

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

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**August 27, 2008**

**ACTION REQUIRED**

**AGENDA ITEM NO. V.E.**

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

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**TOPIC**

Approval of the targets to be used as guidance in preparation of the 2009 Operating Budget and the 2009-2013 Capital Improvement Program (CIP)

**DISCUSSION**

The 2009 budgeting process will consider the following financial targets: Margins For Interest/Interest (MFI/I) – Minimum 1.25; Equity Ratio – Minimum 25%; Capital Credit Rotation – Equal distributions to retail and wholesale customers; and 2009-2013 CIP – Capital program expenditures over the 5-year period approximately \$369 million, which includes new generation expenditures.

**MOTION**

Move that the Board of Directors approve the 2009 Operating Budget and 2009-2013 CIP targets as recommended by the Finance Committee on August 8, 2008.



**CHUGACH ELECTRIC ASSOCIATION, INC.**  
2009 Operating Budget & 2009-2013 CIP Target  
Recommendation

**Finance Committee**

**August 8, 2008**

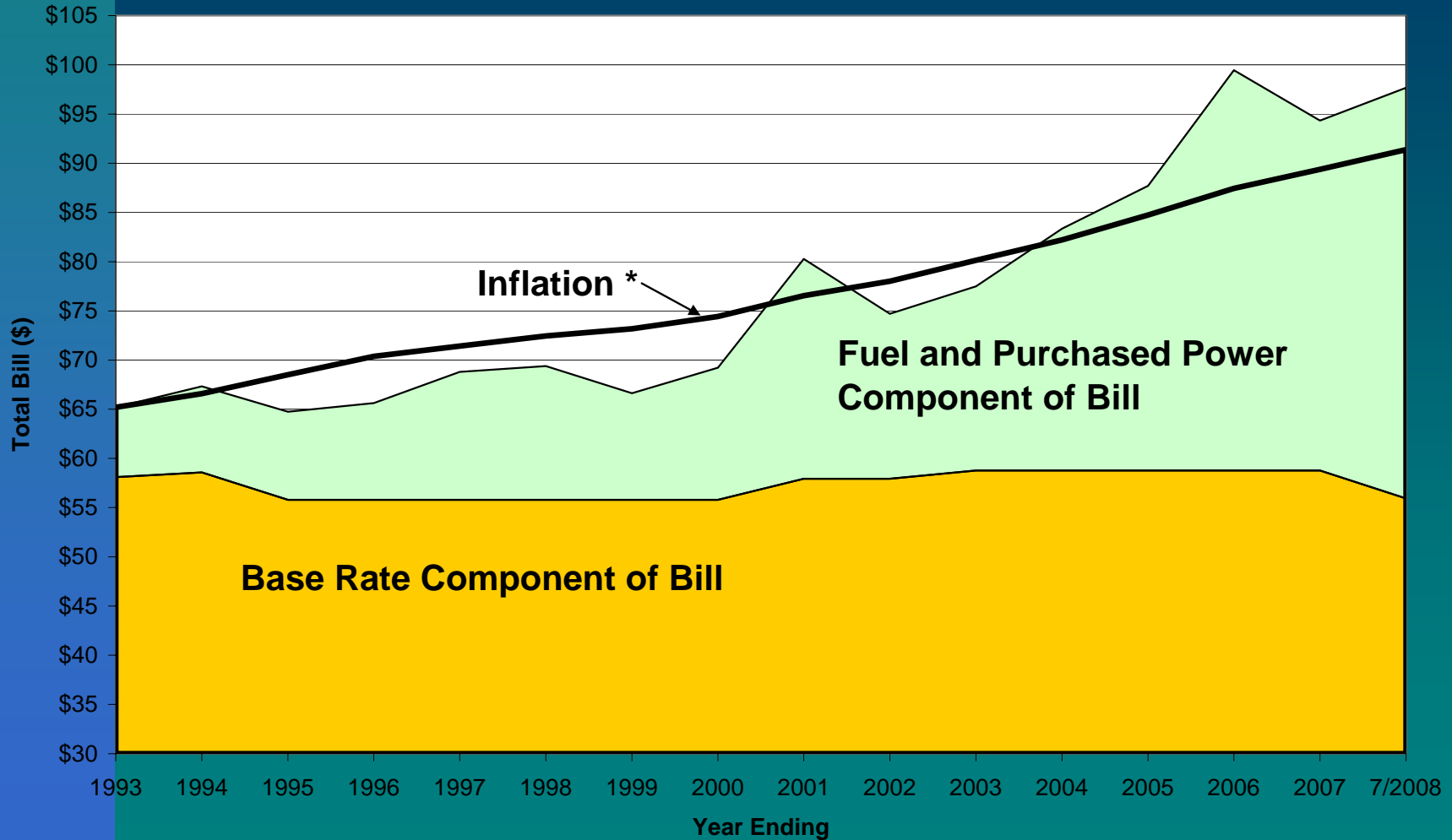
# 2009 Operating Budget Targets

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- ❖ 2009 Projected margins in 2008-2017 FMP
  - \$5.7 Million
- ❖ Margins for Interest/Interest
  - Minimum 1.25
- ❖ Equity Ratio
  - Minimum 25%
- ❖ Capital Credit Rotation
  - Equal distributions to retail & wholesale customers based on prior wholesale settlement agreement

# Chugach Electric Association, Inc

## Monthly Residential Bill Total, by Component Based on 700 kWh Consumption: 1993 - 2008 (July)



\* 1993 Residential Bill, adjusted for inflation.

# 2009 Operating Budget Proposed Sensitivities

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## ❖ Revenue

- Change in firm<sup>(1)</sup> kWh sales of -10% and 10%
- Impact to margins, MFI/I and Equity Ratio

## ❖ Controllable Expenses

- Change between -10% and 10%
- Impact to margins, MFI/I and Equity Ratio

## ❖ Capital Credit Rotation

- Additional capital credit retirements available to maintain 30% equity ratio

(1) Excludes economy energy sales

# 2009-2013 Capital Improvement Program (CIP) Financial Targets

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- ❖ 2009-2013 capital program expenditures included in the 2008-2017 FMP
  - Distribution
    - \$58 million over 5 years
  - Generation & Transmission
    - \$302 million over 5 years\*
  - General Plant/Communications/SCADA
    - \$9 million over 5 years

\*Includes new generation

# 2009 Operating Budget and 2009-2013 CIP Review Schedule

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## ❖ October 14, 2008

- Budget presentation materials provided to the Board of Directors

## ❖ October 21 and 23, 2008

- Formal review of 2009 Operating Budget

## ❖ October 23, 2008

- Formal review of 2009-2013 CIP
- Recommendation for approval of 2009 Operating Budget and 2009-2013 CIP from Finance Committee to Board of Directors



# DISCUSSION