

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

November 16, 2006

ACTION REQUIRED

AGENDA ITEM NO. IX.A.

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

TOPIC

Approval of a revision to the 2005 operating budget with a net impact of a reduction of \$1,510,000.

DISCUSSION

In July 2005, a review of anticipated expenses for the remainder of the year was performed. Consequently, various items were identified for reduction in the 2005 operating budget resulting in a budget revision of (\$1,510,000).

CEO's RECOMMENDATION

Motion: Move that the Board of Directors approve this budget revision as presented.

BUDGET REVISION REQUEST

1. Division: Finance Department: Corporate Budgeting
2. Add: Delete: Transfer:
3. Full year amount (rounded to dollars): (\$1,510,000)
4. If transfer or delete, **FROM** general ledger account (project): Various – see attached

FROM Monthly amounts (rounded to dollars – should total to line 3 above):

January	(\$25,416)	May	(\$325,416)	September	(\$74,084)
February	(\$25,416)	June	(\$325,416)	October	(\$74,084)
March	(\$25,416)	July	(\$197,084)	November	(\$74,084)
April	(\$25,416)	August	(\$109,084)	December	(\$229,084)
				TOTAL	(\$1,510,000)

Explanation: In July 2005, a review of anticipated expenses for the remainder of the year was performed. Consequently, various items were identified for reduction in the 2005 operating budget resulting in a budget revision of (\$1,510,000). Detailed reduction explanations are attached.

Requested by: Katrina Storjohann Date: October 24, 2005

5. < \$150,000
Approved by: _____ Date: _____
Division Director/Department Manager
6. \$150,000 - \$250,000
Approved by: _____ Date: _____
General Manager/Vice President
7. \$250,000 - \$1,000,000
Approved by: _____ Date: _____
Chief Executive Officer
8. > \$1,000,000
Approved by: _____ Date: _____
Board of Directors

Obtain necessary approval signatures, forward to the Manager, Corporate Budgeting

October 2005 Budget Revision

Financial Category	Amount	Division/ Department	Item
Power Production Expense	(\$700,000)	G&T	Did not replace DA tank on Unit 8, scope changes to Unit 6 project, Boilers 1&2 projects scope change due to uncertainty of Unit 8's future. Accounting adjustment to Units 3&5
General & Administrative Expense	(\$80,000)	IS	\$40k in labor and \$40k in professional services
General & Administrative Expense	(\$205,000)	Corp Svcs	Corporate Svcs had 2 unbudgeted capital projects this year that shifted labor from expense repairs and maintenance
General & Administrative Expense	(\$50,000)	Human Resources	Reduction due to vacant Recruitment Specialist for half the year
Customer Information	(\$285,000)	Comm Rel	Reduction in advertising
Consumer Accounts	(\$155,000)	Member Services	\$125k reduction in uncollectible accounts and \$30k reduction in capital credit mailing expense
General & Administrative Expense	(\$35,000)	Finance & Planning	\$10k reduction in CP&A professional svcs and \$25k reduction in Risk Mgmt professional svcs
TOTAL	(\$1,510,000)		

CHUGACH ELECTRIC ASSOCIATION, INC.
COMPARATIVE FINANCIAL REPORT
STATEMENT OF OPERATIONS
AS OF SEPTEMBER 30, 2005

CATEGORY	2005 APPROVED BUDGET	2005 REVISED BUDGET	2005 REVISED FORECAST
REVENUES:			
1. TOTAL REVENUE	217,538,640	217,538,640	222,404,428
EXPENSES:			
2. FUEL EXPENSE	76,282,516	76,282,516	81,634,645
3. POWER PRODUCTION EXPENSE	15,761,827	15,061,827	15,448,826
4. COST OF PURCHASED POWER	23,602,428	23,602,428	23,981,284
5. TRANSMISSION EXPENSE	6,221,818	6,221,818	6,187,401
6. DISTRIBUTION EXPENSE-OPERATIONS	5,241,325	5,241,325	5,261,593
7. DISTRIBUTION EXPENSE-MAINTENANCE	6,611,303	6,611,303	6,599,827
8. CONSUMER ACCOUNTS EXPENSE	4,819,618	4,664,618	4,729,668
9. CUSTOMER SERVICE/INFO EXPENSE	1,153,955	868,955	1,058,835
10. SALES EXPENSE	0	0	0
11. ADMINISTRATIVE/GENERAL EXPENSE	18,604,549	18,234,549	18,074,899
12. TOTAL OPERATIONS/MAINTENANCE EXP.	158,299,339	156,789,339	162,976,978
13. DEPRECIATION/AMORTIZATION EXPENSE	28,741,803	28,741,803	29,274,187
14. TAX EXPENSE-OTHER	833,700	833,700	799,346
15. INTEREST-LONG TERM DEBT	22,768,233	22,768,233	23,010,777
16. INTEREST ON CONSTRUCTION-CREDIT	(454,340)	(454,340)	(838,186)
17. INTEREST EXPENSE-OTHER	96,875	96,875	102,899
18. OTHER DEDUCTIONS	575,000	575,000	431,154
19. TOTAL COST OF ELECTRIC SERVICE	210,860,610	209,350,610	215,757,155
20. PATRONAGE CAPITAL/OPERATING MARGINS	6,678,030	8,188,030	6,647,273
21. NON-OPERATING MARGINS-INTEREST	360,170	360,170	503,417
22. ALLOWANCE FUNDS USED DURING CONST.	80,178	80,178	151,342
23. NON-OPERATING MARGINS-OTHER	0	0	404
24. GENER./TRANS. CAPITAL CREDITS	0	0	0
25. OTHER CAPITAL CREDITS/DIVIDENDS	650,000	650,000	650,597
26. EXTRAORDINARY ITEMS	0	0	0
27. PATRONAGE CAPITAL OR MARGINS	7,768,378	9,278,378	7,953,033
MFI/I	1.34	1.41	1.34