

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

August 24, 2005

ACTION REQUIRED

AGENDA ITEM NO. IX.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Approval of the financial targets to be used as guidance in preparation of the 2006 Operating Budget and the 2006-2010 Capital Improvement Program (CIP)

DISCUSSION

The Finance Committee met August 10, 2005 and reviewed the proposed 2006 Budget Guidance financial targets for preparation of the 2006 Operating Budget and the 2006-2010 CIP.

The 2006 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 2006-2010 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 2006 Budget Guidance as presented.