

FINANCIAL MANAGEMENT PLAN UPDATE

The Financial Management Plan is a three part management plan encompassing total financial management while considering operational requirements which manages financial issues over the planning horizon.

- The Business Planning Task Force has been analyzing and reviewing the 2004-2008 Business Plan assumptions
- Segregating Chugach's financial planning records between Generation, Transmission, Distribution and Service
- Updating and coordinating with Chugach's Equity Management and Debt Management Plans
- The Business Plan is being updated with the 2002 Depreciation Study rates and updated fuel projections
- Margin levels are being reviewed and potential rate increases are being considered and defined in appropriate years
- Ensuring our financial targets and capital credit rotation program are being maintained at the following:

MFI:	1.20
Equity Ratio:	25-30%
Net assets/debt ratio:	1.10 to 1.0
Funded debt/operating cash flow:	Less than 8 to 1
Capital Credits:	Return 50% of prior year's margins