

2004 Treasurer's Report



Jeff Lipscomb - Treasurer

2005 Annual Meeting

April 28, 2005

OVERVIEW

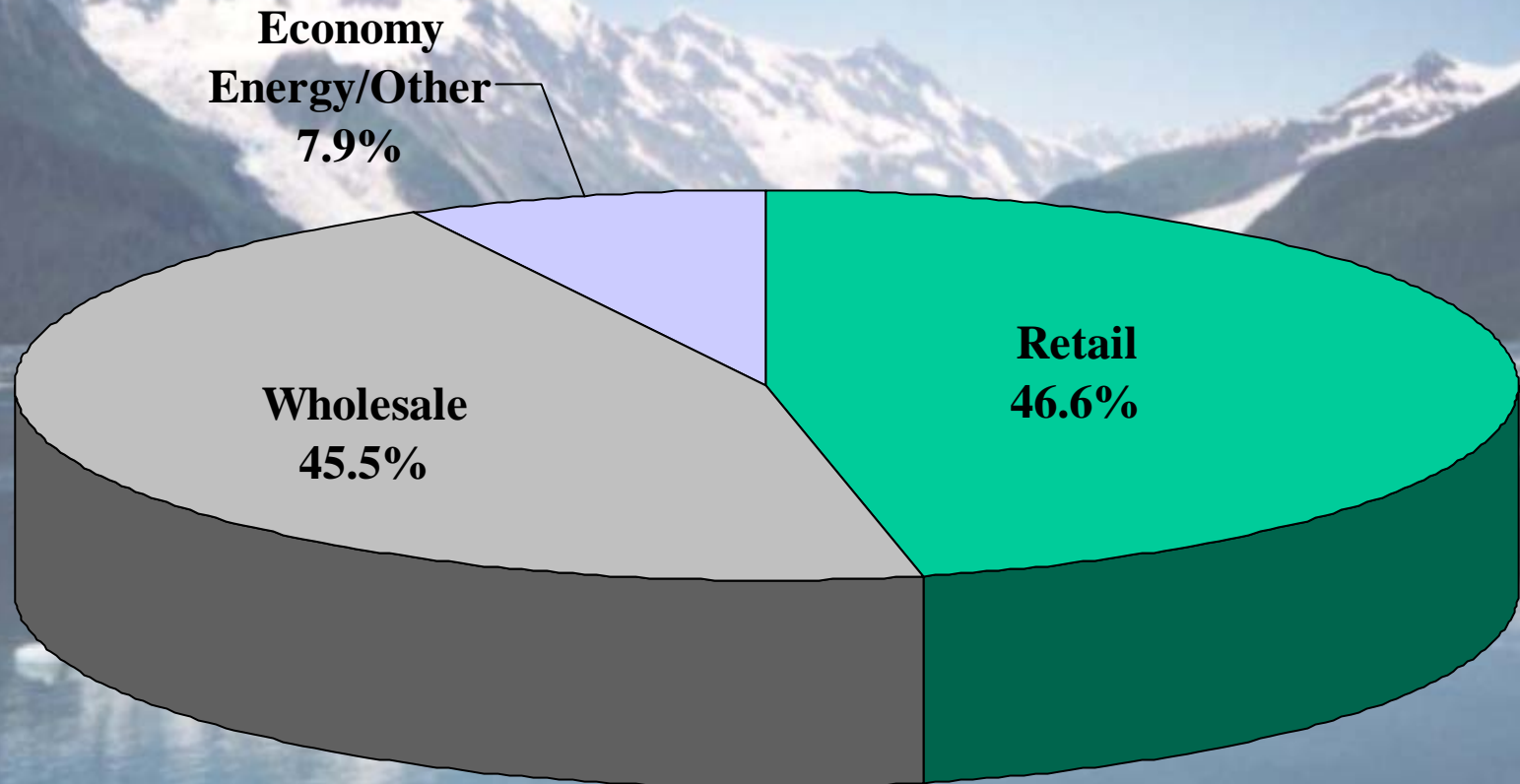
- **Performance**
- **Margins**
- **Unbundled Financials**
- **Finance/Audit Committees**
- **Summary of 2004**

A scenic landscape featuring a large body of water, likely a lake or fjord, with numerous icebergs floating on its surface. The water is a deep blue, and the icebergs are white and blue. In the background, there are large, rugged mountains with significant snow cover under a clear, bright blue sky. The overall scene is serene and majestic.

PERFORMANCE

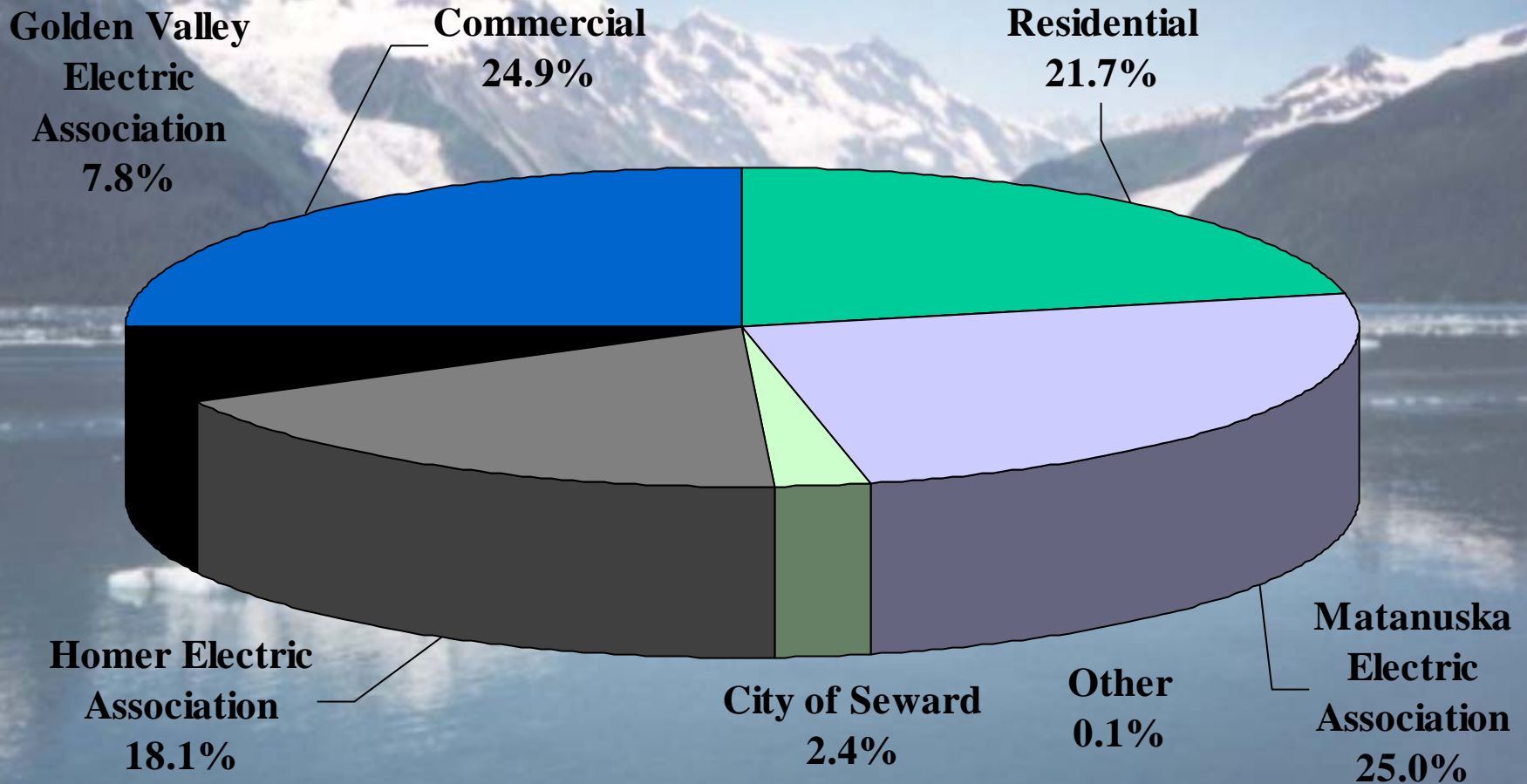
2004 POWER SALES

Overview



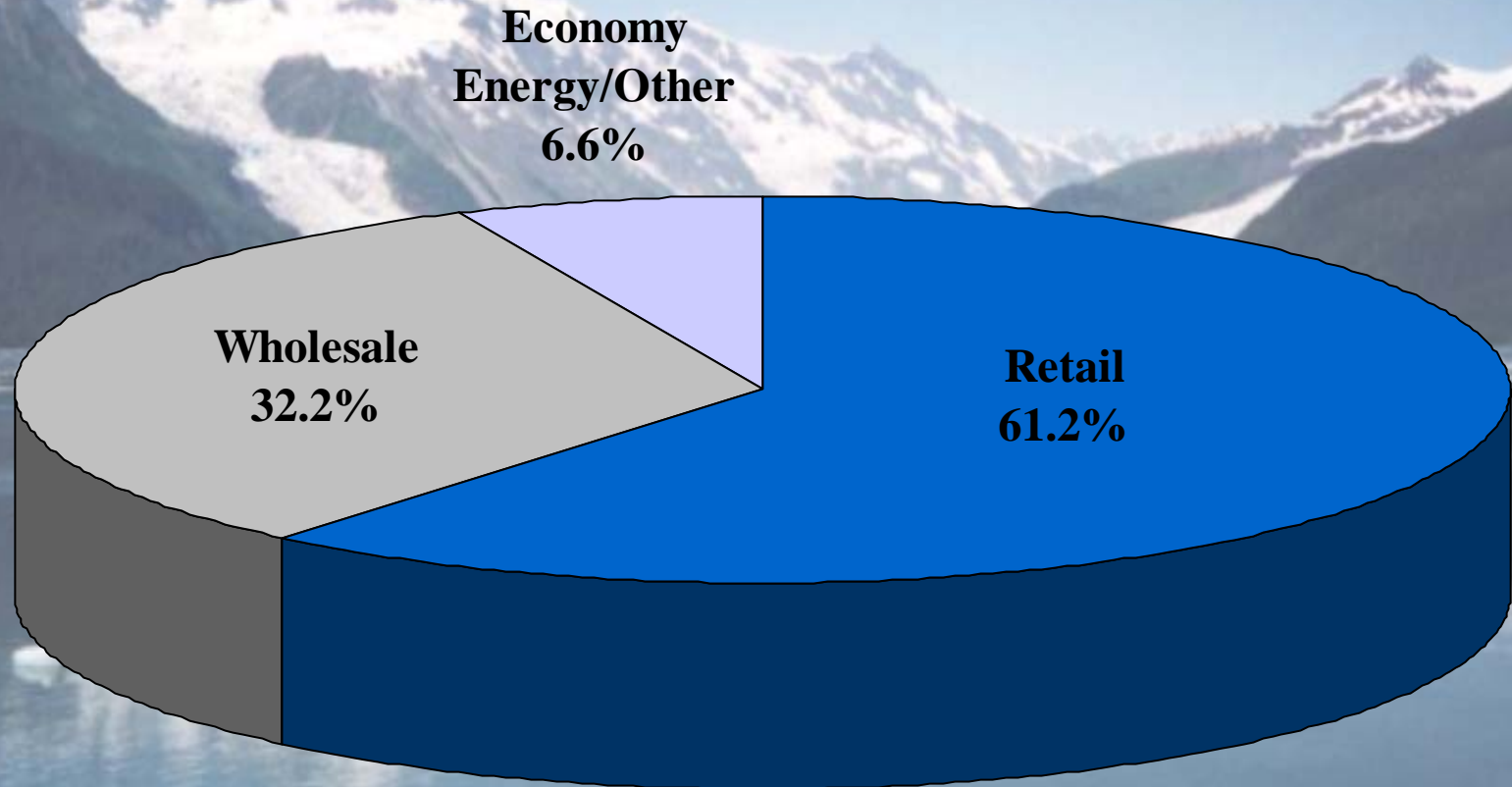
2004 POWER SALES

Detail



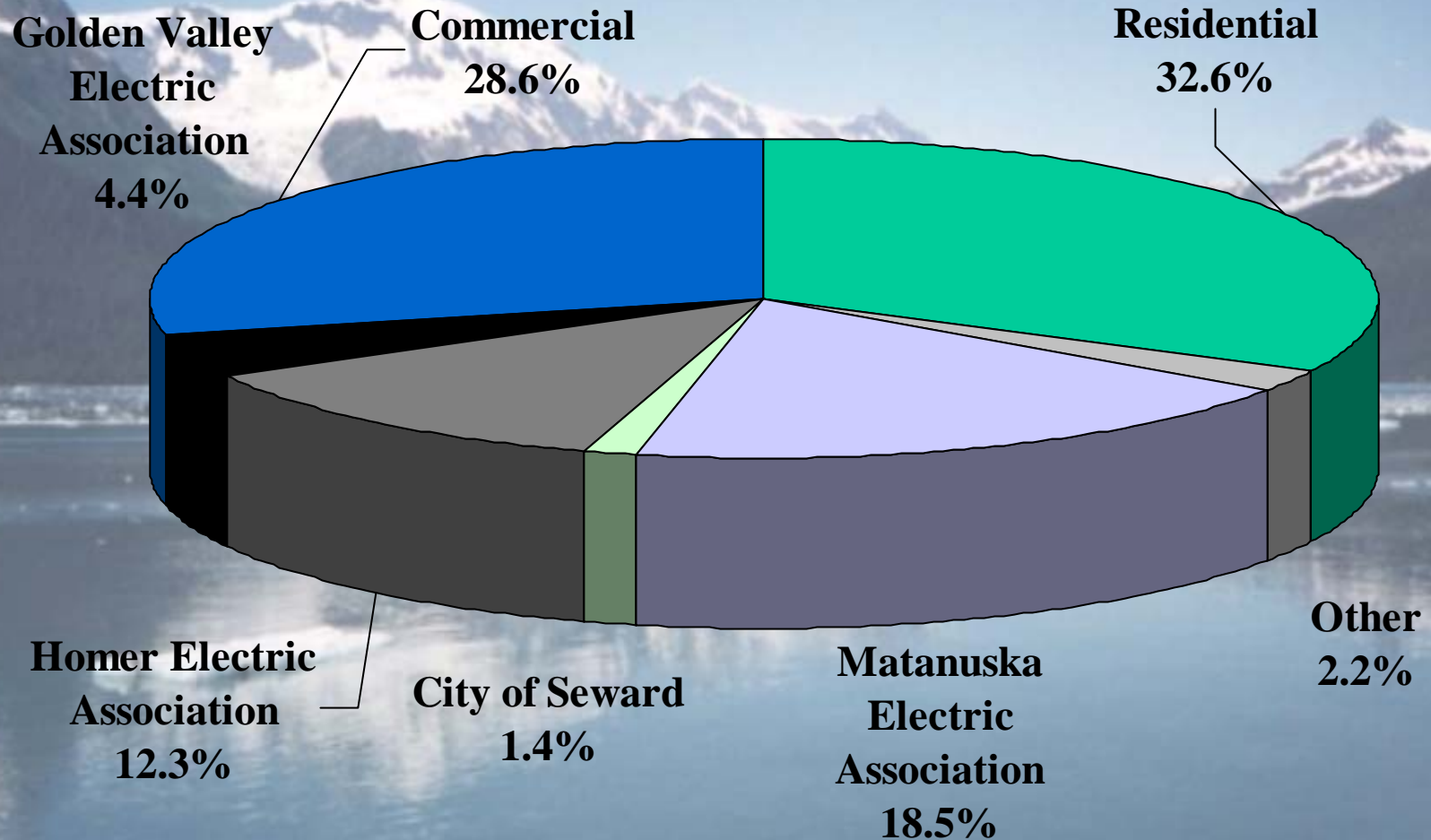
2004 OPERATING REVENUES

Overview

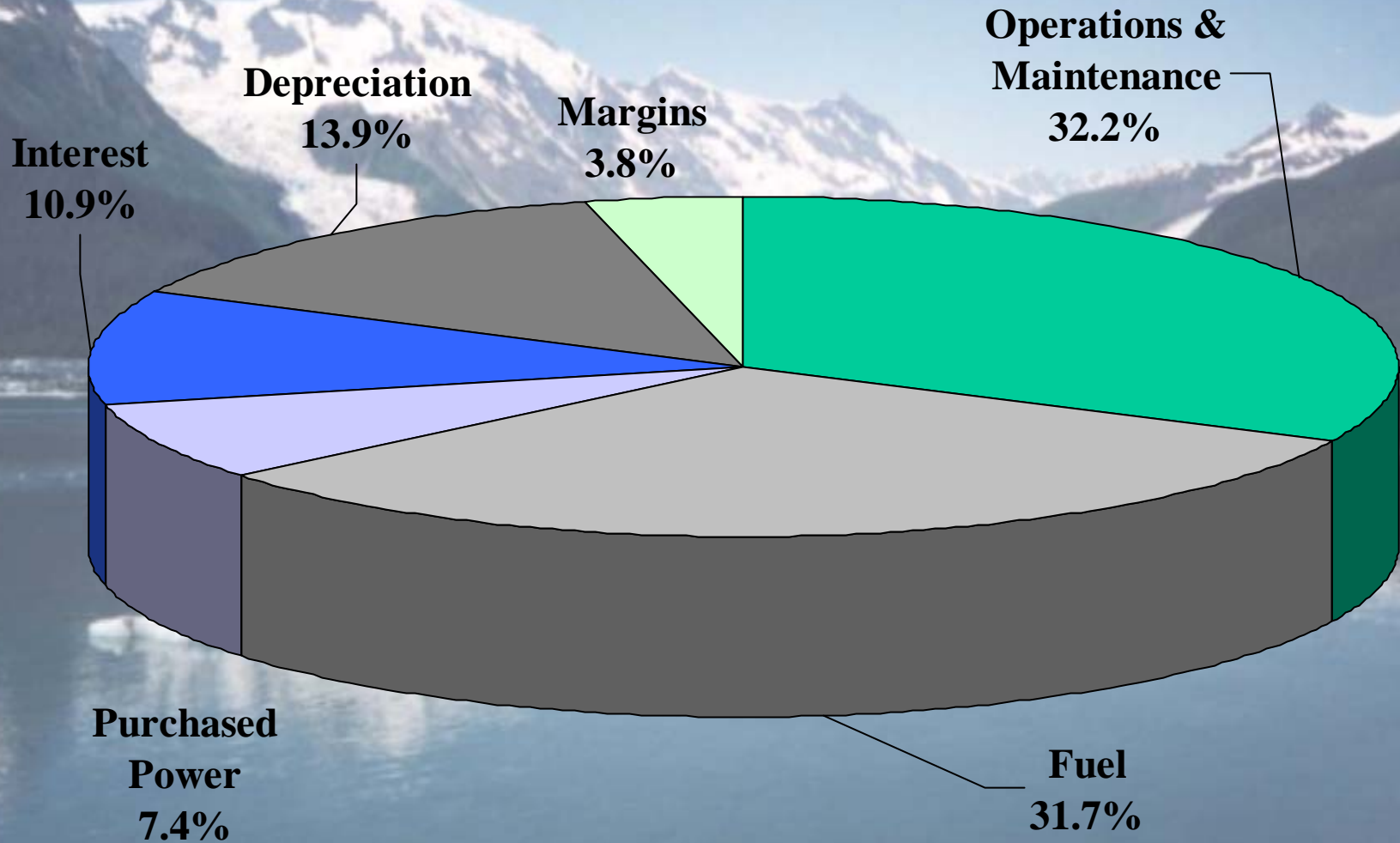


2004 OPERATING REVENUES

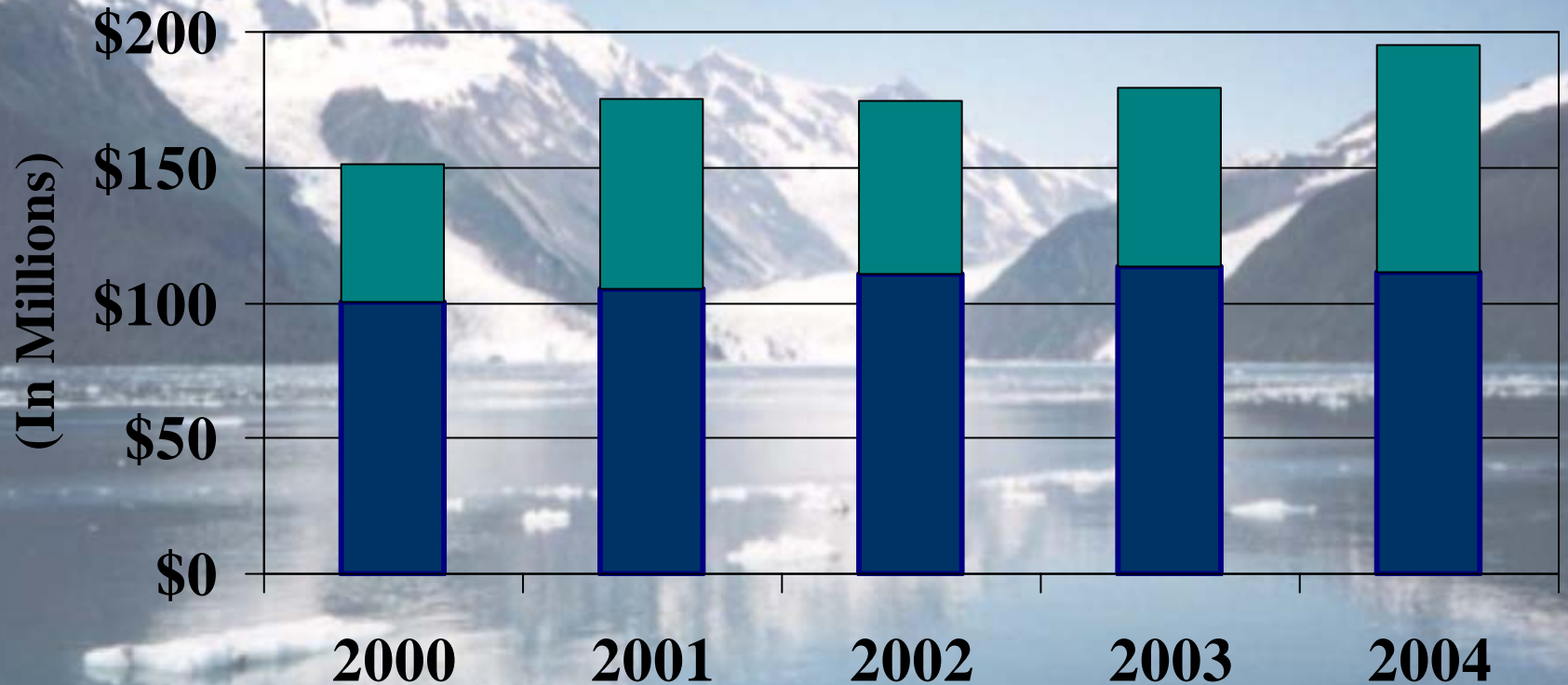
Detail



2004 TOTAL COST OF ELECTRIC SERVICE



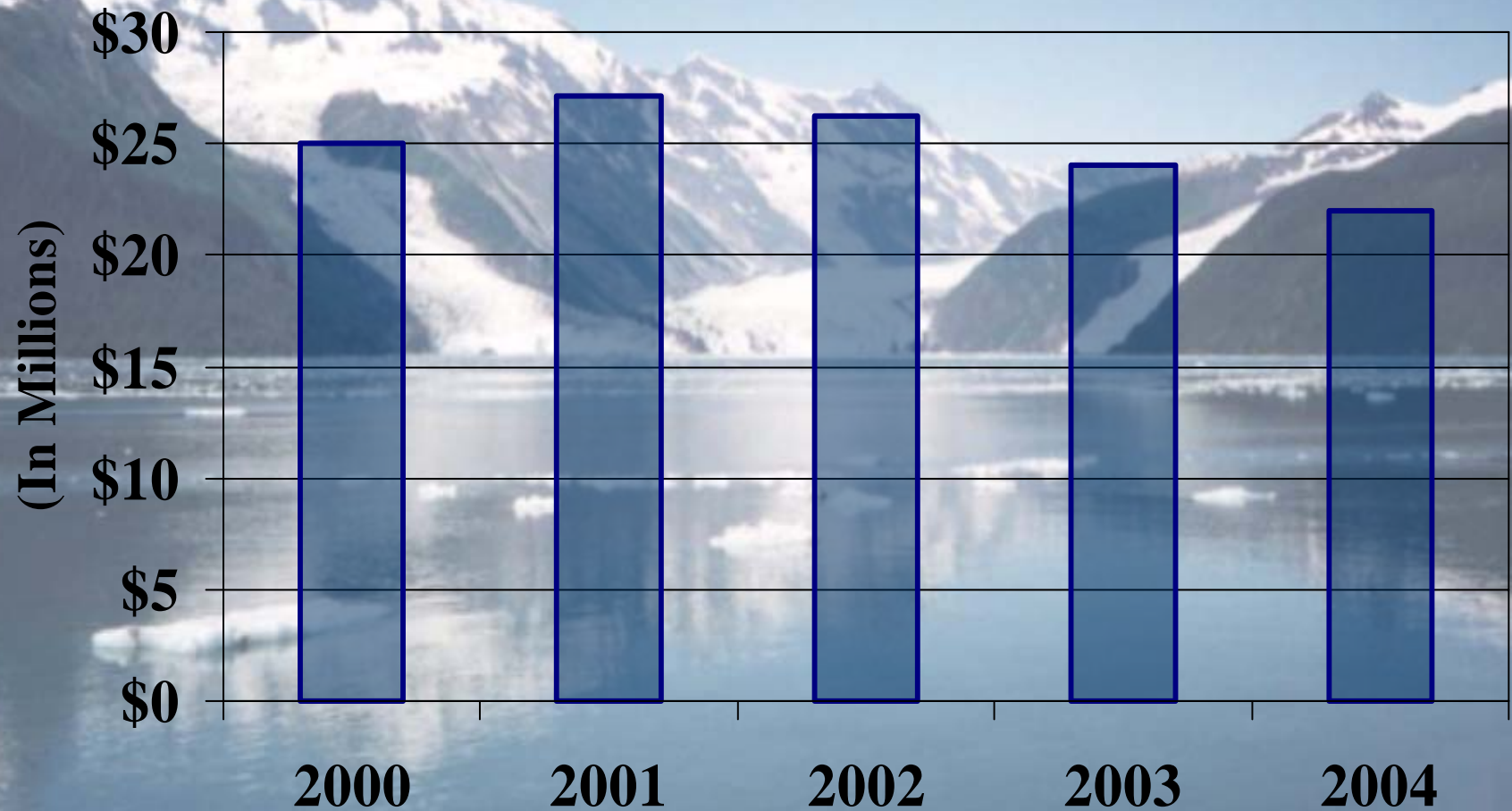
TOTAL COST OF ELECTRIC SERVICE



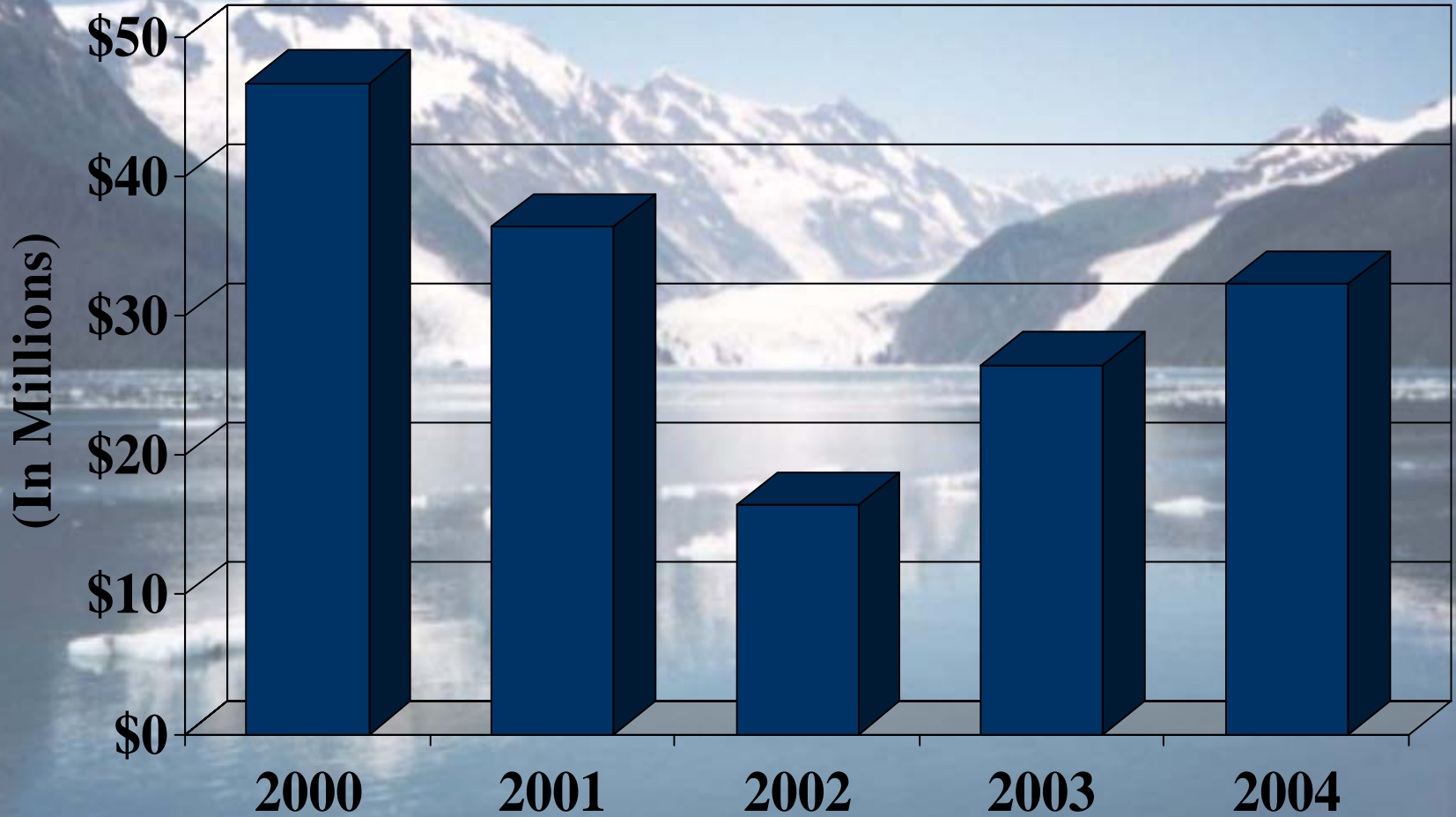
 Fuel & Purchased Power

 Total Cost of Electric Service Excluding Fuel & Purchased Power

INTEREST EXPENSE



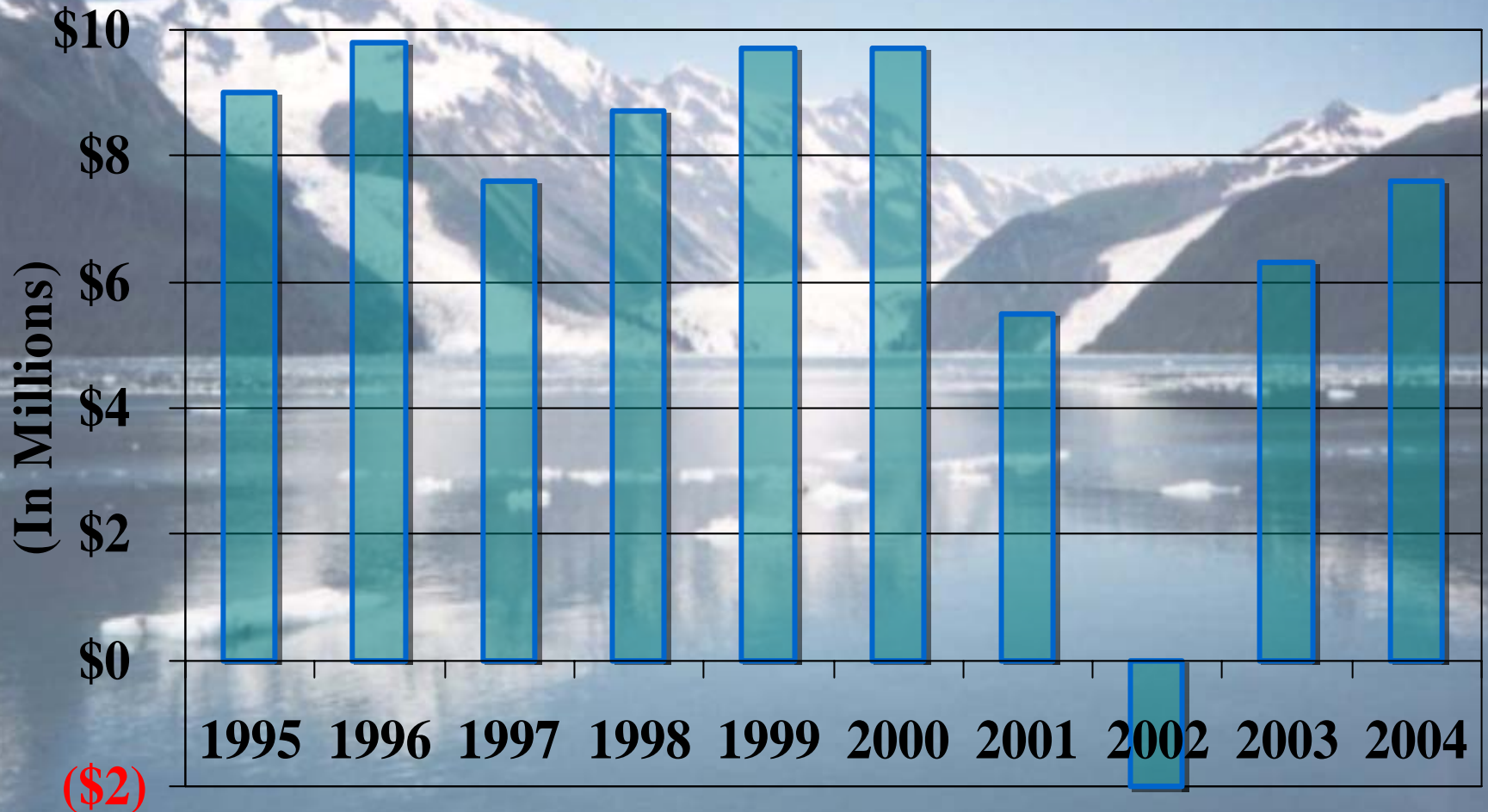
NET CAPITAL EXPENDITURES



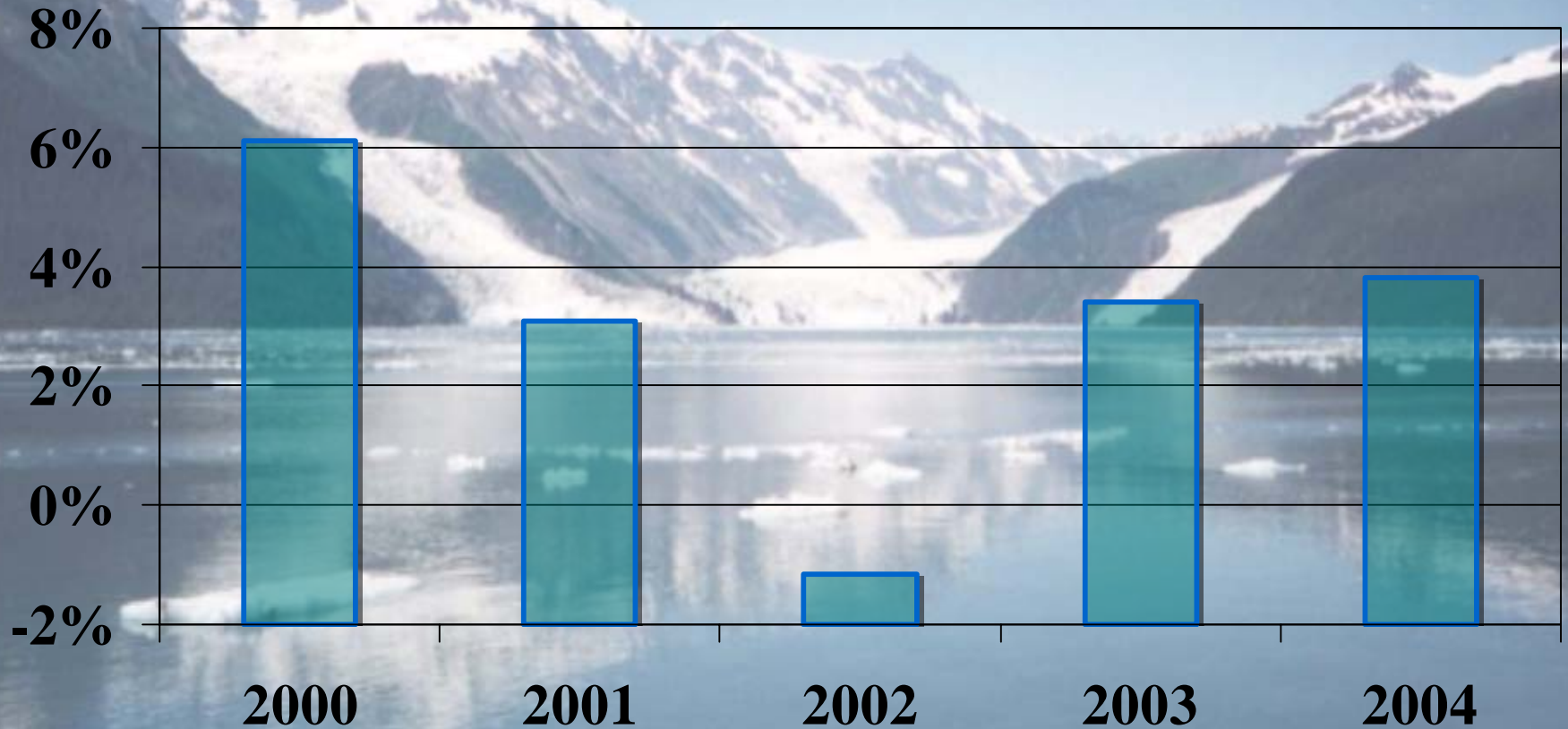
A scenic landscape of a fjord with snow-capped mountains and icebergs in the water. The word "MARGINS" is centered in a blue-bordered box.

MARGINS

MARGINS FOR LAST 10 YEARS



MARGINS AS A PERCENT OF REVENUE 2000 - 2004



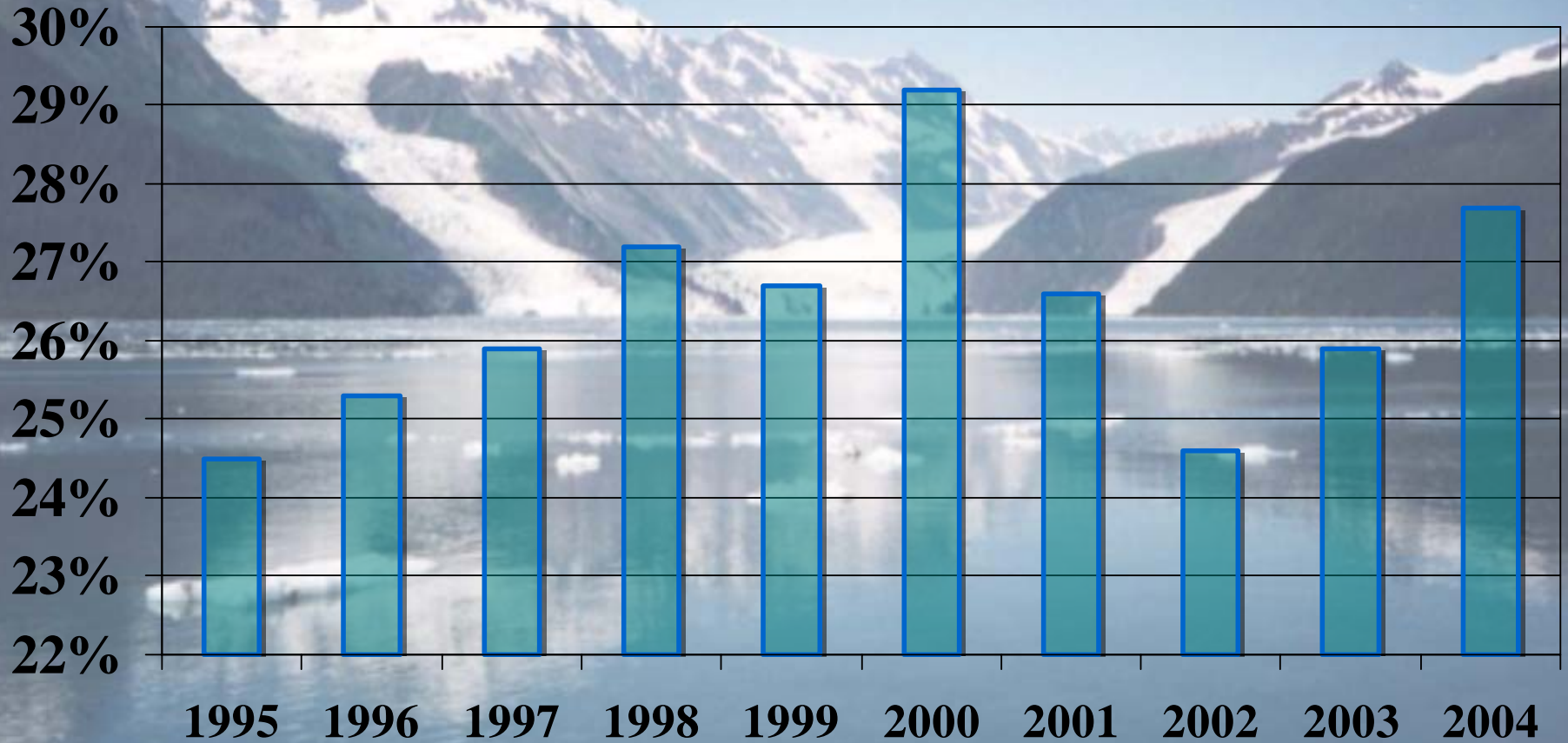
HOW MARGINS BECOME EQUITY

- **Year-end Margins**
 - Become Member's Equity
 - Assigned to member's based on purchases
- **Equity**
 - Held and used to finance assets
 - Returned to members as Capital Credits
 - Members' ownership of Chugach

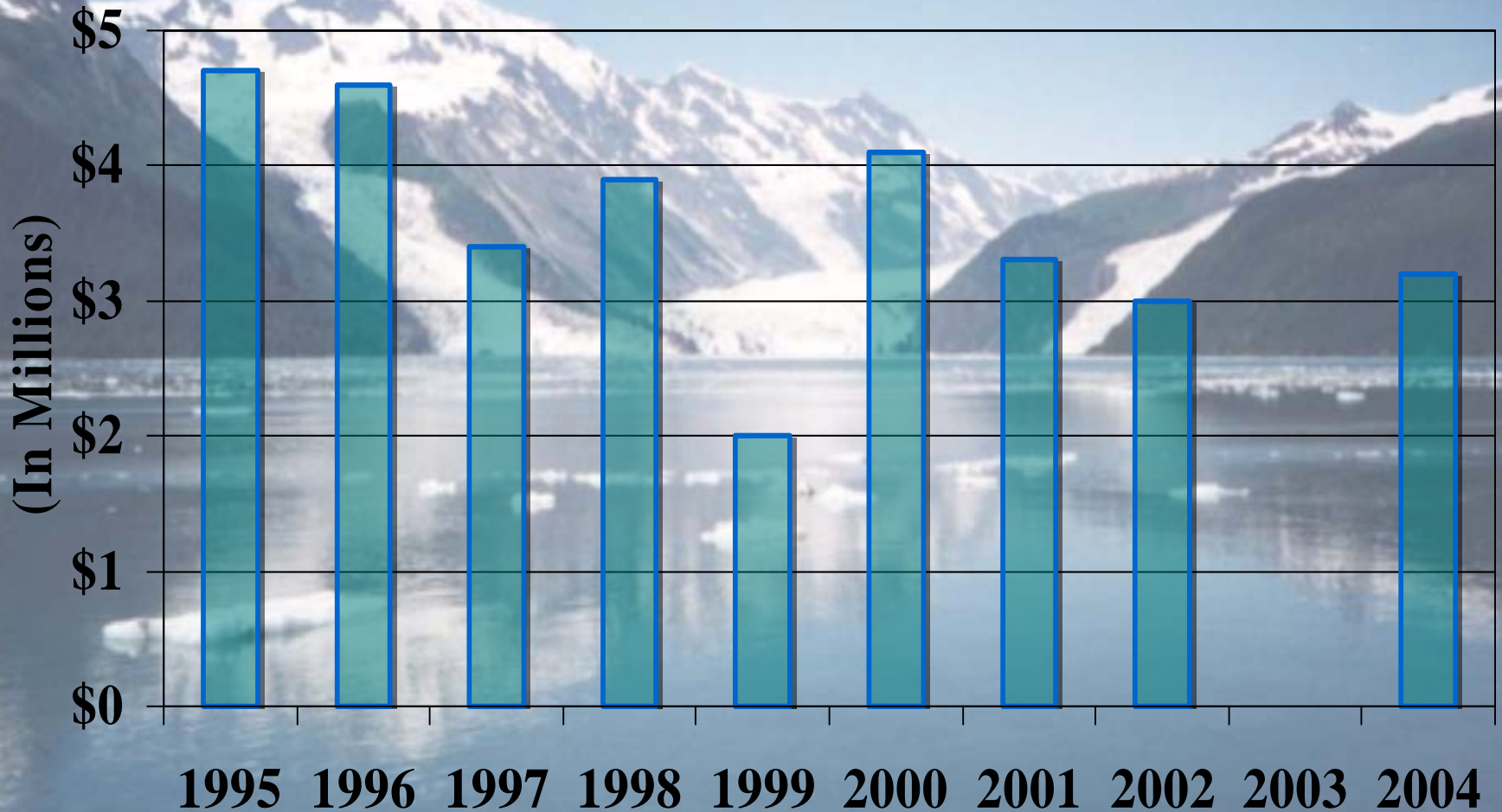
WHAT HAPPENS TO EQUITY?

- **Chugach's goal**
 - Return capital credits back to members
- **Board of Directors**
 - Reviews:
 - Financial health of Chugach
 - Bond Indenture Covenants
 - Future equity growth needs
 - Current year net margins

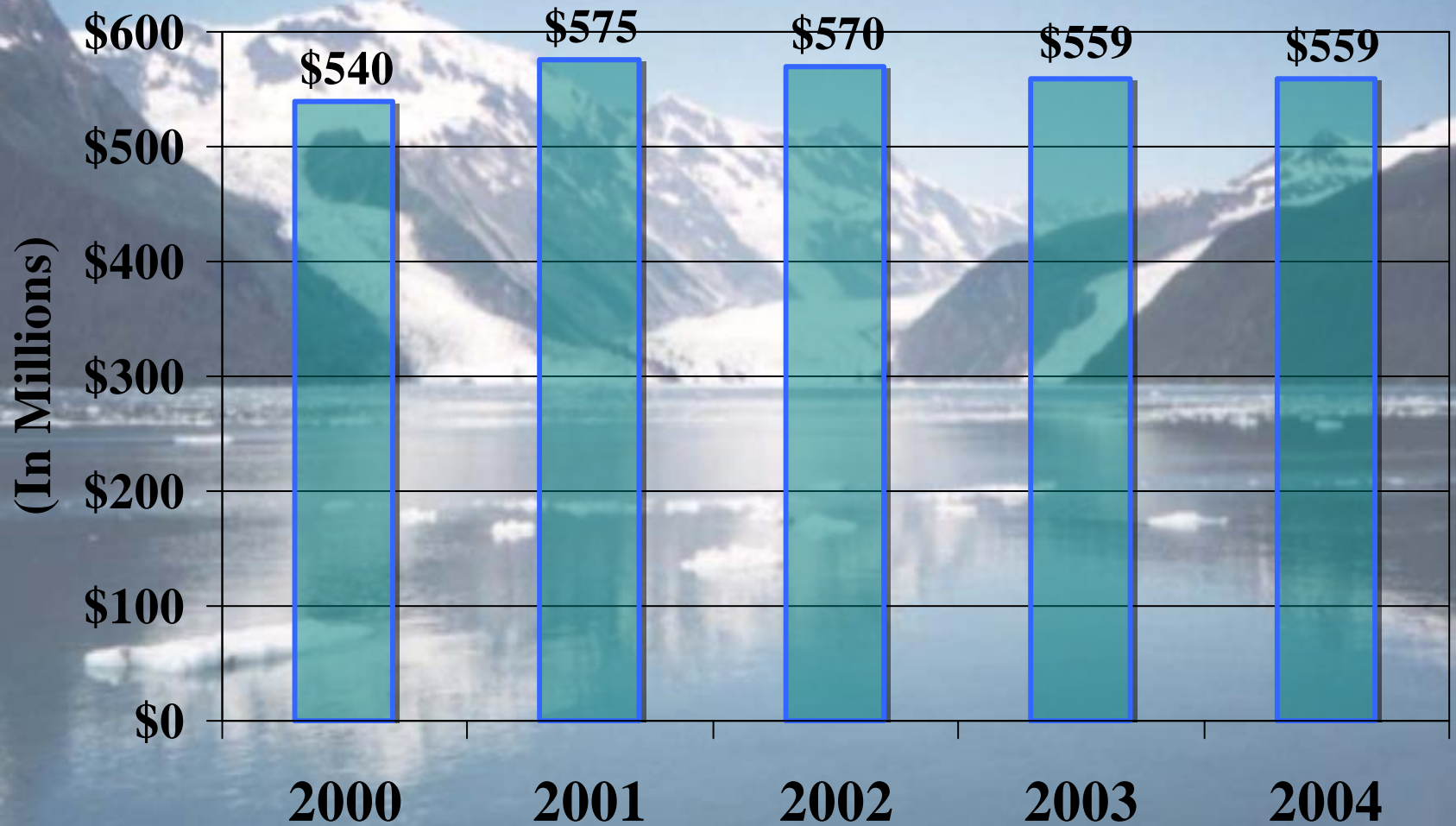
EQUITY RATIO FOR LAST 10 YEARS



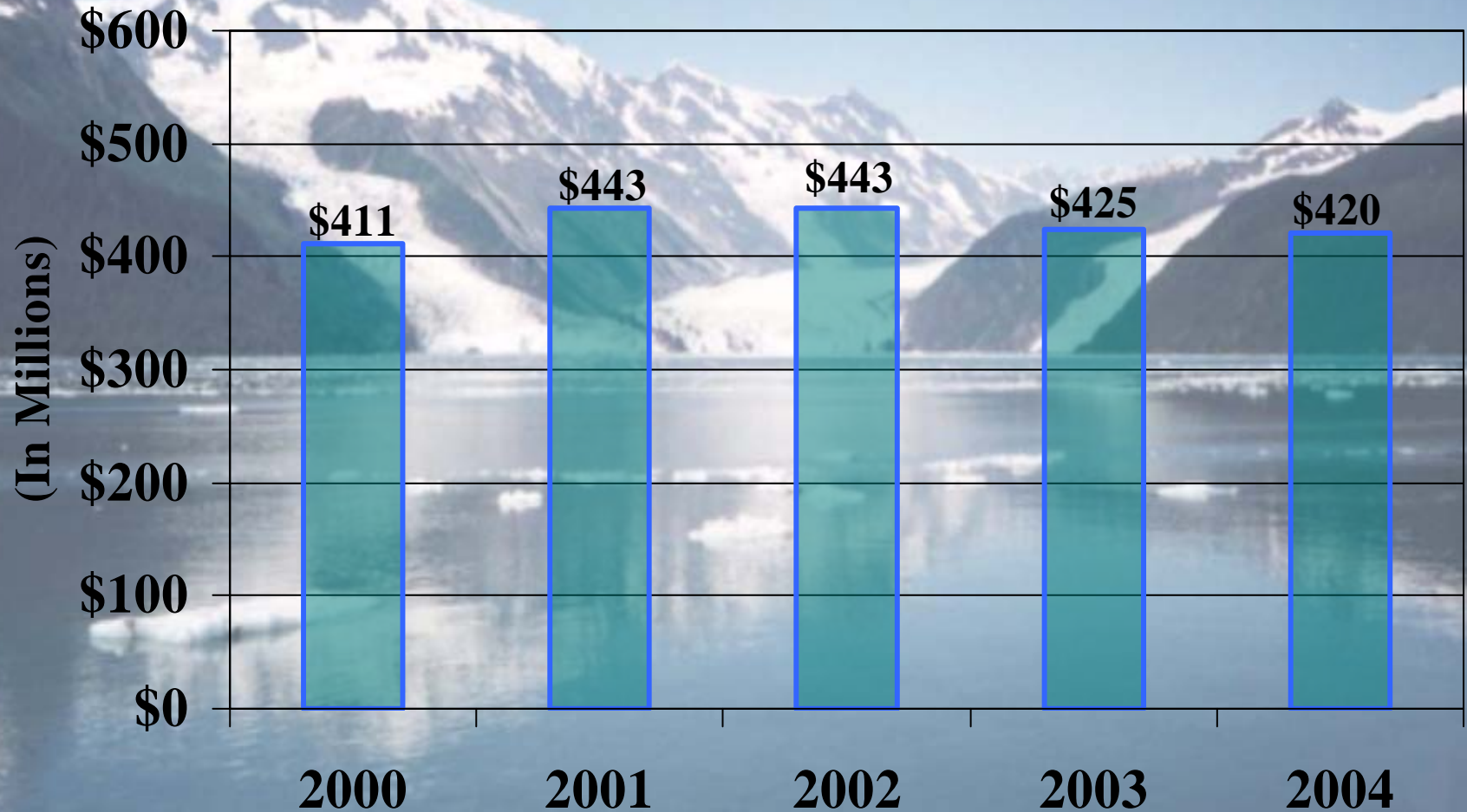
CAPITAL CREDIT ROTATIONS FOR LAST 10 YEARS



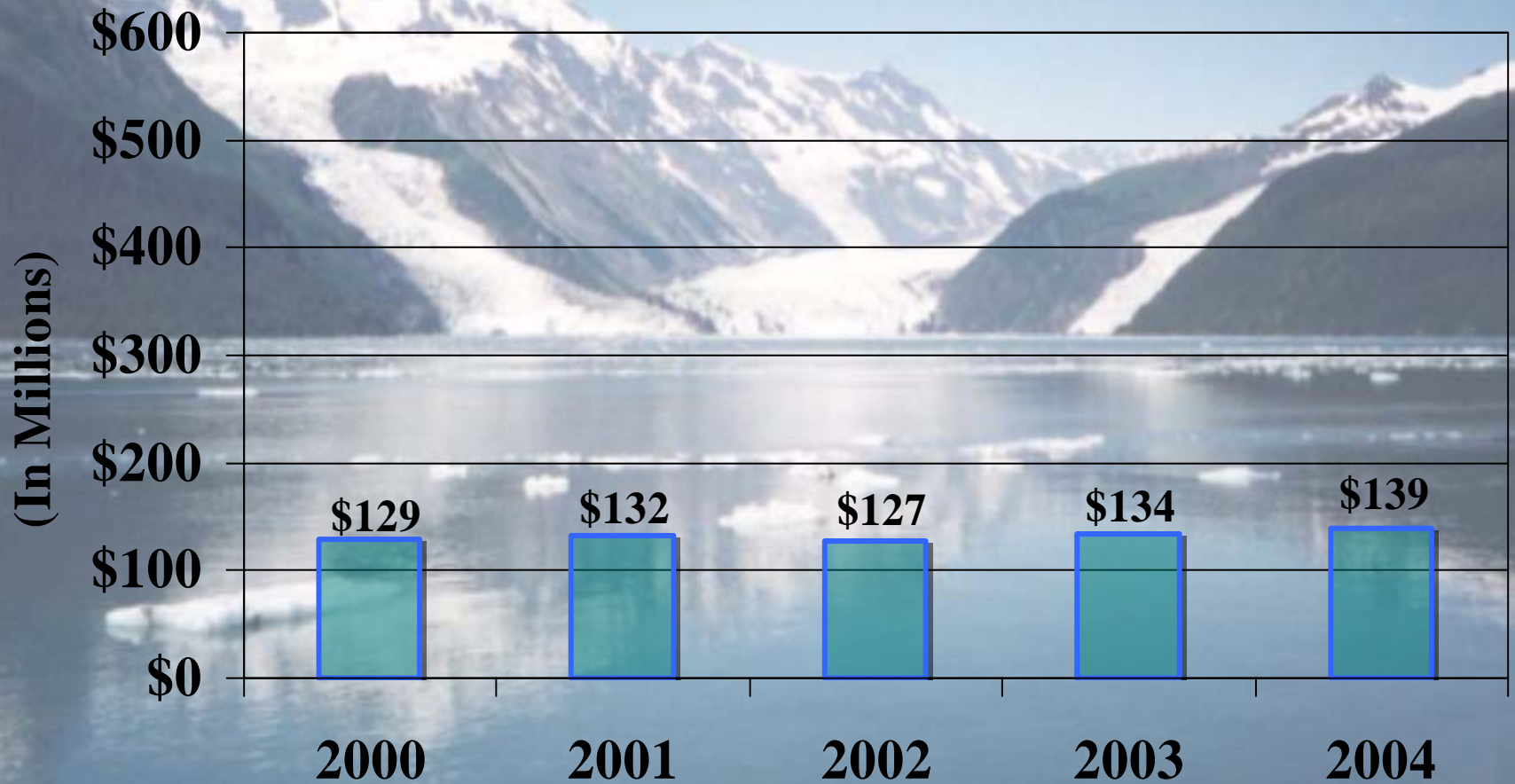
ASSETS



LIABILITIES



EQUITY



A scenic landscape featuring a large body of water in the foreground, dotted with numerous icebergs of various sizes. The water is a deep blue, reflecting the sky and the surrounding environment. In the background, a range of rugged mountains is visible, with significant portions covered in snow. The sky is a clear, bright blue. The overall scene is serene and majestic.

UNBUNDLED FINANCIALS

REORGANIZATION

- **January 2005**
 - **Chugach organized into distinct business units**
 - **Corporate**
 - **Generation & Transmission**
 - **Distribution**
 - **Service**

REORGANIZATION CONTINUED

- **Organizes into distinct lines of business**
- **Isolates cost of doing business**
- **Unbundled financials facilitate revenue and expense tracking and performance monitoring**

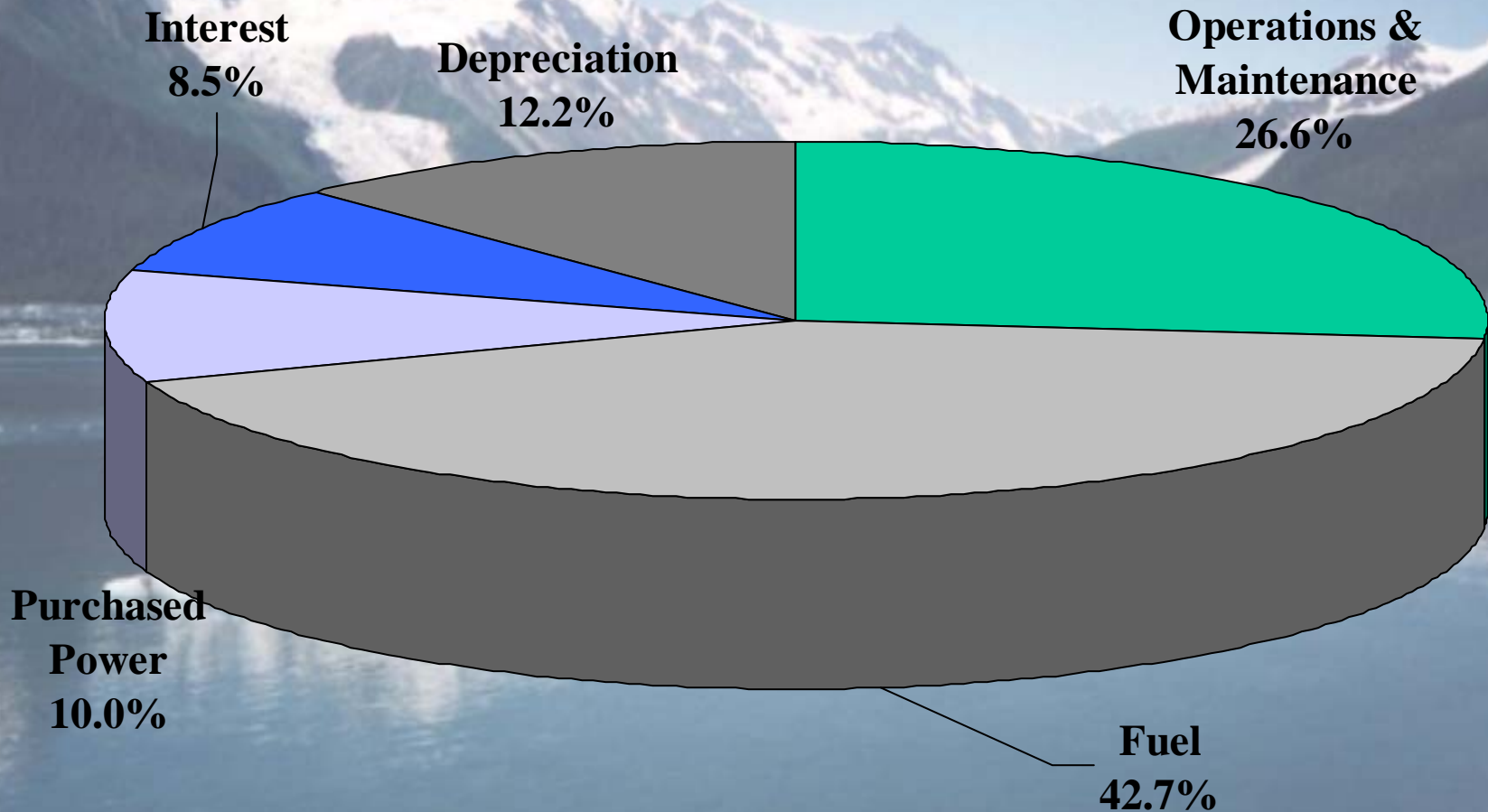
UNBUNDLED RESULTS - 2004

	Total	G&T	Distribution
Margins (In Millions)	\$7.6	(\$3.8)	\$11.4
Achieved TIER ⁽¹⁾	1.35	0.70	2.24
Return on Equity	6.17%	-10.02%	13.47%
Operating Revenue per kWh	\$0.07653	\$0.05539	\$0.04537

⁽¹⁾ Times Interest Earned Ratio

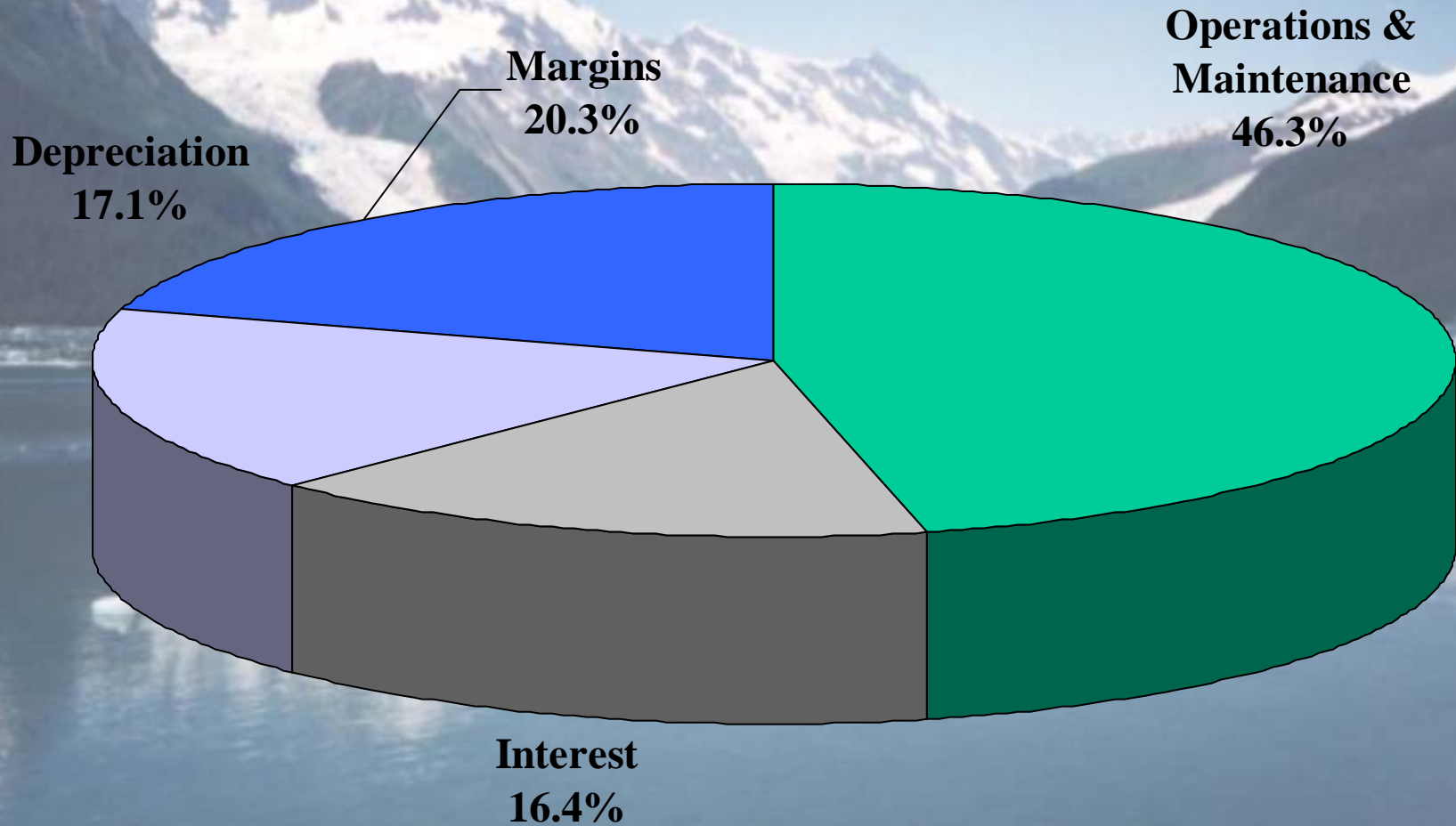
UNBUNDLED COST OF SERVICE

Generation & Transmission Division



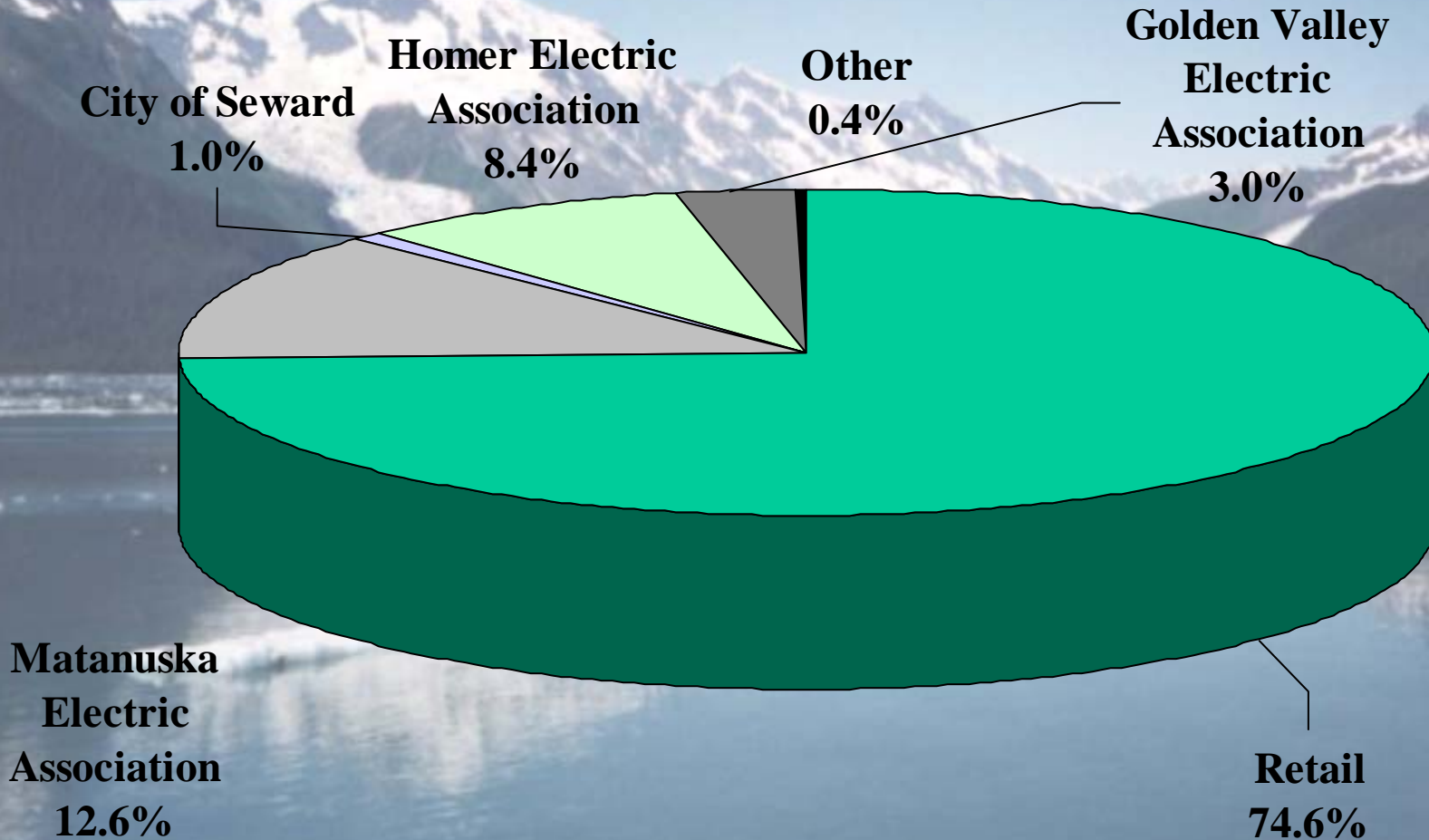
UNBUNDLED COST OF SERVICE

Distribution Division



UNBUNDLED REVENUE

Generation & Transmission Division

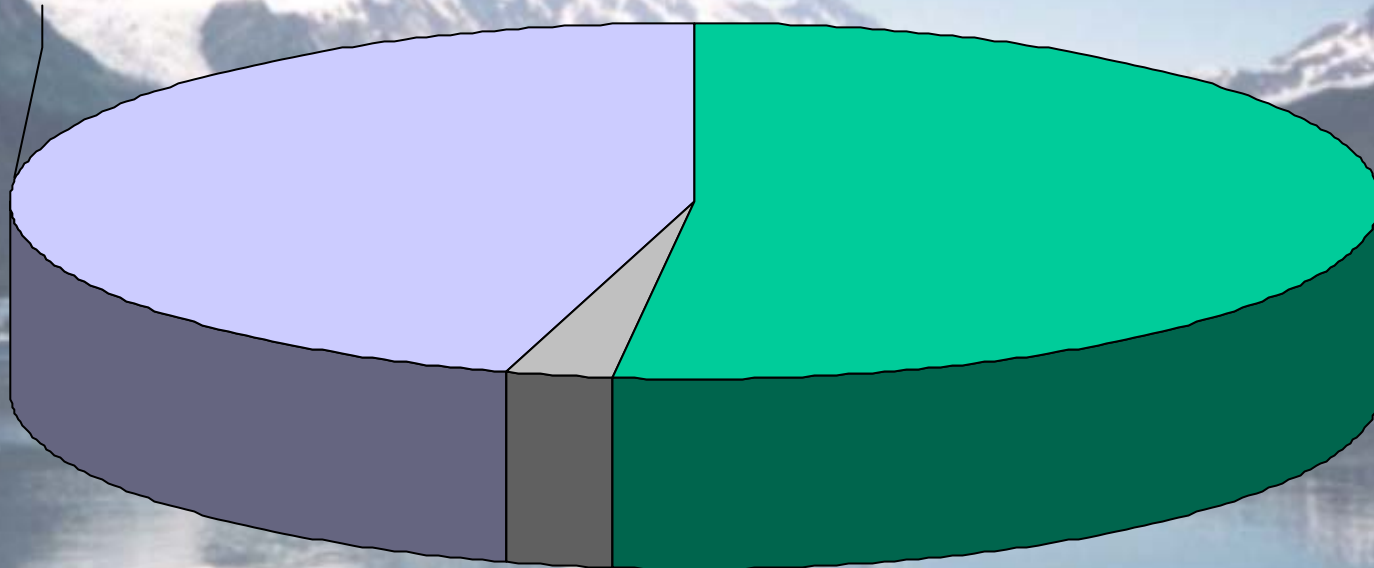


UNBUNDLED REVENUE

Distribution Division

Commercial
45.5%

Residential
51.9%



Other
2.5%

FINANCE/AUDIT COMMITTEES

- **Sarbanes Oxley Act of 2002**
 - **Compliance required 12/31/2006**
 - **Activities completed**
 - **External audit partner rotation**
 - **Whistleblower policy**
 - **CEO and CFO certification of financial statements**
 - **Code of ethics for senior financial officers**
 - **Activities underway**
 - **Management assessment and certification of internal controls**



FINANCIAL SUMMARY

**Chugach provides reliable,
low cost electric service
within the approved
operating and capital
budgets**



BOTTOM LINE

***CHUGACH IS HIGHLY
RELIABLE AND VERY
EFFICIENT***