

# Chugach Electric Association, Inc 2<sup>ND</sup> Quarter Financial Results

Board Of Directors Meeting  
July 17, 2002

## June YTD 2002 Comparative Operating Statement

|  | BUDGET            | ACTUAL            | VARIANCE           | %<br>DIFF     |
|--|-------------------|-------------------|--------------------|---------------|
| REVENUES:                                    |                   |                   |                    |               |
| RETAIL                                       | 58,033,315        | 57,406,962        | (626,353)          | (1.1%)        |
| WHOLESALE                                    | 30,916,767        | 31,082,006        | 165,239            | 0.5%          |
| ECONOMY ENERGY                               | 4,088,118         | 1,772,765         | (2,315,353)        | (56.6%)       |
| OTHER  | 1,110,000         | 1,144,536         | 34,536             | 3.1%          |
| <b>1. TOTAL REVENUE</b>                      | <b>94,148,200</b> | <b>91,406,269</b> | <b>(2,741,931)</b> | <b>(2.9%)</b> |
| EXPENSES:                                    |                   |                   |                    |               |
| 2. FUEL EXPENSE                              | 27,831,806        | 24,710,722        | (3,121,084)        | (11.2%)       |
| 3. POWER PRODUCTION EXPENSE                  | 6,325,814         | 6,709,198         | 383,384            | 6.1%          |
| 4. COST OF PURCHASED POWER                   | 9,136,798         | 10,007,084        | 870,286            | 9.5%          |
| 5. TRANSMISSION EXPENSE                      | 2,071,975         | 1,994,449         | (77,526)           | (3.7%)        |
| 6. DISTRIBUTION EXPENSE-OPERATIONS           | 2,182,070         | 1,999,852         | (182,218)          | (8.4%)        |
| 7. DISTRIBUTION EXPENSE-MAINTENANCE          | 3,065,225         | 3,224,326         | 159,101            | 5.2%          |
| 8. CONSUMER ACCOUNTS EXPENSE                 | 2,439,013         | 2,451,481         | 12,468             | 0.5%          |
| 9. CUSTOMER SERVICE/INFO EXPENSE             | 702,342           | 443,538           | (258,804)          | (36.8%)       |
| 10. SALES EXPENSE                            | 0                 | 0                 | 0                  | 0.0%          |
| 11. ADMINISTRATIVE/GENERAL EXPENSE           | 9,786,902         | 9,504,899         | (282,003)          | (2.9%)        |
| <b>12. TOTAL OPERATIONS/MAINTENANCE EXP.</b> | <b>63,541,945</b> | <b>61,045,549</b> | <b>(2,496,396)</b> | <b>(3.9%)</b> |

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| <b>June YTD 2002 Comparative Operating Statement</b><br><b>(Continued)</b> |
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|--|-------------------|-------------------|--------------------|----------------|
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| <b>12. TOTAL OPERATIONS/MAINTENANCE EXP.</b> | <b>63,541,945</b> | <b>61,045,549</b> | <b>(2,496,396)</b> | <b>(3.9%)</b>  |
| 13. DEPRECIATION/AMORTIZATION EXP.           | 12,579,835        | 12,563,706        | (16,129)           | (0.1%)         |
| 14. TAX EXPENSE-OTHER                        | 383,645           | 396,919           | 13,274             | 3.5%           |
| 15. LONG TERM INTEREST EXP.                  | 14,174,136        | 14,132,639        | (41,497)           | (0.3%)         |
| 16. INTEREST DURING CONSTRUCTION (CR)        | (494,802)         | (256,594)         | 238,208            | 48.1%          |
| 17. SHORT TERM INTEREST EXP.                 | 0                 | 158,792           | 158,792            | 100.0%         |
| 18. OTHER DEDUCTIONS                         | 49,998            | 72,821            | 22,823             | 45.6%          |
| <b>19. TOTAL COST OF ELECTRIC SERVICE</b>    | <b>90,234,757</b> | <b>88,113,832</b> | <b>(2,120,925)</b> | <b>(2.4%)</b>  |
| <b>20. PATRON CAPITAL/OPER. MARGINS</b>      | <b>3,913,443</b>  | <b>3,292,437</b>  | <b>(621,006)</b>   | <b>(15.9%)</b> |
| 21. NON-OPER. MARGINS-INTEREST               | 64,143            | 545,201           | 481,058            | 750.0%         |
| 22. ALLOW-FUNDS DURING CONSTRUCTION          | 84,822            | 44,594            | (40,228)           | (47.4%)        |
| 23. NON-OPER. MARGINS-OTHER                  | 0                 | (192,025)         | (192,025)          | 100.0%         |
| 24. G/T CAPITAL CREDITS                      | 0                 | 0                 | 0                  | 0.0%           |
| 25. OTHER CAPITAL CREDITS                    | 0                 | 223,942           | 223,942            | 100.0%         |
| 26. EXTRAORDINARY ITEMS                      | 0                 | 0                 | 0                  | 0.0%           |
| <b>27. PATRON CAPITAL/MARGINS</b>            | <b>4,062,408</b>  | <b>3,914,149</b>  | <b>(148,259)</b>   | <b>(3.6%)</b>  |

## 2002 Comparative Operating Statement

|  | APPROVED<br>BUDGET | REVISED<br>BUDGET  | REVISED<br>FORECAST |
|--|--------------------|--------------------|---------------------|
| <b>1. TOTAL REVENUE</b>                      | <b>180,600,860</b> | <b>179,722,730</b> | <b>176,980,798</b>  |
| EXPENSES:                                    |                    |                    |                     |
| 2. FUEL EXPENSE                              | 48,932,542         | 48,932,542         | 45,824,984          |
| 3. POWER PRODUCTION EXPENSE                  | 12,589,490         | 12,605,698         | 12,976,691          |
| 4. COST OF PURCHASED POWER                   | 18,705,450         | 18,701,536         | 19,572,603          |
| 5. TRANSMISSION EXPENSE                      | 4,062,202          | 4,069,055          | 3,991,693           |
| 6. DISTRIBUTION EXPENSE-OPERATIONS           | 4,325,837          | 4,335,582          | 4,131,442           |
| 7. DISTRIBUTION EXPENSE-MAINTENANCE          | 6,021,284          | 6,030,496          | 6,189,679           |
| 8. CONSUMER ACCOUNTS EXPENSE                 | 5,267,945          | 5,312,509          | 5,140,428           |
| 9. CUSTOMER SERVICE/INFO EXPENSE             | 1,386,358          | 1,392,782          | 1,134,254           |
| 10. SALES EXPENSE                            | 0                  | 0                  | 0                   |
| 11. ADMINISTRATIVE/GENERAL EXPENSE           | 18,546,247         | 18,552,687         | 18,448,375          |
| <b>12. TOTAL OPERATIONS/MAINTENANCE EXP.</b> | <b>119,837,355</b> | <b>119,932,887</b> | <b>117,410,149</b>  |

## 2002 Comparative Operating Statement

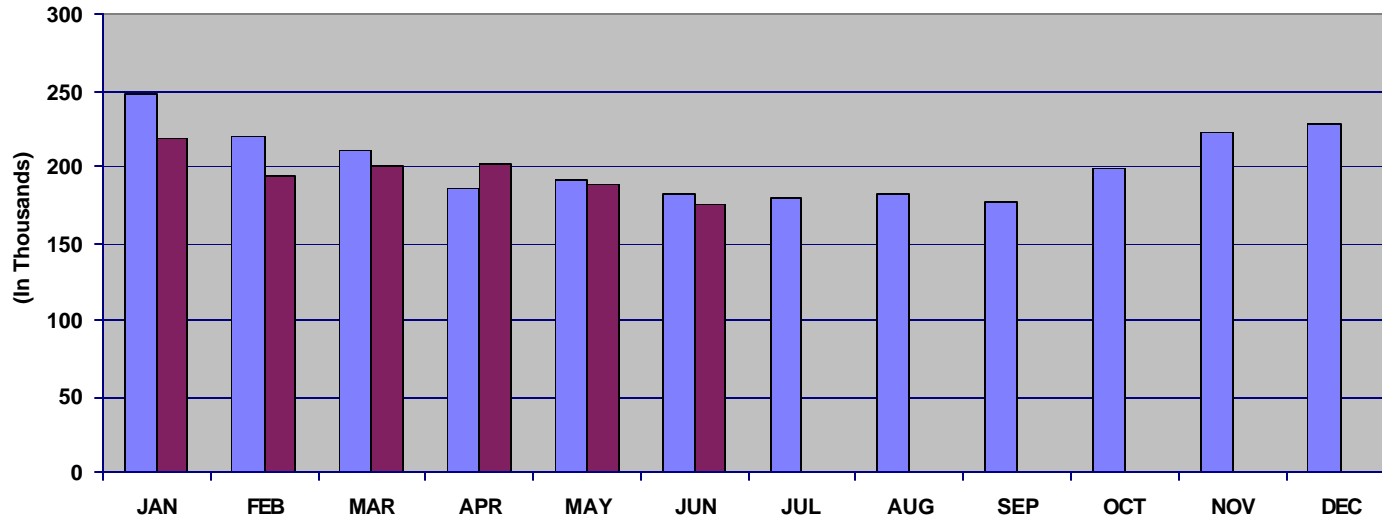
(Continued)

|  | APPROVED<br>BUDGET | REVISED<br>BUDGET  | REVISED<br>FORECAST |
|--|--------------------|--------------------|---------------------|
| <b>1. TOTAL REVENUE</b>                      | <b>180,600,860</b> | <b>179,722,730</b> | <b>176,980,798</b>  |
| <b>12. TOTAL OPERATIONS/MAINTENANCE EXP.</b> | <b>119,837,355</b> | <b>119,932,887</b> | <b>117,410,149</b>  |
| 13. DEPRECIATION/AMORTIZATION EXP.           | 28,595,017         | 25,559,638         | 25,543,501          |
| 14. TAX EXPENSE-OTHER                        | 724,100            | 724,100            | 737,375             |
| 15. LONG TERM INTEREST EXP.                  | 26,433,731         | 26,433,731         | 26,392,235          |
| 16. (INTEREST DURING CONSTRUCTION)           | (1,510,463)        | (1,082,783)        | (836,243)           |
| 17. SHORT TERM INTEREST EXP.                 | 90,000             | 90,000             | 213,271             |
| 18. OTHER DEDUCTIONS                         | 100,000            | 100,000            | 122,823             |
| <b>19. TOTAL COST OF ELECTRIC SERVICE</b>    | <b>174,269,740</b> | <b>171,757,573</b> | <b>169,583,111</b>  |
| <b>20. PATRON CAPITAL/OPER. MARGINS</b>      | <b>6,331,120</b>   | <b>7,965,157</b>   | <b>7,397,687</b>    |
| 21. NON-OPER. MARGINS-INTEREST               | 116,426            | 116,426            | 597,483             |
| 22. ALLOW-FUNDS DURING CONSTRUCTION          | 453,139            | 185,620            | 143,963             |
| 23. NON-OPER. MARGINS-OTHER                  | 0                  | 0                  | (192,025)           |
| 24. G/T CAPITAL CREDITS                      | 0                  | 0                  | 0                   |
| 25. OTHER CAPITAL CREDITS                    | 570,000            | 570,000            | 793,942             |
| 26. EXTRAORDINARY ITEMS                      | 0                  | 0                  | 0                   |
| <b>27. PATRON CAPITAL/MARGINS</b>            | <b>7,470,685</b>   | <b>8,837,203</b>   | <b>8,741,050</b>    |
| <b>MFI/I</b>                                 | <b>1.28</b>        | <b>1.33</b>        | <b>1.33</b>         |

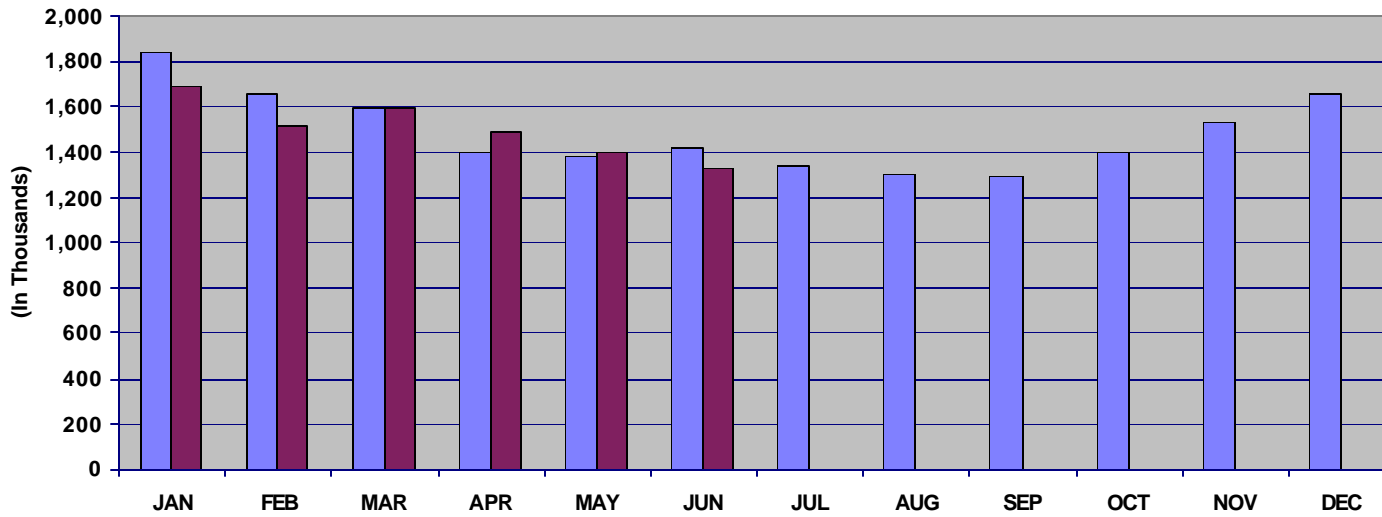
## June 2002 YTD kWh Sales

| DESCRIPTION                           | BUDGET               | ACTUAL               | VARIANCE            | VARIANCE<br>%  | ANNUAL<br>BUDGET     |
|---------------------------------------|----------------------|----------------------|---------------------|----------------|----------------------|
| RESIDENTIAL SALES                     | 279,299,854          | 277,010,122          | (2,289,732)         | -0.82%         | 533,014,988          |
| SMALL GENERAL SERVICE                 | 49,108,472           | 47,277,876           | (1,830,596)         | -3.73%         | 94,804,000           |
| LARGE GENERAL SERVICE                 | 246,413,686          | 243,399,709          | (3,013,977)         | -1.22%         | 493,771,320          |
| USPS                                  | 2,605,933            | 2,607,077            | 1,144               | 0.04%          | 5,266,000            |
| LIGHTING                              | 2,239,596            | 2,211,245            | (28,351)            | -1.27%         | 4,806,000            |
| <b>TOTAL RETAIL KWH SALES</b>         | <b>579,667,541</b>   | <b>572,506,029</b>   | <b>(7,161,512)</b>  | <b>-1.24%</b>  | <b>1,131,662,308</b> |
| HOMER                                 | 240,796,515          | 241,528,136          | 731,621             | 0.30%          | 488,431,065          |
| MATANUSKA                             | 289,111,849          | 290,681,000          | 1,569,151           | 0.54%          | 579,382,463          |
| SEWARD                                | 30,206,108           | 30,125,556           | (80,552)            | -0.27%         | 60,533,283           |
| ML&P                                  | 0                    | 0                    | 0                   | 0.00%          | 0                    |
| <b>TOTAL WHOLESALE KWH SALES</b>      | <b>560,114,472</b>   | <b>562,334,692</b>   | <b>2,220,220</b>    | <b>0.40%</b>   | <b>1,128,346,811</b> |
| GOLDEN VALLEY                         | 97,608,000           | 45,706,900           | (51,901,100)        | -53.17%        | 166,837,000          |
| <b>TOTAL ECONOMY ENERGY KWH SALES</b> | <b>97,608,000</b>    | <b>45,706,900</b>    | <b>(51,901,100)</b> | <b>-53.17%</b> | <b>166,837,000</b>   |
| <b>TOTAL KWH SALES</b>                | <b>1,237,390,013</b> | <b>1,180,547,621</b> | <b>(56,842,392)</b> | <b>-4.59%</b>  | <b>2,426,846,119</b> |

2002 Total kWh Sales

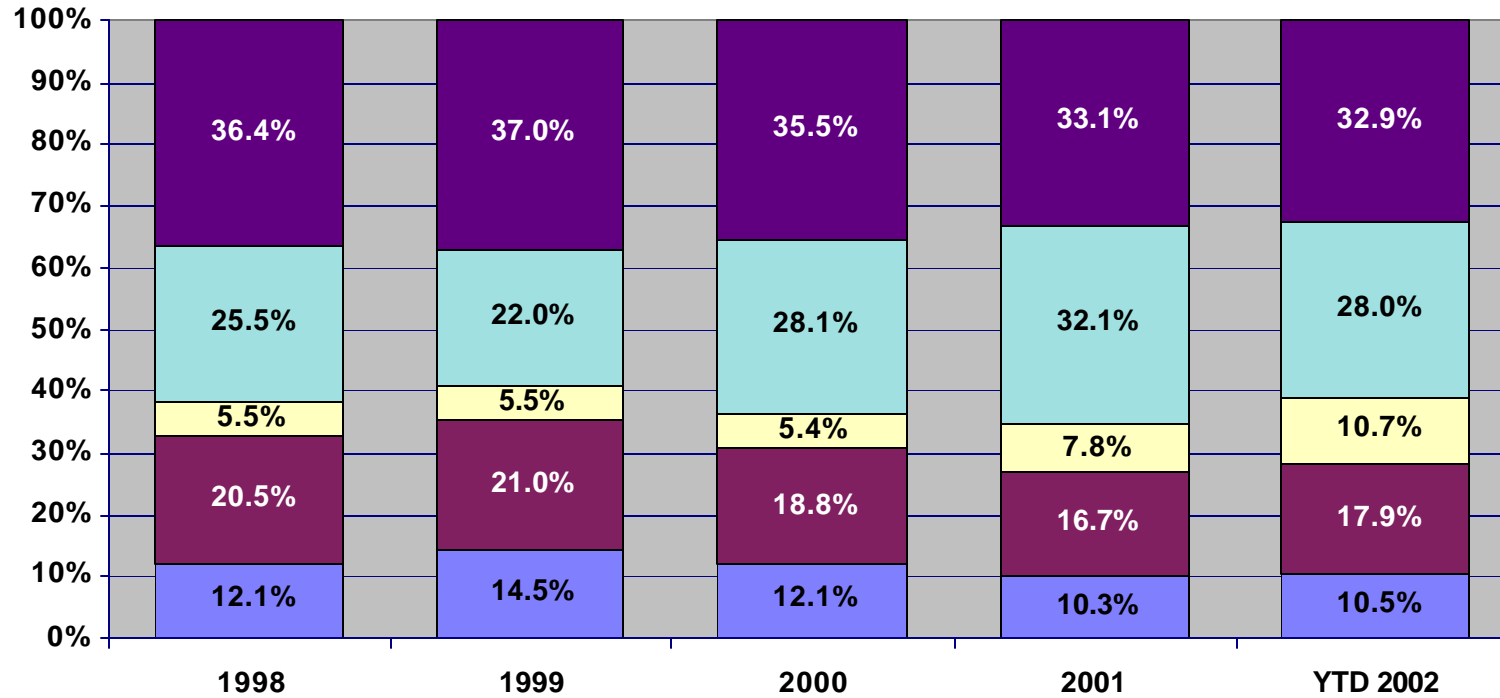


2002 Total Sales Revenue



Legend: Budget (Blue square), Actual (Maroon square)

## Total Cost of Service (% Breakdown)



■ % Variable Costs    
 ■ % Labor Costs    
 ■ % Purch Pwr Costs    
 ■ % Fuel Costs    
 ■ % Fixed Costs

**Fixed Costs:**

- ❖ Payment for Northern Intertie O&M
- ❖ Payment to HEA for Bradley Lake Scheduling Rights
- ❖ Facility and Line Leases
- ❖ Depreciation and Amortization Expense
- ❖ Interest Expense
- ❖ Amortization of Fuel Contract Negotiation Expenses
- ❖ Amortization of Software Installation Costs
- ❖ Amortization of the Beluga Unit #8 and Steam Plant Overhaul
- ❖ Other Deductions

**Purchased Power Costs:**

- ❖ Power from Bradley Lake (contractually fixed price, not based on usage)
- ❖ Power from Nikiski Unit #1
- ❖ Power from ML&P

**Fuel Costs:**

- ❖ Fuel Expense

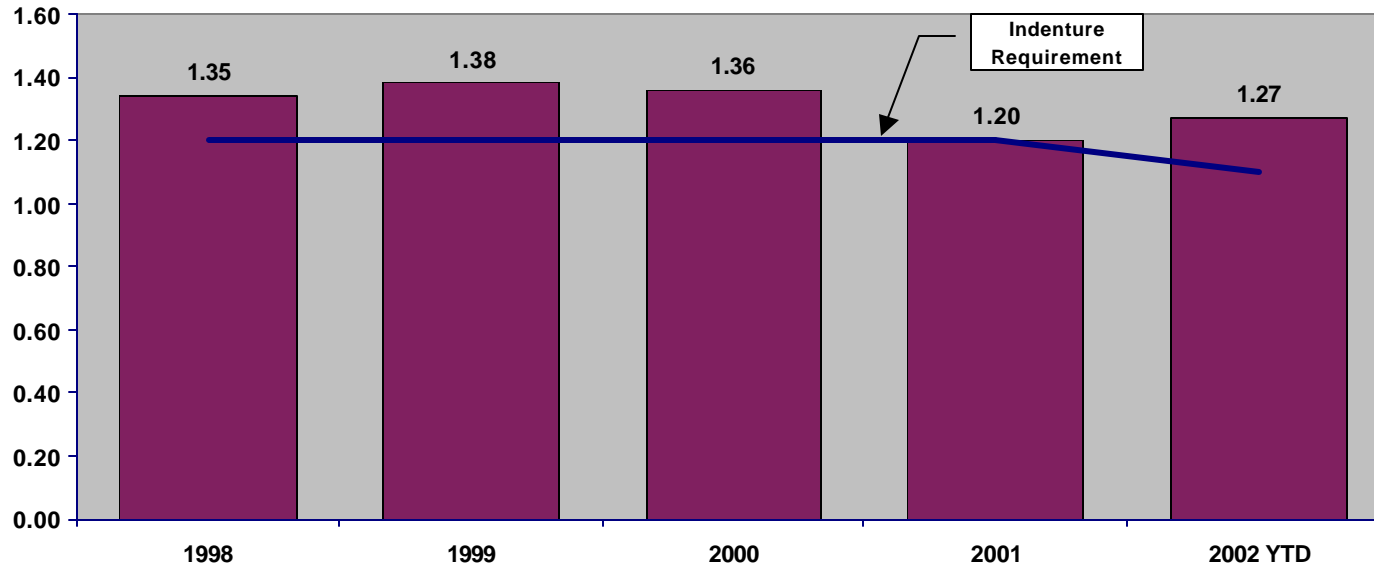
**Labor Costs:**

- ❖ All Expensed Labor and Indirect Labor Costs

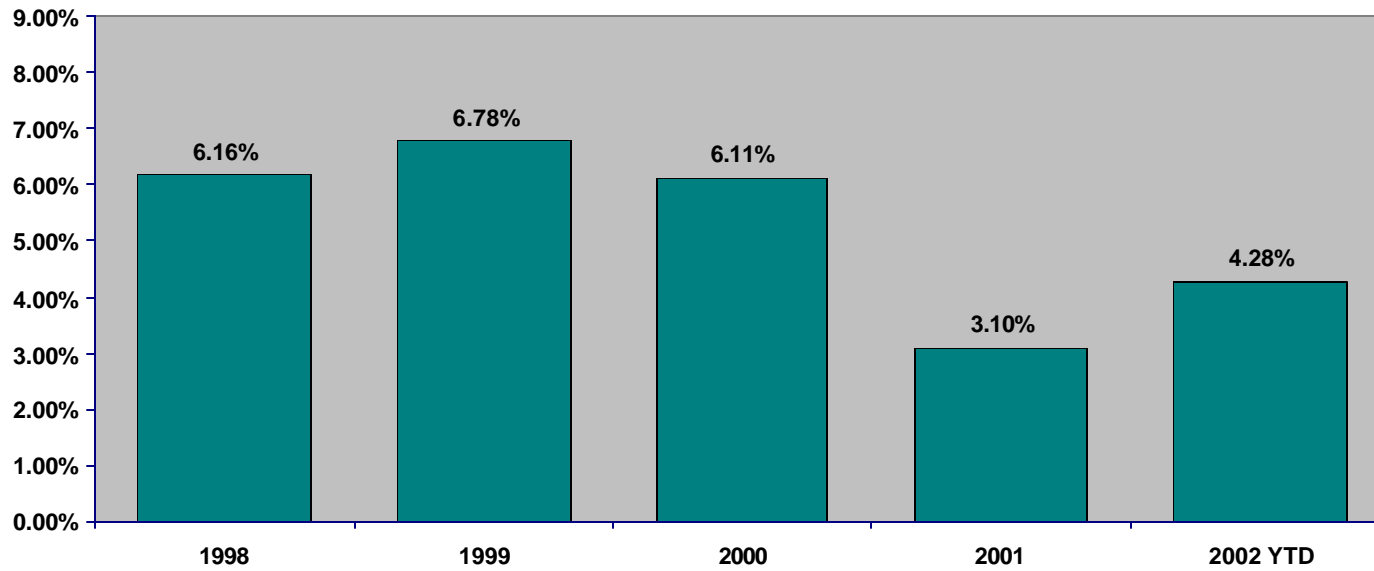
**Variable Costs:**

- ❖ All Expensed Costs not specifically listed else

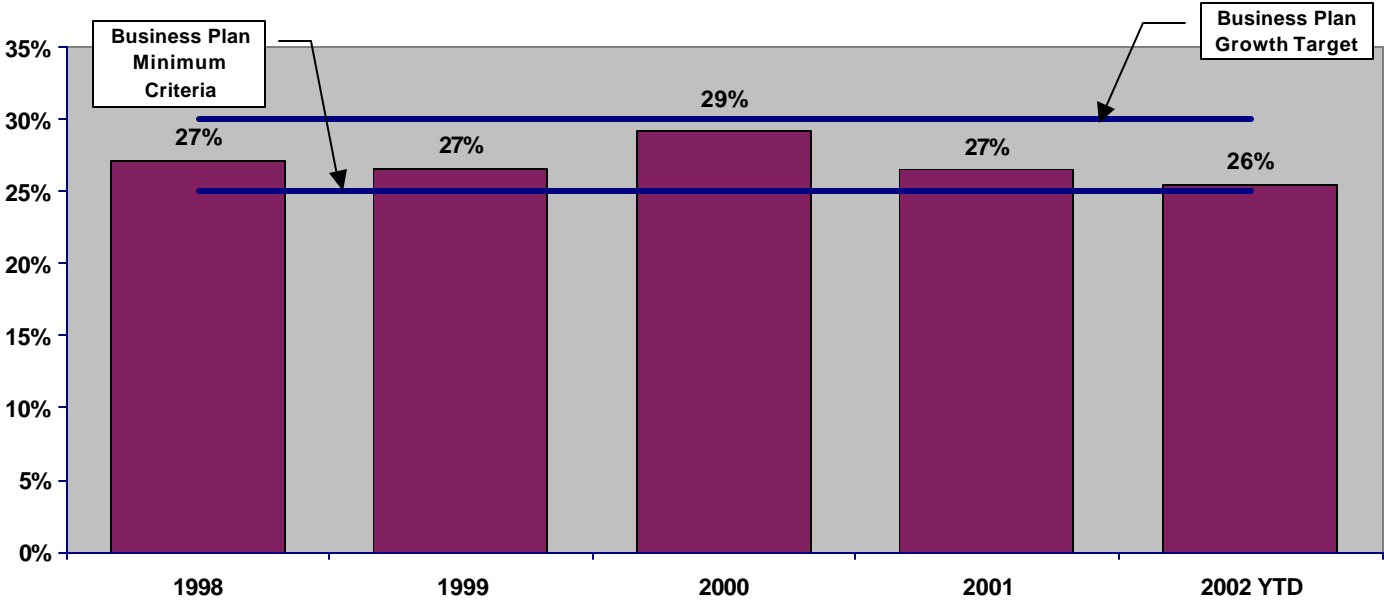
### MFI/I



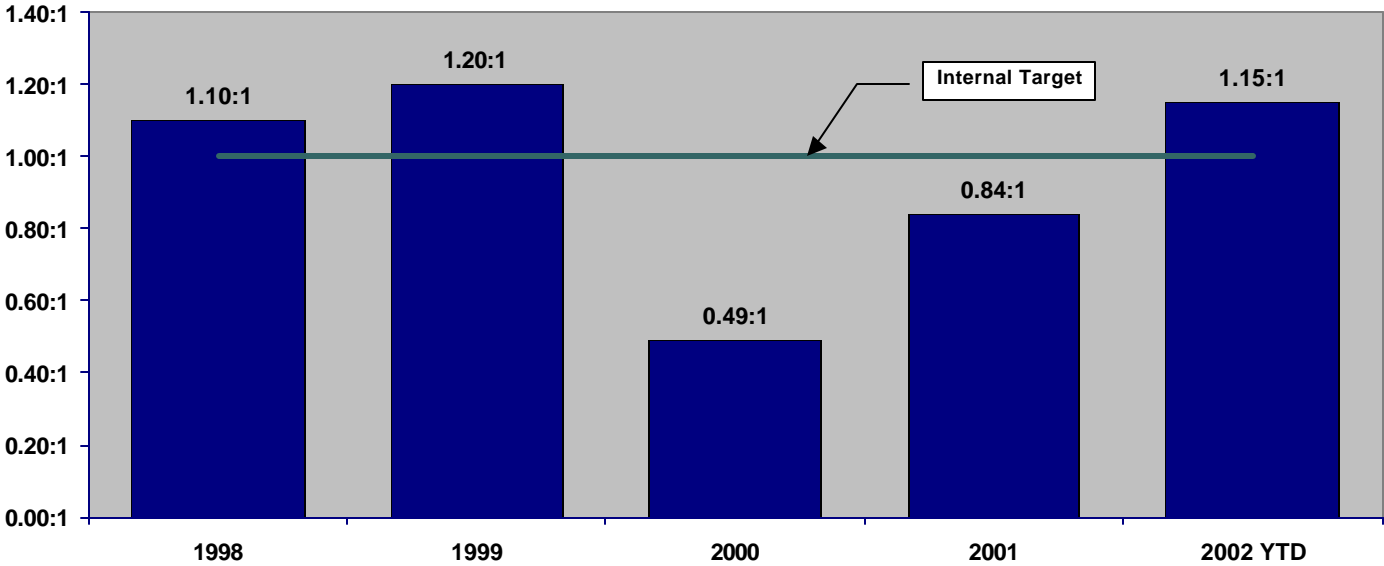
### Net Margins as a Percent of Revenue



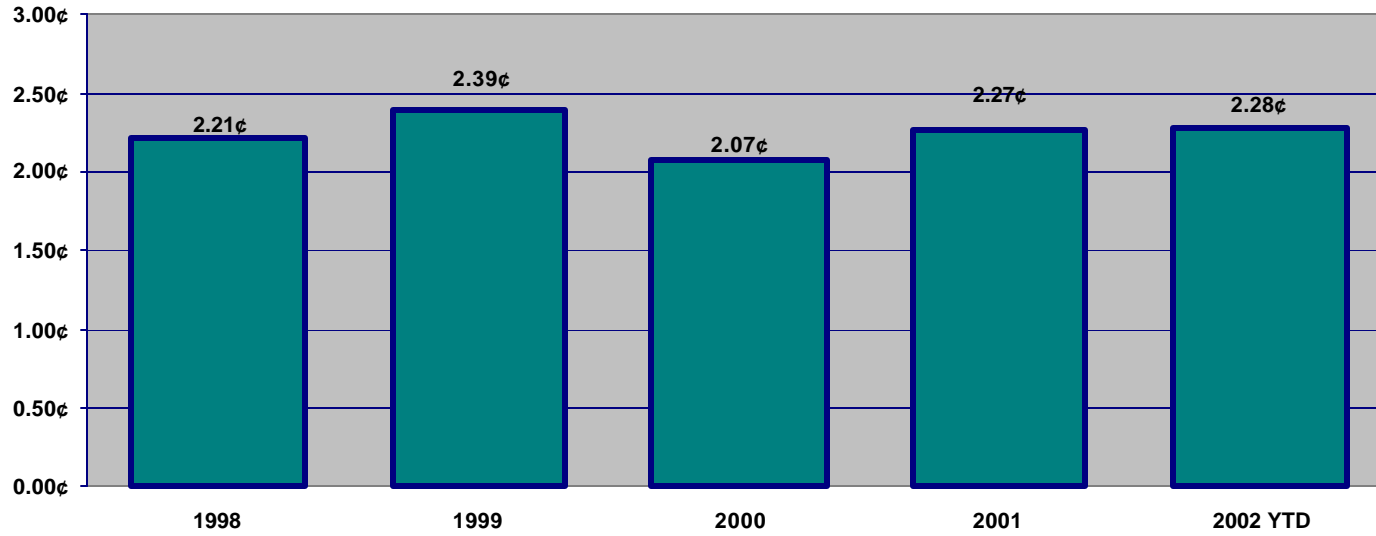
### Equity/Total Capitalization



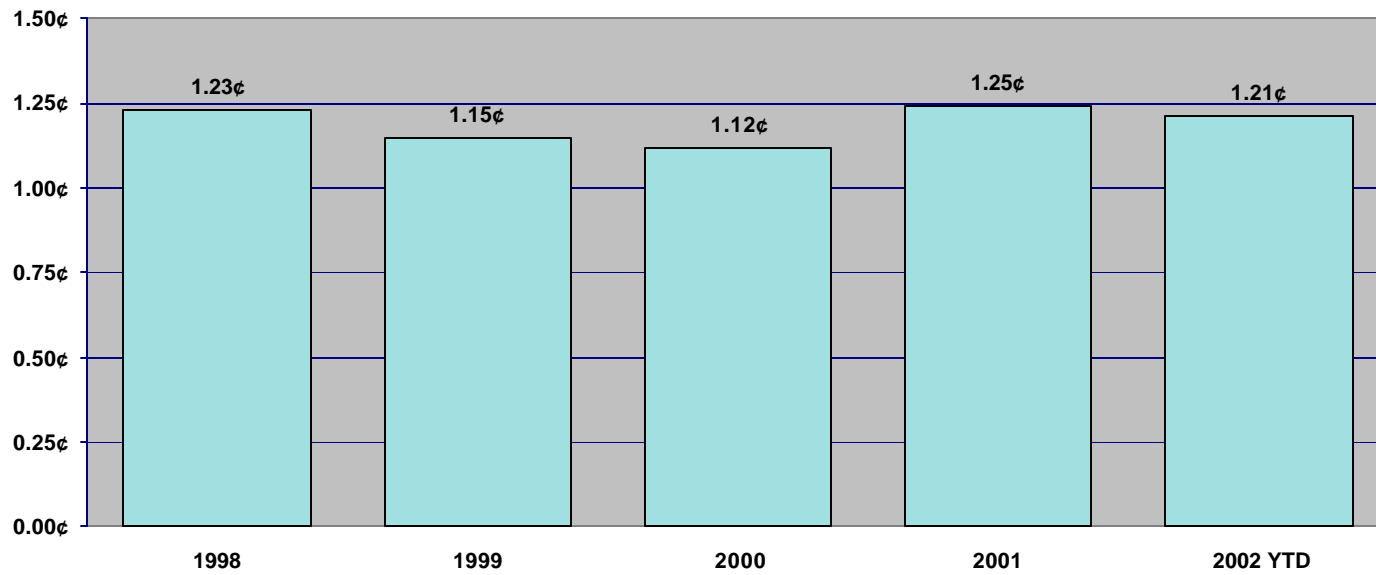
### Current Ratio



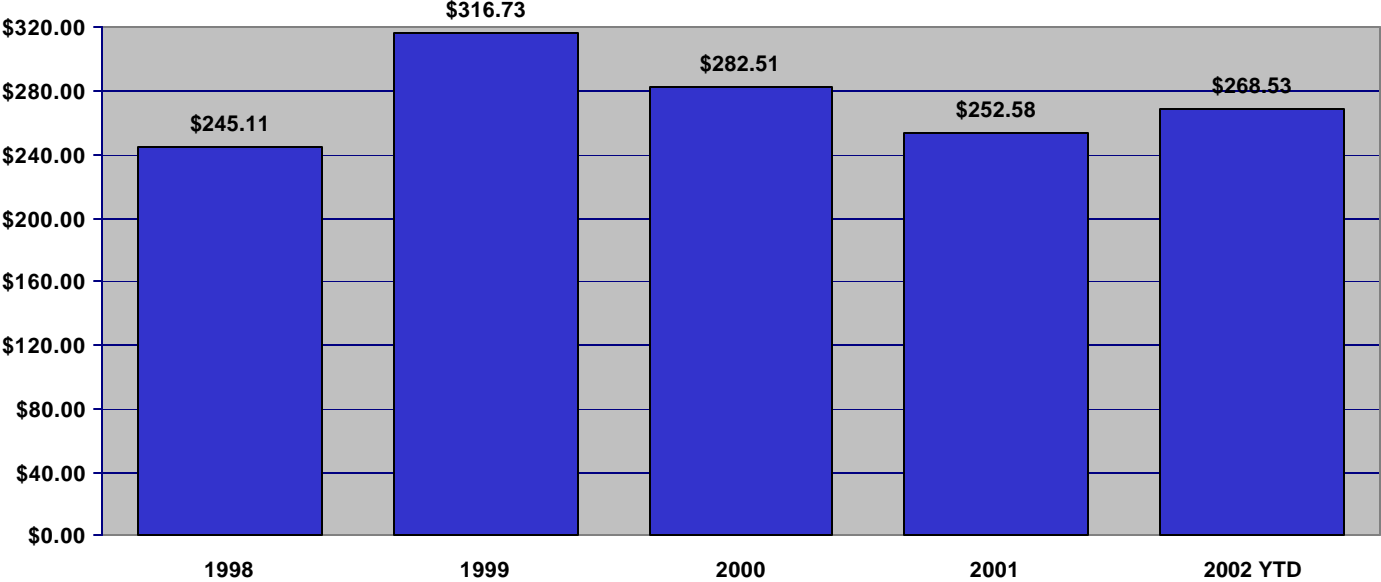
**Total Operations & Maintenance Expense  
Excluding Fuel & Purchased Power (\$/kWh)**



**Total Interest Expense (\$/kWh)**



**Administrative & General Expenses/Consumer**



**Customer Service Expense/Consumer**

