

**CHUGACH ELECTRIC ASSOCIATION, INC.
COMPARATIVE FINANCIAL REPORT
OPERATING STATEMENT**

SEPTEMBER, 2004

ITEM	<-----THIS MONTH'S PERFORMANCE ----->			<----- YEAR TO DATE ----->						
	SEPTEMBER BUDGET	SEPTEMBER ACTUAL	VARIANCE	CURRENT YTD BUDGET	CURRENT YTD ACTUAL	VARIANCE	% DIFF	LAST YEAR YTD ACTUAL	VARIANCE	
REVENUES:										
RETAIL	9,532,300	9,836,518	304,218 F	90,159,059	90,504,690	345,631 F	0.38%	83,109,291	7,395,399 F	
WHOLESALE	5,016,434	5,383,830	367,396 F	46,217,366	47,106,237	888,871 F	1.92%	41,798,154	5,308,083 F	
ECONOMY ENERGY	638,637	1,059,490	420,853 F	5,903,655	6,416,555	512,900 F	8.69%	6,089,443	327,112 F	
OTHER	215,942	204,349	(11,593) U	1,911,012	1,997,570	86,558 F	4.53%	2,094,950	(97,380) U	
1. TOTAL REVENUE	15,403,313	16,484,187	1,080,874 F	144,191,092	146,025,052	1,833,960 F	1.27%	133,091,838	12,933,214 F	
EXPENSES:										
2. FUEL	4,711,346	5,540,852	829,506 U	45,917,795	46,351,134	433,339 U	0.94%	34,120,453	12,230,681 U	
3. POWER PRODUCTION EXPENSE	1,558,967	1,353,641	(205,326) F	11,345,913	11,365,200	19,287 U	0.17%	9,486,981	1,878,219 U	
4. COST OF PURCHASED POWER	1,927,889	1,865,377	(62,512) F	14,877,125	14,892,444	15,319 U	0.10%	12,714,043	2,178,401 U	
5. TRANSMISSION EXPENSE	543,599	520,798	(22,801) F	4,685,836	4,784,335	98,499 U	2.10%	3,159,875	1,624,460 U	
6. DISTRIBUTION EXPENSE-OPERATIONS	490,377	467,068	(23,309) F	3,846,052	4,057,920	211,868 U	5.51%	3,569,949	487,971 U	
7. DISTRIBUTION EXPENSE-MAINTENANCE	571,694	597,651	25,957 U	5,048,975	4,513,746	(535,229) F	(10.60%)	4,577,538	(63,792) F	
8. CONSUMER ACCOUNTS EXPENSE	464,664	489,886	25,222 U	3,680,877	3,651,892	(28,985) F	(0.79%)	3,632,073	19,819 U	
9. CUSTOMER SERVICE/INFO EXPENSE	56,352	52,605	(3,747) F	523,041	486,316	(36,725) F	(7.02%)	491,161	(4,845) F	
10. SALES EXPENSE	0	0	0 U	0	0	0 U	0.00%	0	0 U	
11. ADMINISTRATIVE/GENERAL EXPENSE	1,603,323	1,729,797	126,474 U	15,058,044	15,371,185	313,141 U	2.08%	15,648,751	(277,566) F	
12. TOTAL OPERATIONS/MAINTENANCE EXP.	11,928,211	12,617,675	689,464 U	104,983,658	105,474,172	490,514 U	0.47%	87,400,824	18,073,348 U	
13. DEPRECIATION/AMORTIZATION EXP.	2,300,118	2,120,917	(179,201) F	21,159,617	20,889,807	(269,810) F	(1.28%)	20,812,332	77,475 U	
14. TAX EXPENSE-OTHER	57,500	22,527	(34,973) F	621,500	576,556	(44,944) F	(7.23%)	632,997	(56,441) F	
15. LONG TERM INTEREST EXP.	1,853,928	1,840,131	(13,797) F	16,701,435	16,357,359	(344,076) F	(2.06%)	17,590,018	(1,232,659) F	
16. (INTEREST DURING CONSTRUCTION)	(47,973)	(10,951)	37,022 U	(309,990)	(329,463)	(19,473) F	(6.28%)	(212,510)	(116,953) F	
17. SHORT TERM INTEREST EXP.	37,735	0	(37,735) F	106,328	(48,180)	(154,508) F	145.31%	11,900	(60,080) F	
18. OTHER DEDUCTIONS	14,583	26,884	12,301 U	131,250	389,441	258,191 U	196.72%	2,980,124	(2,590,683) F	
19. TOTAL COST OF ELECTRIC SERVICE	16,144,102	16,617,183	473,081 U	143,393,798	143,309,692	(84,106) F	(0.06%)	129,215,685	14,094,007 U	
20. PATRON CAPITAL/OPER. MARGINS	(740,789)	(132,996)	607,793 F	797,294	2,715,360	1,918,066 F	240.57%	3,876,153	(1,160,793) U	
21. NON-OPER. MARGINS-INTEREST	25,722	39,730	14,008 F	238,825	320,482	81,657 F	34.19%	282,033	38,449 F	
22. ALLOW-FUNDS DURING CONSTRUCTION	8,466	1,622	(6,844) U	54,703	53,033	(1,670) U	(3.05%)	33,473	19,560 F	
23. NON-OPER. MARGINS-OTHER	0	2,871	2,871 F	0	(1,584)	(1,584) U	0.00%	101,615	(103,199) U	
24. G/T CAPITAL CREDITS	0	0	0	0	0	0	0.00%	0	0	
25. OTHER CAPITAL CREDITS	0	0	0	0	10,489	10,489 F	100.00%	53,132	(42,643) U	
26. EXTRAORDINARY ITEMS	0	0	0	0	0	0	0.00%	0	0	
27. PATRON CAPITAL/MARGINS	(706,601)	(88,773)	617,828 F	1,090,822	3,097,780	2,006,958 F	183.99%	4,346,406	(1,248,626) U	

F = FAVORABLE U = UNFAVORABLE

**CHUGACH ELECTRIC ASSOCIATION, INC.
COMPARATIVE FINANCIAL REPORT
BALANCE SHEET**

SEPTEMBER, 2004

ASSETS	CURRENT YEAR 2004	LAST YEAR 2003	CHANGE	% DIFF.	LIABILITIES AND PATRONAGE CAPITAL	CURRENT YEAR 2004	LAST YEAR 2003	CHANGE	% DIFF.
TOTAL UTILITY PLANT IN SERVICE	746,890,350	732,735,303	14,155,047	1.93%	MEMBERSHIPS	1,190,948	1,143,643	47,305	4.14%
CONST WORK IN PROGRESS	18,793,652	24,377,886	(5,584,234)	(22.91%)	PATRONAGE CAPITAL AND MARGINS	121,172,857	124,458,325	(3,285,468)	(2.64%)
TOTAL UTILITY PLANT	765,684,002	757,113,189	8,570,813	1.13%	OTHER MARGINS & EQUITIES	14,965,439	6,138,107	8,827,332	143.81%
ACCUMULATED DEPR/AMORT	(301,048,910)	(290,300,411)	(10,748,499)	3.70%	TOTAL MARGINS & EQUITIES	137,329,244	131,740,075	5,589,169	4.24%
NET UTILITY PLANT	464,635,092	466,812,778	(2,177,686)	(0.47%)	LONG TERM DEBT BONDS (NET)	316,200,000	384,289,179	(68,089,179)	(17.72%)
NON-UTILITY PROPERTY (NET)	3,550	3,550	0	0.00%	LONG TERM DEBT OTHER	52,157,786	0	52,157,786	100.00%
INVEST IN ASSOC ORGANIZATIONS	11,388,139	10,996,796	391,343	3.56%	TOTAL LONG TERM DEBT	368,357,786	384,289,179	(15,931,393)	(4.15%)
OTHER INVESTMENTS	0	0	0	0.00%	NOTES PAYABLE	15,931,393	5,545,000	10,386,393	187.31%
SPECIAL FUNDS	0	0	0	0.00%	ACCOUNTS PAYABLE	4,655,794	8,829,752	(4,173,958)	(47.27%)
TOTAL OTHER PROPERTY & INVEST	11,391,689	11,000,346	391,343	3.56%	CONSUMERS DEPOSITS	1,911,993	1,810,156	101,837	5.63%
CASH & TEMP INVESTMENTS	10,852,270	10,581,957	270,313	2.55%	OTHER CURRENT & ACCRUED LIABILITIES	20,584,679	17,537,554	3,047,125	17.37%
RESTRICTED CASH	222,164	730,087	(507,923)	(69.57%)	TOTAL CURRENT & ACCRUED LIABILITIES	43,083,859	33,722,462	9,361,397	27.76%
NOTES RECEIVABLE	0	0	0	0.00%	DEFERRED CREDITS	2,749,377	3,697,710	(948,333)	(25.65%)
ACCOUNTS RECEIVABLE (NET)	18,415,138	13,524,286	4,890,852	36.16%	MISCELLANEOUS OPERATING RESERVES	0	0	0	0.00%
MATERIALS AND SUPPLIES	23,442,617	22,190,977	1,251,640	5.64%	TOTAL LIABILITIES & PATR CAPITAL	551,520,266	553,449,426	(1,929,160)	(0.35%)
PREPAYMENTS	1,631,314	3,375,804	(1,744,490)	(51.68%)					
OTHER CURRENT & ACCRUED ASSETS	286,771	451,901	(165,130)	(36.54%)					
TOTAL CURRENT & ACCRUED ASSETS	54,850,274	50,855,012	3,995,262	7.86%					
DEFERRED DEBITS	20,643,211	24,781,290	(4,138,079)	(16.70%)					
TOTAL ASSETS	551,520,266	553,449,426	(1,929,160)	(0.35%)					

CHUGACH ELECTRIC ASSOCIATION, INC.
COMPARATIVE FINANCIAL REPORT
STATEMENT OF OPERATIONS
SEPTEMBER 2004

CATEGORY	2004 ACTUALS YTD	2004 REVISED BUDGET	2004 REVISED FORECAST
REVENUES:			
1. TOTAL REVENUE	\$146,025,052	\$196,598,339	\$198,432,301
EXPENSES:			
2. FUEL EXPENSE	46,351,134	62,684,280	66,569,357
3. POWER PRODUCTION EXPENSE	11,365,200	14,797,651	14,797,651
4. COST OF PURCHASED POWER	14,892,444	20,109,378	17,378,177
5. TRANSMISSION EXPENSE	4,784,335	6,171,570	6,171,570
6. DISTRIBUTION EXPENSE-OPERATIONS	4,057,920	5,077,723	5,077,723
7. DISTRIBUTION EXPENSE-MAINTENANCE	4,513,746	6,739,734	6,739,734
8. CONSUMER ACCOUNTS EXPENSE	3,651,892	4,851,620	4,851,620
9. CUSTOMER SERVICE/INFO EXPENSE	486,316	718,117	718,117
11. ADMINISTRATIVE/GENERAL EXPENSE	15,371,185	19,809,667	19,809,667
12. TOTAL OPERATIONS/MAINTENANCE EXP.	\$105,474,172	\$140,959,740	\$142,113,616
13. DEPRECIATION/AMORTIZATION EXPENSE	20,889,807	28,059,979	27,790,169
14. TAX EXPENSE-OTHER	576,556	804,000	759,056
15. INTEREST-LONG TERM DEBT	16,357,359	22,263,219	21,919,142
16. INTEREST ON CONSTRUCTION-CREDIT	(329,463)	(414,360)	(387,972)
17. INTEREST EXPENSE-OTHER	(48,180)	182,813	(17,554)
18. OTHER DEDUCTIONS	389,441	175,000	433,191
19. TOTAL COST OF ELECTRIC SERVICE	\$143,309,692	\$192,030,391	\$192,609,648
20. PATRONAGE CAPITAL/OPERATING MARGINS	\$2,715,360	\$4,567,948	\$5,822,653
21. NON-OPERATING MARGINS-INTEREST	320,482	315,944	397,600
22. ALLOWANCE FUNDS USED DURING CONST.	53,033	73,122	71,451
23. NON-OPERATING MARGINS-OTHER	(1,584)	0	(1,584)
24. GENER./TRANS. CAPITAL CREDITS	0	0	0
25. OTHER CAPITAL CREDITS/DIVIDENDS	10,489	800,000	810,489
26. EXTRAORDINARY ITEMS	0	0	0
27. PATRONAGE CAPITAL OR MARGINS	\$3,097,780	\$5,757,014	\$7,100,609
MF/I	1.19	1.26	1.32

CHUGACH ELECTRIC ASSOCIATION, INC.
Statements of Cash Flows
(Unaudited)

	YTD September	
	2004	2003
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<u>Cash flows from operating activities:</u>		
Assignable margins	\$3,097,780	\$4,346,406
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Adjustments to reconcile assignable margins to net cash provided (used) by operating activities:		
Provision for rate refund	0	(1,842,497)
Depreciation & amortization	23,586,909	24,813,600
Capitalization of interest	(382,496)	(245,983)
Property gains / (losses)	1,584	(101,615)
Impairment of long-lived asset	0	1,846,816
Other	955	1,145
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Changes in assets and liabilities:		
(Increase) decrease in assets:		
Fuel cost recovery	2,032,730	(100,714)
Accounts receivable	397,060	12,885,977
Prepayments	(172,665)	(1,422,453)
Materials and supplies	(1,553,823)	1,556,613
Deferred charges	171,250	(792,956)
Other	70,494	(14,389)
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Increase (decrease) in liabilities:		
Accounts payable	(3,021,112)	(4,097,725)
Provision for rate refund	(671,071)	0
Fuel payable	739,488	(363,862)
Consumer deposits	77,241	(16,109)
Accrued interest	(4,262,769)	(4,388,496)
Deferred credits	(1,829,255)	(978,206)
Other	3,263,053	1,444,009
Net cash (used) provided by operating activities:	21,545,353	32,529,561
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<u>Cash flows from investing activities:</u>		
Extension and replacement of plant	(17,695,126)	(18,419,642)
Investments in associated organizations	(7,298)	(34,226)
Net cash used for investing activities:	(17,702,424)	(18,453,868)
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<u>Cash flows from financing activities:</u>		
Short-term obligations	0	(6,081,250)
Proceeds from long-term obligations	0	0
Repayments of long-term obligations	(5,545,000)	(5,165,821)
Retirement of patronage capital	0	(60,208)
Other	1,369,255	529,251
Net cash provided by financing activities:	(4,175,745)	(10,778,028)
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Net increase (decrease) in cash and cash equivalents	(332,816)	3,297,665
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<u>Cash and cash equivalents at beginning of year</u>	<u>\$11,185,086</u>	<u>\$7,284,292</u>
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<u>Cash and cash equivalents at end of period</u>	<u>\$10,852,270</u>	<u>\$10,581,957</u>
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<u>Supplemental disclosure of cash flow information</u>		
Interest expense paid, net of amounts capitalized	<u>\$20,242,486</u>	<u>\$17,456,325</u>