

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**BOARD MEETING**  
**AGENDA ITEM SUMMARY**

**August 16, 2006**

**ACTION REQUIRED**

**AGENDA ITEM NO. IX.A.**

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

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**TOPIC**

**2007 Budget Guidance**

Approval of the financial targets to be used as guidance in preparation of the 2007 Operating Budget and the 2007-2011 Capital Improvement Program (CIP)

**DISCUSSION**

The Finance Committee met July 26, 2006, and reviewed the proposed 2007 Budget Guidance financial targets for preparation of the 2007 Operating Budget and the 2007-2011 CIP.

The 2007 budgeting process will consider the following financial targets: Margins For Interest/Interest (MFI/I) – Minimum 1.25; Equity Ratio – Minimum 25%; Capital Credit Rotation – Maximum 50% of prior year's margins; and 2007-2011 CIP – Capital program expenditures not to exceed depreciation and amortization expense over the 5-year period.

**CEO's RECOMMENDATION**

Motion: Move that the Board of Directors adopt the 2007 Budget Guidance as presented.