

# December 2008 Financial Update

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Chugach Electric Association, Inc.

Finance Committee

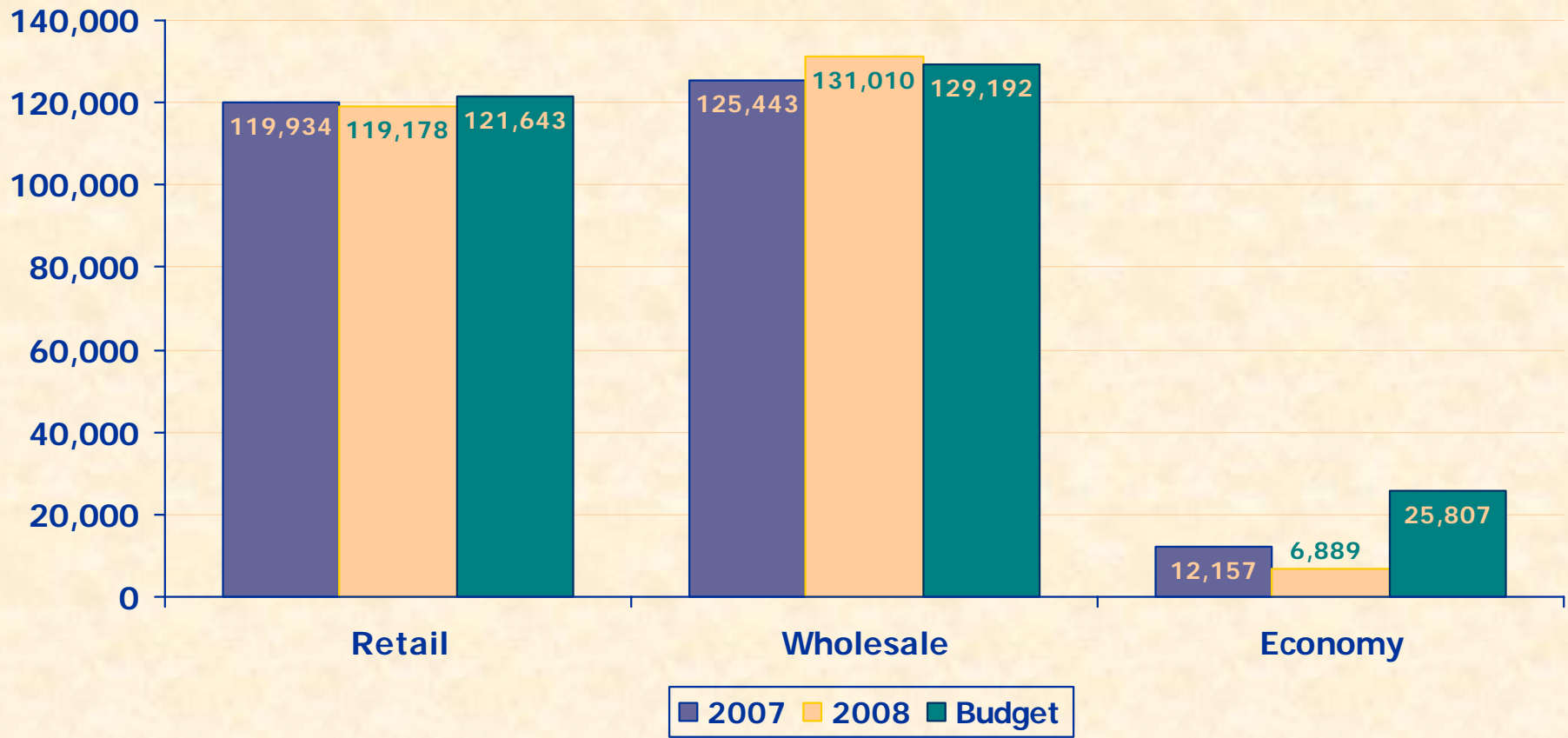
March 4, 2009

# December Financial Information

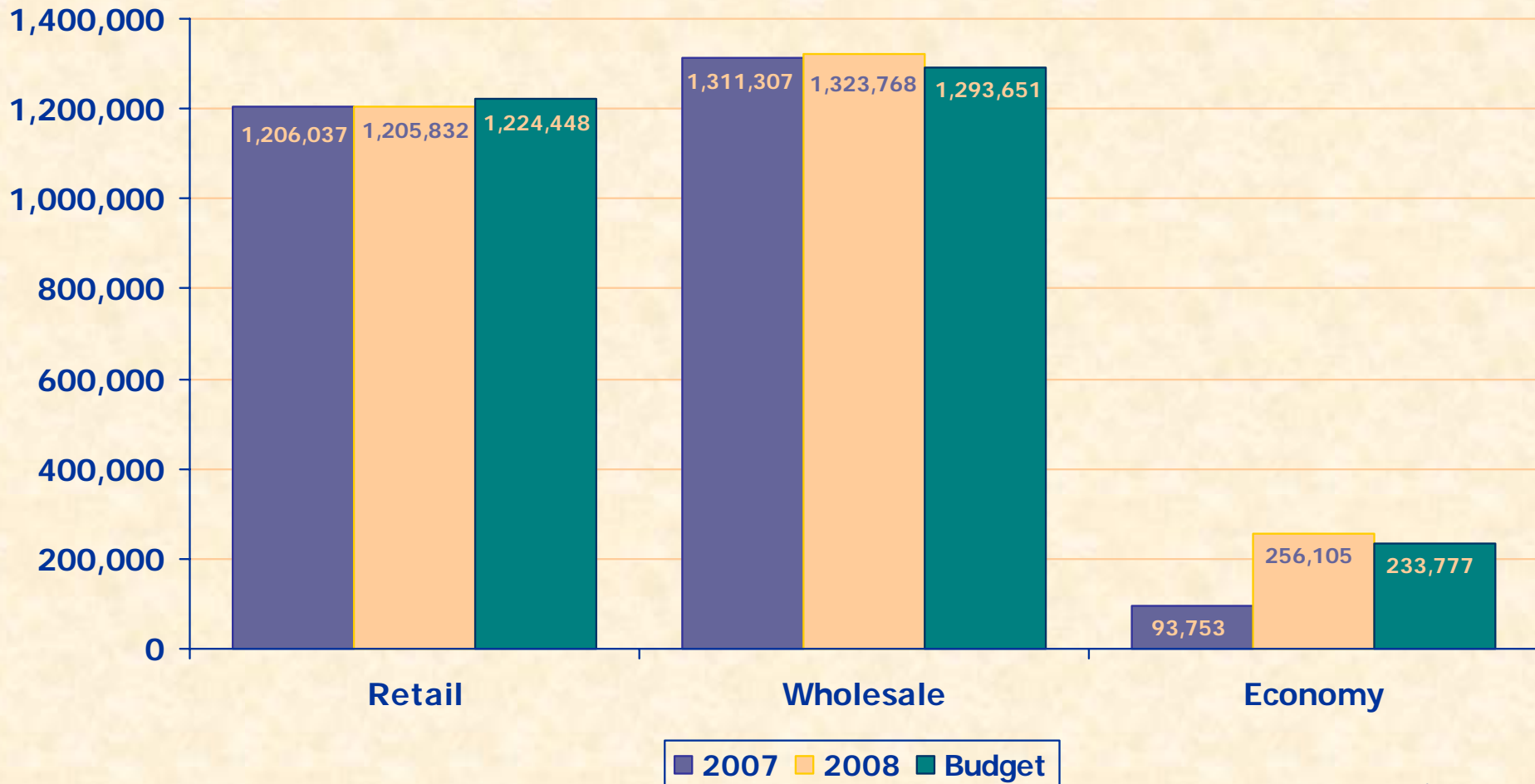
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- **MWh Sales**
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# December MWh Sales



# December YTD MWh Sales



# Statement of Operations

## December 2008

	<u>Budget</u>	<u>Actuals</u>	<u>Variance</u>
<b>1. Operating Revenue &amp; Patronage Capital</b>	<b>\$ 27,681,076</b>	<b>\$ 27,986,371</b>	<b>\$ 305,295</b>
2. Fuel Expense	13,324,165	13,966,666	642,501
3. Power Production Expense	1,159,347	1,507,567	348,220
4. Purchased Power Expense	2,780,365	2,825,791	45,426
5. Transmission Expense	468,362	478,700	10,338
6. Distribution Expense	858,919	893,092	34,173
7. Customer Expense	460,916	542,070	81,154
8. Administrative & General Expense	1,160,044	1,704,683	544,639
<b>9. TOTAL Ops &amp; Maint Expense (2 thru 8)</b>	<b>\$ 20,212,118</b>	<b>\$ 21,918,569</b>	<b>\$ 1,706,451</b>
10. Depreciation & Amortization Expense	\$ 2,593,374	\$ 2,676,329	\$ 82,955
11. Tax Expense - Other	75,875	71,318	(4,557)
12. Interest on LT Debt	1,916,624	1,785,074	(131,550)
13. Interest Charged to Construction - Credit	(85,726)	(48,227)	37,499
14. Interest Expense - Other	73,333	252,844	179,511
15. Other Deductions	20,834	(540)	(21,374)
<b>16. TOTAL Cost of Electric Service (9 thru 15)</b>	<b>\$ 24,806,432</b>	<b>\$ 26,655,367</b>	<b>\$ 1,848,935</b>
<b>17. Patronage Capital &amp; Operating Margins</b>	<b>\$ 2,874,644</b>	<b>\$ 1,331,004</b>	<b>\$ (1,543,640)</b>
18. Non-Operating Margins - Interest	25,629	55,453	29,824
19. Allowance for Funds Used During Construction	37,056	12,362	(24,694)
20. Non-Operating Margins - Other	525,000	535,217	10,217
<b>21. Patronage Capital or Margins</b>	<b>\$ 3,462,329</b>	<b>\$ 1,934,036</b>	<b>\$ (1,528,293)</b>

TIER

2.81

2.08

# Statement of Operations

## December YTD 2008

	YTD Budget	YTD Actuals	YTD Forecast (as of 11/30/2008)	
<b>1. Operating Revenue &amp; Patronage Capital</b>	<b>\$ 272,069,723</b>	<b>\$ 288,292,112</b>	<b>\$ 287,861,816</b>	1 & 2
2. Fuel Expense	121,218,046	137,894,553	137,202,052	1 & 2
3. Power Production Expense	16,445,185	16,718,777	16,520,557	1 & 2
4. Purchased Power Expense	31,119,383	31,486,621	31,441,195	1
5. Transmission Expense	6,483,569	5,841,405	5,983,569	2
6. Distribution Expense	11,726,124	12,398,832	12,426,124	2
7. Customer Expense	5,740,544	5,396,662	5,690,544	2
8. Administrative & General Expense	17,690,176	19,056,753	18,802,068	1 & 2
<b>9. TOTAL Ops &amp; Maint Expense (2 thru 8)</b>	<b>\$ 210,423,027</b>	<b>\$ 228,793,603</b>	<b>\$ 228,066,109</b>	
10. Depreciation & Amortization Expense	\$ 30,354,147	\$ 30,829,276	\$ 30,826,361	1 & 2
11. Tax Expense - Other	884,862	815,072	819,629	1
12. Interest on LT Debt	23,119,883	21,309,900	21,252,455	1 & 2
13. Interest Charged to Construction - Credit	(998,921)	(446,479)	(438,252)	1 & 2
14. Interest Expense - Other	325,417	1,669,376	1,568,532	1 & 2
15. Other Deductions	250,000	142,414	163,789	1
<b>16. TOTAL Cost of Electric Service (9 thru 15)</b>	<b>\$ 264,358,415</b>	<b>\$ 283,113,162</b>	<b>\$ 282,258,623</b>	
<b>17. Patronage Capital &amp; Operating Margins</b>	<b>\$ 7,711,308</b>	<b>\$ 5,178,950</b>	<b>\$ 5,603,193</b>	
18. Non-Operating Margins - Interest	392,263	553,362	523,538	1
19. Allowance for Funds Used During Construction	431,788	112,611	115,249	1 & 2
20. Non-Operating Margins - Other	525,000	566,827	556,610	1
<b>21. Patronage Capital or Margins</b>	<b>\$ 9,060,359</b>	<b>\$ 6,411,750</b>	<b>\$ 6,798,590</b>	
<b>TIER</b>	<b>1.39</b>	<b>1.30</b>	<b>1.32</b>	

<sup>1</sup>Forecast based on 11 months actual and 1 month of budget

<sup>2</sup>Forecast has been adjusted to reflect current assumption changes

# Unexpected Events in 2008

Revenue short-fall due to lower retail sales than anticipated	\$ (800,000)
October wind storm	(500,000)
Unbudgeted credit card fees	(600,000)
Unit 8 maintenance issue - crack in main steam wye-joint	(800,000)
Additional unbudgeted legal fees and merger studies	(1,200,000)
Additional amortization - Beluga compression units	(200,000)
Unit 7 unexpected generator repairs	(600,000)
Settlement on environmental fine at Bernice Lake	(100,000)
<b>Total of Unbudgeted Significant 2008 Variances</b>	<b><u><u>\$ (4,800,000)</u></u></b>
Original budget	\$ 9,000,000
Less: 2008 Significant Unbudgeted Variances	(4,800,000)
<b>Expected Margins had we not offset costs elsewhere</b>	<b><u><u>\$ 4,200,000</u></u></b>

# Comparative Statement of Operations

## YTD 2004 through 2008

	2004	2005	2006	2007	2008
<b>1. Operating Revenue &amp; Patronage Capital</b>	<b>\$ 201,246,615</b>	<b>\$ 225,697,349</b>	<b>\$ 267,542,713</b>	<b>\$ 257,443,919</b>	<b>\$ 288,292,112</b>
2. Fuel Expense	64,113,474	84,776,131	120,280,509	106,023,734	137,894,553
3. Power Production Expense	15,038,773	15,037,499	15,050,338	16,171,717	16,718,777
4. Purchased Power Expense	20,579,992	23,664,412	25,979,919	33,947,828	31,486,621
5. Transmission Expense	6,350,344	5,847,648	6,283,845	6,781,166	5,841,405
6. Distribution Expense	11,473,722	11,758,711	12,134,087	13,716,105	12,398,832
7. Customer Expense	5,308,353	5,227,478	4,982,313	4,899,878	5,396,662
8. Administrative & General Expense	21,393,605	19,010,714	18,847,351	20,767,717	19,056,753
<b>9. TOTAL Ops &amp; Maint Expense (2 thru 8)</b>	<b>\$ 144,258,263</b>	<b>\$ 165,322,593</b>	<b>\$ 203,558,362</b>	<b>\$ 202,308,145</b>	<b>\$ 228,793,603</b>
10. Depreciation & Amortization Expense	\$ 28,244,229	\$ 27,994,939	\$ 28,529,763	\$ 29,049,627	\$ 30,829,276
11. Tax Expense - Other	727,378	812,174	837,191	834,582	815,072
12. Interest on LT Debt	21,984,371	23,384,316	24,459,852	24,239,343	21,309,900
13. Interest Charged to Construction - Credit	(492,506)	(844,911)	(448,978)	(617,194)	(446,479)
14. Interest Expense - Other	(101,850)	46,649	0	90,648	1,669,376
15. Other Deductions	456,872	449,403	2,044,013	174,669	142,414
<b>16. TOTAL Cost of Electric Service (9 thru 15)</b>	<b>\$ 195,076,757</b>	<b>\$ 217,165,163</b>	<b>\$ 258,980,203</b>	<b>\$ 256,079,820</b>	<b>\$ 283,113,162</b>
<b>17. Patronage Capital &amp; Operating Margins</b>	<b>6,169,858</b>	<b>8,532,186</b>	<b>\$ 8,562,510</b>	<b>\$ 1,364,099</b>	<b>\$ 5,178,950</b>
18. Non-Operating Margins - Interest	453,606	560,418	879,481	710,480	553,362
19. Allowance for Funds Used During Construction	78,507	148,588	163,269	274,248	112,611
20. Non-Operating Margins - Other	655,629	518,395	433,799	536,429	566,827
<b>21. Patronage Capital or Margins</b>	<b>\$ 7,357,600</b>	<b>\$ 9,759,587</b>	<b>\$ 10,039,059</b>	<b>\$ 2,885,256</b>	<b>\$ 6,411,750</b>
<b>Equity Ratio</b>	<b>27.67%</b>	<b>28.46%</b>	<b>30.05%</b>	<b>30.18%</b>	<b>30.26%</b>
<b>Achieved TIER</b>	<b>1.33</b>	<b>1.42</b>	<b>1.41</b>	<b>1.12</b>	<b>1.30</b>

# System Statement of Operations

## December YTD 2008

	Total	Generation	Transmission	Distribution
<b>1. Operating Revenue &amp; Patronage Capital</b>	<b>\$ 288,292,112</b>	<b>\$211,745,644</b>	<b>\$24,045,559</b>	<b>\$52,500,909</b>
2. Fuel Expense	137,894,553	137,894,553	0	0
3. Power Production Expense	16,718,777	16,716,305	2,472	0
4. Purchased Power Expense	31,486,621	31,486,621	0	0
5. Transmission Expense	5,841,405	0	5,841,405	0
6. Distribution Expense	12,398,832	0	0	12,398,832
7. Customer Expense	5,396,662	0	0	5,396,662
8. Administrative & General Expense	19,056,753	6,796,401	2,597,366	9,662,986
<b>9. TOTAL Ops &amp; Maint Expense (2 thru 8)</b>	<b>\$ 228,793,603</b>	<b>\$192,893,880</b>	<b>\$8,441,243</b>	<b>\$27,458,480</b>
10. Depreciation & Amortization Expense	\$ 30,829,276	\$14,124,462	\$5,744,585	\$10,960,229
11. Tax Expense - Other	815,072	72,576	29,553	712,943
12. Interest on LT Debt	21,309,900	7,571,795	7,280,573	6,457,532
13. Interest Charged to Construction - Credit	(446,479)	(138,164)	(122,090)	(186,225)
14. Interest Expense - Other	1,669,376	535,355	418,927	715,094
15. Other Deductions	142,414	40,000	3,677	98,737
<b>16. TOTAL Cost of Electric Service (9 thru 15)</b>	<b>\$ 283,113,162</b>	<b>\$215,099,904</b>	<b>\$21,796,468</b>	<b>\$46,216,790</b>
<b>17. Patronage Capital &amp; Operating Margins</b>	<b>\$ 5,178,950</b>	<b>\$ (3,354,260)</b>	<b>\$ 2,249,091</b>	<b>\$6,284,119</b>
18. Non-Operating Margins - Interest	553,362	0	0	553,362
19. Allowance for Funds Used During Construction	112,611	34,289	31,621	46,701
20. Non-Operating Margins - Other	566,827	202,636	176,834	187,357
<b>21. Patronage Capital or Margins</b>	<b>\$ 6,411,750</b>	<b>\$ (3,117,335)</b>	<b>\$ 2,457,546</b>	<b>\$7,071,539</b>
<b>Achieved TIER</b>	<b>1.30</b>	<b>0.59</b>	<b>1.34</b>	<b>2.10</b>
<b>Operating Revenue per kWh</b>	<b>\$ 0.1140</b>	<b>\$ 0.0837</b>	<b>\$ 0.0095</b>	<b>\$ 0.0435</b>
<b>Operating Cost per kWh</b>	<b>\$ 0.1119</b>	<b>\$ 0.0850</b>	<b>\$ 0.0086</b>	<b>\$ 0.0383</b>

# Comparative Balance Sheet

## December 2007 & 2008

	Dec. 2007	Dec. 2008	Change
1. Total Utility Plant In Service	\$ 805,631,207	\$ 821,462,475	\$ 15,831,268
2. Construction Work In Progress	17,712,884	25,151,072	7,438,188
<b>3. Total Utility Plant (1 plus 2)</b>	<b>\$ 823,344,091</b>	<b>\$ 846,613,547</b>	<b>\$ 23,269,456</b>
4. Accum. Provision for Depreciation and Amort.	(367,391,921)	(389,002,139)	(21,610,218)
<b>5. Net Utility Plant (3 minus 4)</b>	<b>\$ 455,952,170</b>	<b>\$ 457,611,408</b>	<b>\$ 1,659,238</b>
6. Nonutility Property - Net	24,461	24,461	0
7. Investment in Associated Organizations	11,993,378	12,177,769	184,391
8. Special Funds	768,041	264,427	(503,614)
<b>9. Total Other Property &amp; Investments (6 thru 8)</b>	<b>\$ 12,785,880</b>	<b>\$ 12,466,657</b>	<b>\$ (319,223)</b>
10. Cash & Temporary Investments	6,209,936	7,491,302	1,281,366
11. Special Deposits	125,117	114,930	(10,187)
12. Accounts Receivable - Net	31,355,481	33,019,372	1,663,891
13. Materials and Supplies	28,422,088	28,806,641	384,553
14. Prepayments	1,357,980	1,544,025	186,045
15. Other Current & Accrued Assets	264,501	12,060,435	11,795,934
<b>16. Total Current &amp; Accrued Assets (10 thru 15)</b>	<b>\$ 67,735,103</b>	<b>\$ 83,036,705</b>	<b>\$ 15,301,602</b>
17. Deferred Debits	21,252,965	23,577,199	2,324,234
<b>18. Total Assets &amp; Other Debits (5 + 9 + 16 + 17)</b>	<b>\$ 557,726,118</b>	<b>\$ 576,691,969</b>	<b>\$ 18,965,851</b>

# Comparative Balance Sheet

## December 2007 & 2008

	<u>Dec. 2007</u>	<u>Dec. 2008</u>	<u>Change</u>
19. Memberships	\$ 1,345,013	\$ 1,390,413	\$ 45,400
20. Patronage Capital & Margins & Equities	147,965,423	152,376,586	4,411,163
<b>21. Total Margins &amp; Equities (19 plus 20)</b>	<b>\$ 149,310,436</b>	<b>\$ 153,766,999</b>	<b>\$ 4,456,563</b>
22. Long-Term Debt - Bonds (Net)	299,600,000	270,000,000	(29,600,000)
23. Long-Term Debt - Other (Net)	45,823,500	84,383,506	38,560,006
<b>24. Total Long-Term Debt (22 plus 23)</b>	<b>\$ 345,423,500</b>	<b>\$ 354,383,506</b>	<b>\$ 8,960,006</b>
25. Notes Payable	10,106,804	14,763,653	4,656,849
26. Accounts Payable	7,935,566	6,999,140	(936,426)
27. Consumer Deposits	2,403,051	2,410,980	7,929
28. Other Current & Accrued Liabilities	39,872,357	41,801,280	1,928,923
<b>29. Total Current &amp; Accrued Liabilities (25 thru 28)</b>	<b>\$ 60,317,778</b>	<b>\$ 65,975,053</b>	<b>\$ 5,657,275</b>
30. Deferred Credits	1,906,363	2,301,984	395,621
31. Misc Operating Reserves	768,041	264,427	(503,614)
<b>32. Total Liab &amp; Other Credits (21 + 24 + 29 + 30 + 31)</b>	<b>\$ 557,726,118</b>	<b>\$ 576,691,969</b>	<b>\$ 18,965,851</b>
<b>Equity Ratio</b>	<b>30.18%</b>	<b>30.26%</b>	

# Statements of Cash Flows

## December YTD 2008

	<u>Total</u>	<u>G&amp;T</u>	<u>Distribution</u>
<b>1. Cash flows from operating activities:</b>			
Assignable margins	\$ 6,411,750	\$ (659,789)	\$ 7,071,539
Adjustments to reconcile assignable margins to net cash provided (used) by operating activities:			
Depreciation & amortization	35,858,305	23,477,621	12,380,684
Capitalization of interest	(559,090)	(326,164)	(232,926)
Other	(164,159)	246,417	(410,576)
Changes in assets and liabilities:			
(Increase) decrease in assets	(20,660,978)	(22,602,048)	1,941,070
Increase (decrease) in liabilities	2,319,634	4,204,172	(1,884,538)
<b>Net cash provided by operating activities:</b>	<b>\$ 23,205,462</b>	<b>\$ 4,340,209</b>	<b>\$ 18,865,253</b>
<b>2. Cash flows from investing activities:</b>			
Extension and replacement of plant	(29,065,107)	(17,676,129)	(11,388,978)
<b>Net cash used for investing activities:</b>	<b>\$ (29,065,107)</b>	<b>\$ (17,676,129)</b>	<b>\$ (11,388,978)</b>
<b>3. Cash flows from financing activities:</b>			
Short-term obligations	7,500,000	5,134,500	2,365,500
Repayments of long-term obligations	3,256,855	(8,009,630)	11,266,485
Temporary Intracompany Non Interest Bearing Balance*	0	4,424,781	(4,424,781)
Patronage capital / Other	(3,615,844)	11,786,269	(15,402,113)
<b>Net cash used for financing activities:</b>	<b>7,141,011</b>	<b>13,335,920</b>	<b>(6,194,909)</b>
Net increase (decrease) in cash and cash equivalents	1,281,367	0	1,281,366
<b>4. <u>Cash &amp; cash equivalents at beginning of year</u></b>	<b>\$ 6,209,936</b>	<b>\$ 0</b>	<b>\$ 6,209,936</b>
<b>5. <u>Cash &amp; cash equivalents at end of period</u></b>	<b>\$ 7,491,303</b>	<b>\$ 0</b>	<b>\$ 7,491,302</b>



**Questions?**