

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

November 29, 2006

ACTION REQUIRED

AGENDA ITEM NO. XII.

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

TOPIC

Recommend the 2007 Operating and Capital Budget for approval.

DISCUSSION

The Finance Committee met and reviewed the proposed 2007 Operating and Capital Budget on October 30 and 31, 2006.

The Operating Budget is expected to produce margins of \$9.1 million, a Margins for Interest/Interest (MFI/I) ratio of 1.37 and an Equity to Total Capitalization Ratio of 30.9%. These results are based on a Total Cost of Service of \$267.4 million, Total Revenue of \$275.0 million and Non-Operating Margins of \$1.5 million. The 2007 Capital Improvement Program as presented is \$45.0 million.

The unbundled Operating Budget is expected to produce Distribution margins of \$12.3 million and a Distribution MFI/I of 2.76 with Generation & Transmission margins of \$(3.2) million and a Generation & Transmission MFI/I of 0.82.

CEO's RECOMMENDATION

Motion: Move that the Finance Committee recommend to the Board of Directors to approve the 2007 Operating and Capital Budget as presented.