bakery and Creamery is next door if you want snacks.

After our meeting, feel free to take a longer tour ride including picking apples, etc...

Chapter Members and Partners

Richard & Barb Adams
Charles Barber
Melanie Bell (Membership)
David Burnash
Bo Cribbs & Margie Savoie
Kathy Dawkins (Sec./Treasurer)
Ron & Charlotte Dethloff
James Engel & Bella Karafela (Social)
John & Lori Groce
Suzanne & Lee Hardin
Michael & Beth Helmer
David (President) & Holly Kent
Don & Rae Anne Kinney
Louis LaCroix
Khoi (Vice-President) & Deb Le
Kamal Osman & Dr. Johara Nour
Joy & Mayur Patel
John & Betty Petkovich
Chris & Jeannine Prattini
Robert Ragan
Suzanne Roat
Betty Runion (Past-President)
Jack & Welanda Stevenson
David Strait
Larry Tedesco
Dave & Barbar Wagner
Larry Wesserlink
Jeremy Zimmerman



Member's Profile

Khoi Le - 39 Years Around the Oil Patch

It would be interesting to poll how many retirees look back fondly on their careers in the oil & gas industry. I certainly do. As I prepare to attend my Colorado School of Mines 50th reunion (Class of '76), I've been reflecting on a career that took me from California oil fields to Louisiana, Alaska, Venezuela, Indonesia and the deepwater Gulf of Mexico.

CSM was a tough school, and perhaps too much partying my first two years contributed to my 3.2 GPA and just one job offer in the tumultuous year of 1976. Fortunately, Atlantic Richfield (ARCO) sent me to Bakersfield, CA, to train as a drilling engineer. It was close to home (Monterey / San Jose area) and I had already worked as a roustabout in Getty's Kern River field one summer. But drilling wells in the San Joaquin, Ventura, Los Angeles basins and offshore Santa Barbara gave me an appreciation for California geology. I still have those old geological maps!

After California, I spent four years in Lafayette, LA, working as a drilling and completion engineer on land rigs and offshore platforms, jackups and semi-submersibles. I gained a lot of respect for well crews and field operators—and enjoyed being "close to the wellhead." I still remember how a gas kick taken in a well in a Louisiana rice field was controlled and flared for half a day. Imagine explaining that at the 6 AM morning report! The best part of Louisiana, however, was meeting my wife, Deb.

My next ARCO assignment took us to Anchorage in 1981. We spent 12 wonderful years in Alaska and raised our family there. Drilling offshore [C.O.S.T. wells](#), remote wells off the [NPRA](#), building ice roads and artificial-gravel islands in the Arctic were memorable experiences. I was swept up in the excitement of Arctic exploration and earned an M.Sc. in Arctic Civil Engineering from the University of Alaska. Later, as an Operations/Reservoir Engineer on the supergiant [Prudhoe Bay field](#) (this field will recover more than 50% of its oil!), I discovered my real professional interest: reservoir modelling, management and enhanced oil recovery.

ARCO's 1994 layoff brought the first of two major career hiccups and took us back to Bakersfield. I joined Occidental (OXY) as a reservoir engineer managing Latin American fields, including a year in Maracaibo, Venezuela. Reservoir engineering was changing rapidly: maps moved from paper to digital, reservoir models from static 2-D to dynamic 3-D, and GPUs began appearing. That job ended with OXY's 1999 staff reductions after it acquired Elk Hills.

Another layoff, so we moved to Houston. I found brief consulting work for a small Duke Energy start-up, then a brief stint with an international Enron oil-and-gas subsidiary—until that whole circus came down. Four years with [ENI](#) followed, where I learned about Deepwater frac-packs (and some Italian) and continued honing my reservoir-modelling skills, collaborating with geologists.

By the mid-2000s, Houston was booming as the Deepwater play accelerated. The industry had moved from 3-D into 4-D seismic, exploration success had improved dramatically, and \$50–\$100 million wells were being drilled and completed to produce 10,000–20,000 BPD. Horizontal drilling, tight shale oil and fracking were also underway. Fortune finally smiled on me in 2005 when I joined Chevron—a company I had long respected and sought out.

My 11½ years with Chevron did not disappoint. The first four were in the Mid-Continent Business Area as a reservoir modeller, followed by four years as an EOR engineer working with Briarpark's ETC lab on chemical enhanced oil recovery. That specialty led to a rewarding 3½-year assignment in Rumbai, Indonesia, where we successfully conducted three pilot CEOR floods in the aging Minas field. By injecting polymer and surfactants, we substantially reduced water cut and residual oil saturation.



Above are photos from Rumbai and Minas, Indonesia where I am most at ease, on a bike or in the field.

I retired in early 2016. Deb and I settled in Brevard, western North Carolina, where we enjoy the mountains and outdoors. I mountain bike, trail run, hike, fly-fish and volunteer tutoring after-school kids at Rise & Shine. Deb enjoys quilting, crafts and tennis. We belong to Brevard's First United Methodist Church, and our sons live in Durham, NC and Atlanta.

The oil patch certainly didn't provide a straight career path, but every detour led somewhere interesting. Looking back, the best part wasn't any one field or technology—it was the people, places and adventures along the way. After 39 years, I wouldn't have wanted it any other way.

2Q / FY2026 earnings report ([link](#))

- Stock price / Dividend: \$205 / \$7.12
- \$ 70.06 Bn Revenue
- **\$ 12.1 Bn** Earnings (\$6.06 /sh. adj)
 - \$8.18 Bn Upstream
 - \$4.8 Bn Downstream
 - **(\$0.98 Bn)** Other
- **Cash Flow**
 - **CFFO \$22.6 Bn**
 - **Adj. Free \$15.4 Bn**
- **Capex \$4.5 Bn**
- **ROCE 21.4%**
- **Debt / Net Debt ratio: 16.3 % / 13.1 %**

2Q 2026 vs 2Q 2025

	2Q 2026	2Q 2025
Revenue	\$70.06	\$44.82
Earnings	\$12.07 Bn	\$2.49 Bn
CAPEX	\$ 4.5 Bn	\$ 3.7 Bn
ROCE	21.4%	6.2%
Dividends (\$M)	\$3,504	\$2,934
Shares Repurchased (\$M)	\$3,117	\$2,744
Net Debt /CFFO	0.6 X	0.8 X
Production	4.07 MBOEPD	3.40 MBOEPD
Brent (\$/bbl)	\$104 / bbl	\$68 / bbl

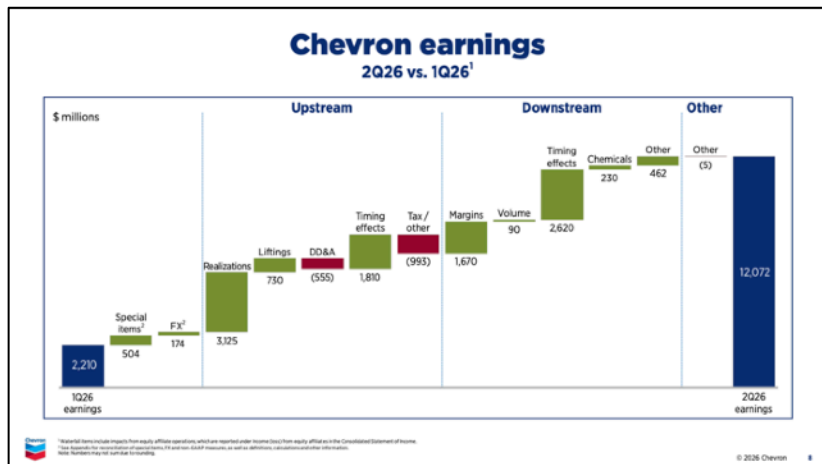
News from [June](#) and [August Tidbits](#)

- [Next-generation Techron fuel additive](#) has been rolled out to better serve modern car engines.
- HELLENIQ ENERGY (30%) and Chevron (70%) agree to participate in the exploration of Block 10 concession, (Kyparissiakos Gulf, Southern Ionian Sea).
- Announced a [licensing deal with ZL Chemicals](#) to commercialise its Unconventional EOR technology.
- New [Discovery](#) in Angola block 0. This follows first oil from N'Dola Platform in December 2025.
- Join ["The Energy Tailgate"](#), a new podcast from Chevron hosted by race car driver, stunt driver and TV host Tanner Foust. Each episode is a straight talk about the energy that powers everyday life.
- In the Permian Basin, [project Kilby, the 2.67 Gw AI data center deal with Microsoft](#) and other partners (Texas Pacific Land, Joulent, Engine No.1, etc..) is expected to have FID in late 2026.

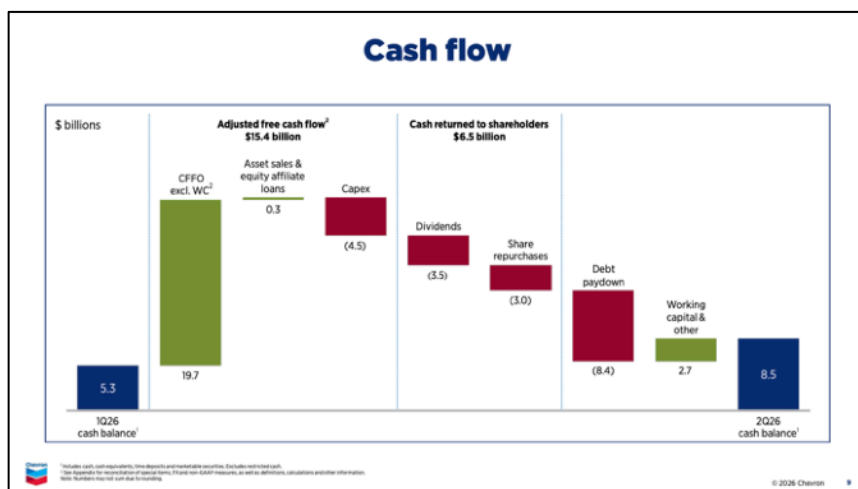
CHEVRON NEWS

[Second Quarter 2026 Earnings Presentation: July 31 2026](#)

- Strong earnings of **\$12.07 Bn** driven by:
 - Upstream: **\$3.12 Bn** for oil price and **\$0.73 Bn** lifting increases
 - Downstream **\$1.67 Bn margins**
 - Favorable **Timing effects**: \$1.8 Bn (upstream) and &1.7 Bn (downstream)



- Cash Flow of **\$22.6 Bn** and moderate Capex of **\$4.5 Bn** was used to:
 - Repay **\$8.4 Bn of Debt** (current net debt / CFFO of 0.6 x)
 - Return \$3.5 Bn of dividends and \$3.0 Bn share buyback to shareholders



- Increased worldwide production to **4.07 MBOEPD** (+5.5% above 1Q 26) thanks to..
 - Tengiz Chevroil +.17 MBOEPD
 - USA +.055 MBOEPD
 - Australia +.051 MBOEPD
 - Middle East and others -.028 MBOEPD
- HESS synergy benefits (\$1.5 Bn) delivered 6 months early
- Record US refinery throughput
- Expect strong capital efficiencies in US Shale & Tight: 25 % less Capex per BOE.
- Structural Cost Reductions of \$ 3 Bn in 18 months (>70% from efficiency gains)
- Project Kilby (2.7 GW data center power) - Power Purchase Agreement [signed](#) (see accompanying article on page 4)

Author's Comments on Earnings Report:

- This quarterly earnings of \$12.07 Bn is higher than the the \$11.6 Bn and \$11.2 Bn earnings for 2Q 2022 and 3Q2022 which also saw record Brent prices of \$113.5 and \$103 / bbl during the start of the Ukraine war.
- CFFO is Cash Flow from Operations. Adjusted Free Cash Flow is CFFO less Capital Expenditure and excluding working capital / assets sales & loans to affiliates.
- With strong Cash Flow, company's **Cash Balance is \$8.5 Bn** and **repayment of \$8.4 Bn debt** reduced Total debt to \$37.1 Bn. With **\$45.3 Bn Net cash** provided by operations in the last 12 months, this yields a comfortable **Net Debt / CFFO of 0.6 X**.
- Timing Effects: Accounting differences between when gains/losses on commodity hedges and the related physical oil transactions are recognized. 1Q26 earnings included a \$2.9 Bn unfavorable timing effect, while 2Q26 included a \$1.4 Bn favorable effect—a \$4.3 Bn quarter-to-quarter swing that contributed significantly to record 2Q earnings.

HOW THE COMPANIES DIFFER

Chevron (CVX) — Integrated

Produces oil and natural gas globally, transports and processes hydrocarbons, produces LNG, and refines and markets fuels. Integration spreads its exposure across the value chain.

EOG — Upstream

Oil-focused exploration and production. Returns respond strongly to crude and natural-gas prices, making EOG more directly exposed to commodity cycles.

Plains All American (PAA) - Midstream

Gathers, transports, stores and terminals crude oil. Fee-based pipeline economics generally produce steadier returns and cash flows than producing or refining oil.

Valero (VLO) — Refining

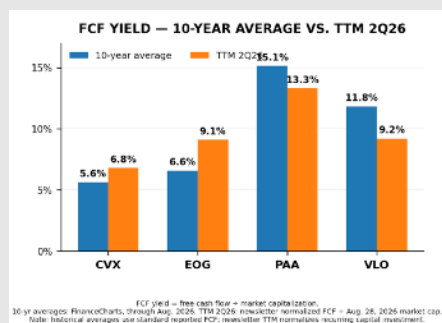
Buys crude and converts it into gasoline, diesel, jet fuel and other products. Returns depend heavily on the spread between crude costs and product prices—refining margins.

RETURNS THROUGH THE CYCLE

The 10-year **ROCE** chart on the right shows how differently these business models respond to the cycle. EOG and VLO are the most cyclical: returns surged during the strong oil and refining environments of 2022 and again in 2026. PAA's midstream returns have been much steadier. Chevron's integration moderates—but does not eliminate—the swings in commodity prices and refining margins.

But operating returns are only part of the investment picture. **ROCE** measures how effectively a company uses its capital; **FCF yield** asks a different question: how much free cash flow are investors getting for the price they pay for the stock?

FCF YIELD — 10 YR AVG vs. TODAY



Today's FCF yields are above their 10-year averages for CVX and EOG, but , below historical averages for PAA and VLO.

Sources: [StockAnalysis](#) & [FinanceCharts](#)

Coming in a future issue will be comparisons of companies in the natural gas value chain.

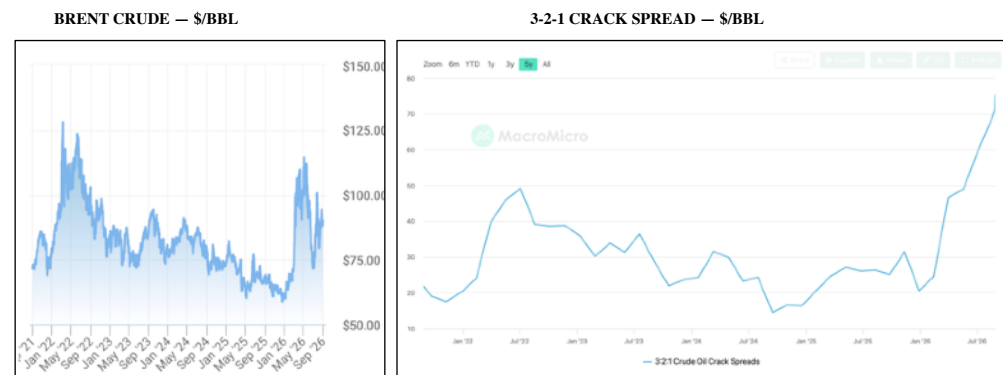
CHEVRON VS. THE SPECIALISTS

How 2026 oil prices and refining margins are affecting returns across the oil value chain.

Chevron spans much of the global hydrocarbon value chain—from oil and natural gas production to LNG, refining and marketing. We compare it with three well-run specialists in the oil value chain: EOG Resources in upstream production, Plains All American in crude-oil midstream, and Valero in refining. The comparison is especially interesting in 2026, when higher crude prices and [exceptional refining margins](#) have affected each business differently.

2026: High Oil Prices, Record Refining Margins

Brent crude is near \$90/bbl—about \$5 above WTI, but still below its 2022 peak. Since 2022, substantial new supply—led by the U.S., Canada, Brazil and Guyana—along with increased inventories and OPEC+ spare capacity has given the crude market a much larger cushion. Refining is a different story: refinery disruptions in Russia and the Middle East have tightened product supplies, driving the 3-2-1 crack spread above \$70/bbl in August.



Five years through Aug 2026

Financial Comparisons: TTM through 2Q26

TTM through 2Q26	CVX	EOG	PAA	VLO
Revenue	\$209.4 B	\$27.0 B	\$52.3 B	\$139.4 B
Free Cash Flow*	\$27.0 B	\$6.85 B	\$2.40 B	\$9.35 B
ROCE	9.4%	18.0%	6.8%	22.8%
Capex / CFFO*	40.4%	48.7%	19.5%	14.3%
Net Debt / EBITDA	0.56x	0.23x	2.95x	0.26x
FCF Yield†	6.8%	9.1%	13.3%	9.2%
Dividend / Distribution Yield†	3.5%	2.8%	6.6%	1.4%

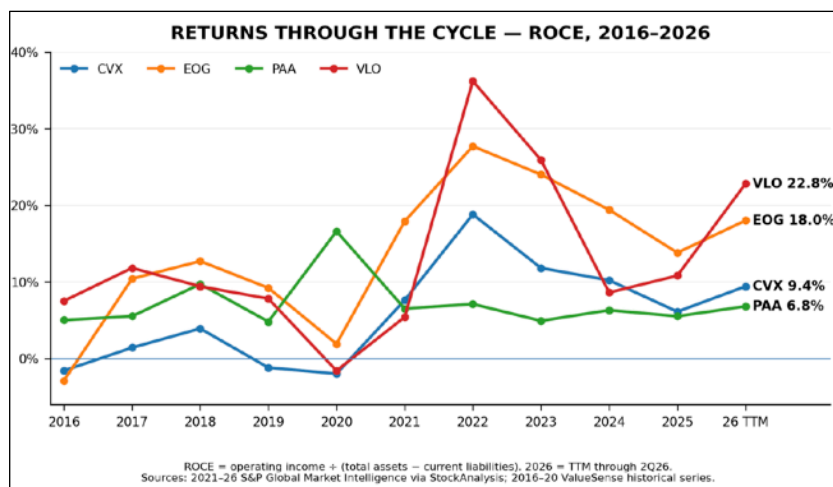
*FCF = operating cash flow less recurring capital investment; excludes major acquisitions/divestitures. VLO capital investment includes refinery turnaround/catalyst spending.

ROCE calculated on a consistent basis across companies

†FCF Yield = FCF / Market Capitalization. Dividend Yield based on Aug. 28, 2026 closing prices.

Net Debt/EBITDA is used as a common leverage measure; Chevron separately reports Net Debt/CFFO.

The companies' different business models produce very different returns through the cycle. **The 10-year ROCE chart** puts today's results in perspective; see [sidebar](#) for discussion.



What will the Pecos Data Center cost?

Microsoft, well known for its Azure cloud data business is a major builder of data centers and will bear most of the cost of this massive one. But the company provides [little detail](#) on the cost or economics of individual data centers. Fortunately, third party research from [Deploy](#) and [Epoch AI](#) provide estimates for Microsoft's recent [Fairwater, Wis](#) AI data center. Epoch estimates the first operational phase (369 MW of IT power) cost about \$14 Bn, with expansion underway toward an estimated **2.26 GW and \$85.7 Bn total cost**. Using Fairwater and a comparable [Amazon AWS](#) project as benchmarks, the following is a reasonable estimate of Microsoft's potential Pecos capital investment.

	Microsoft
Facilities	≈ \$24 \$Bn
IT: servers, GPUs, networks	≈ \$52 Bn
Total	≈ \$76 Bn

Microsoft's estimated **≈\$76 Bn** Pecos investment excludes the separately financed Kilby power plant for which it will pay **\$1.7 to \$2.2 Bn/yr** for electric power under the 20-year PPA as described on the right.

Revenue from Pecos for Microsoft

Estimating Pecos revenue is much more difficult because large-scale AI compute is a new and rapidly evolving business. Using this [source](#) and Epoch AI's analysis of [Coreweave's](#) SEC-reported 2025 revenue, however, two useful ballpark monetization metrics emerge:

- **\$2 to \$3 / GPU-hour**
- **\$ 8-10 Bn revenue / IT GW / year**

Using CoreWeave's actual 2025 revenue and Epoch's estimates of its active IT capacity, we derive a ballpark of **~\$8-10 Bn revenue per IT GW/year**. Assuming Pecos ultimately operates at 2.0 to 2.4 GW of IT power, this suggests potential annual revenue of roughly **\$16-24 Bn**. For scale, Microsoft's entire Cloud business generated \$214 Bn revenue in FY2026. Below is the estimated return for Microsoft.

	\$Bn/yr
Revenue (80% GPU utilisation)	22.0
Cash OPEX ¹	(2.6)
IT Refresh CAPEX ²	(9.5)
Free Cash Flow (FCF)	9.9
FCF / \$76 Bn invested	13.0%

1. Includes ≈ \$2 Bn/yr Kilby power

2. IT Refresh = annualized ≈ \$52 Bn server/GPU/network every 5.5 years

Some Energy, Power & AI terms for Nerds Electricity

- 1 GW = 1,000 MW = 1,000,000 kW = 1x10⁹ watts
- 1 GW for 1 hour = 1 GWh of energy
- 1 GW facility power = 0.83 GW IT power (**1.2 PUE**)

Fuel → Electricity

- 1 MSCF gas ≈ 304 kWh of thermal energy
- [Gas turbines](#) convert only part of that energy into electricity

Electricity → AI Compute

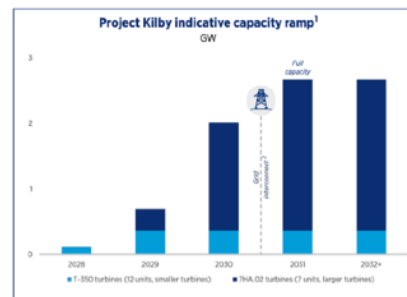
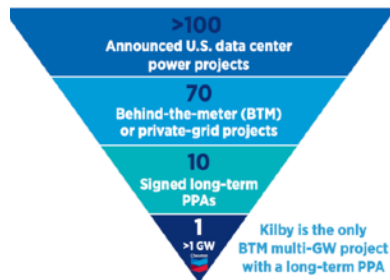
- H100 GPU ≈ 1.47 kW total IT load/GPU
- With PUE 1.2 → ≈ 1.77 kWh/GPU-hour
- At 10¢/kWh → ≈ 18¢ electricity/GPU-hour
- AI compute rents for ≈ **\$2-3/GPU-hour**

• **\$2-3 GPU rental vs. ~\$0.18 electricity per hour**

Chevron Business Focus Area – New Energies

Project Kilby: Power for a Microsoft Data Center near [Pecos](#), Reeves county, Texas.

On Chevron's 2Q 2026 Earnings conference call, Jeff Gustavson, president of New Energies, told investors that Project Kilby is a "20-year take-or-pay power purchase agreement with Microsoft for **2.67 gigawatts** of firm behind-the-meter capacity," expected to deliver "mid-teens returns and long-duration contracted cash flows that are independent of commodity price cycles." Jeff mentioned that a Power Purchase Agreement (PPA) has been signed and project partners are focused on execution and permitting with a goal of Final Investment Decision (FID) by the end of 2026. He shared these slides.



Background

The project name honors [Jack Kilby](#), the Texas Instruments engineer who co-invented the integrated circuit in 1958 and received the 2000 Nobel Prize in Physics. Data Centers are an integral part of the AI boom and consume enormous electricity. Kilby will generate enough power for over 2 million homes. Much discussion has been about where to build them and how to power and cool them. Chevron saw the opportunity to monetize gas ([est. 1.6 BCFPD](#)) from its Permian production and joined with partners to build this **\$7-\$10 Bn "Behind the Meter"** electric generation project.

Partners in the Power Generation project

Kilby is a 50/50 partnership between Chevron and [Joulent LLC](#). [National Grid Ventures](#) recently invested \$1.75B for a 35% interest in Joulent, giving NGV an indirect economic interest equivalent to 17.5% of Kilby, assuming Joulent's 50% project ownership. Joulent was established by [Engine No.1](#). Texas Pacific Land Corporation (TPL), while not an equity partner, is expected to provide land and water resources.

Project timeline and costs

The partners are targeting FID by year-end 2026, first power in 2028 with the smaller Solar T-150 gas turbines and phased expansion through the late 2020s with capacity ramping toward full commercial operations around 2030-31 with the larger [GE Vernova's 7HA.02 turbines](#). The Microsoft PPA runs for 20 years. An earlier Texas JETI filing (for local tax abatement) estimated approximately **\$6.5 Bn** of project investment; here we use \$7 Bn as a minimum working estimate.

Modeled Project Economics for the Kilby partners

Kilby is expected to consume ≈ **400 MMcf/d** natural gas at 90% capacity factor for the **2.67 GW plant**. For Chevron and its partners, this means turning a relatively low-value commodity-natural gas to a higher-value commodity-electricity. Although commercial terms are undisclosed, we model the PPA as recovering project capital plus fuel and operating costs and producing a 15% project IRR based on Chevron's 'mid-teens returns' guidance as our modelling benchmark.

The following assumptions are used: (a) 2.67 GW capacity operating at 90% annual capacity factor; (b) [Fixed \(\\$15/kW-yr\) and Variable \(\\$4/MWh\) O&M costs](#) and (c) natural gas price of **\$3.50 / MMBTU**. Below table lists what Microsoft is expected to pay. But the entire data center will cost substantially more and has very different economics. See sidebar.

100% Kilby partners combined	\$7B plant	\$10B plant
Contracted / modeled capacity	2.67 GW	2.67 GW
Annual generation @ 90%	21.05 TWh	21.05 TWh
Blended heat rate	6.84 MMBtu/MWh	6.84 MMBtu/MWh
Natural gas @ \$3.50/MMBtu	\$504M/yr	\$504M/yr
Variable O&M	\$84M/yr	\$84M/yr
Fixed O&M	\$40M/yr	\$40M/yr
Total operating cost	\$628M/yr	\$628M/yr
Cash flow required to earn 15% over 20 yrs	\$1.118B/yr	\$1.598B/yr
Required annual MSFT revenue	\$1.747B	\$2.226B
Equivalent all-in electricity price	8.30¢/kWh	10.57¢/kWh

USEFUL LINKS

Chevron Corporation: <https://www.chevron.com/>

Blue Ridge Mountains CRA chapter: <https://www.chevronretirees.org/brmhome>

Chevron Retirees Association (National): <https://www.chevronretirees.org>

CRA Membership Info: <https://www.chevronretirees.org/membership>

In Memoriam: <https://www.chevronretirees.org/inmemoriam>

Chevron HR - Retiree Benefits: <https://hr2.chevron.com/formeremployee>

Chevron Retirees Benefit Hub: <https://www.chevronretirees.org/benefits>

Chevron Retirees Chevron Advocacy Network: <https://chevronadvocacynetwork.com/>

Chevron Humankind: <http://www.chevronhumankind.com/>

Chevron Retirees Dental Program: <https://www.cradental.com/>

VIA Benefits: <https://my.viabenefits.com/chevron>

Chevron Store: <https://www.chevronstore.com/products.asp?cat=53>