

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

June 19, 2002

ACTION REQUIRED

AGENDA ITEM NO. IX.C.

- Information Only**
- Motion**
- Resolution**
- Executive Session**
- Other**

TOPIC

2001 Capital Credit Allocation.

DISCUSSION

The attached resolution allocates 2001 margins to Chugach retail and the wholesale customers of Homer Electric Association, Inc. (AEG&T/HEA), Matanuska Electric Association, Inc. (AEG&T/MEA) and Seward Electric System (SES) on an interim basis pending changes which may result from the resolution of issues related to G&T line losses.

The 2001 margin allocation is based on the assignment of 2000 margins, consistent with the interim margin allocations made for 1997 through 2000. The 1997 through 2001 allocations were completed on an interim basis due to the outstanding issues associated with Chugach revenue requirement updates and retroactivity issues associated with the G&T line loss factor. Chugach will calculate final allocations for these years once these outstanding issues have been resolved.

Any required adjustments between interim and final allocations will be applied to the allocation of 2002 margins, or on the first calendar-year once the retroactivity issue surrounding the G&T line loss factor has been resolved. Chugach expects resolution of this outstanding issue by the end of 2002.

The 2001 preliminary margin allocations were provided to AEG&T/HEA, AEG&T/MEA and SES on May 6, 2002 for their review.

DISCUSSION (continued)

OPTIONS

Approve: This will allow the allocation of 2001 margins to all customer classes to proceed.

Disapprove: 2001 margins will not be allocated to customers. This action could jeopardize Chugach's tax status.

Modify: Amounts allocated to various customer classes could be modified but this action would be outside the allocation methodology agreed to with our wholesale customers.

Delay: Delaying approval will delay the timely allocation of 2001 margins to all customer classes.

GENERAL MANAGER'S RECOMMENDATIONS

Motion 1: Move that the Board of Directors adopt the attached resolution.

WHEREAS, the Bylaws of the Chugach Electric Association, Inc., provide that the patronage capital furnished by each patron shall be clearly reflected in an appropriate record to the capital account of each patron; and

WHEREAS, the Bylaws require that the Association notify each patron of the amount of capital so-credited; and

WHEREAS, margins of \$5,539,136 have been achieved in 2001;

NOW THEREFORE BE IT RESOLVED, the allocation of 2001 of capital credits to the retail and wholesale customers of the Association is as follows:

YEAR	RETAIL	AEG&T MEA	AEG&T HEA	SES	TOTAL
2001	\$4,453,804	\$614,507	\$430,638	\$40,187	\$5,539,136