

CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA

April 14, 2006

To: Mike Cunningham, Chief Financial Officer
From: Sherri McKay-Highers, Manager, Corporate Budgeting *SMH*
Subject: 1st Quarter Operating Budget Status Report

The attached Operating Budget Status Report reflects the budget adjustments for the first quarter of 2006 and are outlined below:

- A. The addition of the amortization of the ConocoPhillips gas compression at the Beluga River Field. No budget impact.
- B. The transfer for EPA Tank Mandates from the Substation Department to the Environmental Engineering Department, who will be managing the project. No budget impact.
- C. The transfer of the budget for renting to the purchasing of a Thaw Zall, ground thawer. Budget decrease of \$32,000 from operating expense to general plant.
- D. The addition of the monthly service charges for twenty-nine Satellite Phones. Budget increase of \$11,280.
- E. The decrease associated with the re-allocation of warehouse labor associated with capital projects. Budget decrease of \$24,579 from operating expense to capital projects.
- F. The decrease to depreciation expense due to RCA Order No. 9 in Docket No. U-04-102. Budget decrease of \$773,915.
- G. The decrease to Interest During Construction, (IDC) based on final capital expenditures and rates. Budget increase of \$28,964.
- H. The decrease to Allowance for Funds Used During Construction, (AFUDC) based on final capital expenditures and rates. Budget increase of \$5,110.

All of the foregoing budget adjustments result in a decrease to the 2006 operating budget of \$785,140. The net result of revenue and expenses is projected margins of \$12.9 million compared to margins of \$12.2 million in the 2006 approved operating budget.

CHUGACH ELECTRIC ASSOCIATION, INC.
OPERATING BUDGET STATUS REPORT
1ST QUARTER 2006

CATEGORY	2006 APPROVED BUDGET	2006 BUDGET REVISIONS	2006 REVISED BUDGET
REVENUES:			
1. TOTAL REVENUE	\$269,620,829	\$127,728 A	\$269,748,557
EXPENSES:			
2. FUEL EXPENSE	120,390,043	127,728 A	120,517,771
3. POWER PRODUCTION EXPENSE	14,776,719	50,000 B	14,826,719
4. COST OF PURCHASED POWER	30,329,556	0	30,329,556
5. TRANSMISSION EXPENSE	6,122,921	(33,350) B	6,089,571
6. DISTRIBUTION EXPENSE-OPERATIONS	4,383,361	0	4,383,361
7. DISTRIBUTION EXPENSE-MAINTENANCE	6,833,040	(48,650) B C	6,784,390
8. CONSUMER ACCOUNTS EXPENSE	4,561,126	0	4,561,126
9. CUSTOMER SERVICE/INFO EXPENSE	809,984	0	809,984
11. ADMINISTRATIVE/GENERAL EXPENSE	17,227,027	(13,299) D E	17,213,728
12. TOTAL OPERATIONS/MAINTENANCE EXPENSE	\$205,433,777	\$82,429	\$205,516,206
13. DEPRECIATION/AMORTIZATION EXPENSE	29,358,247	(773,915) F	28,584,332
14. TAX EXPENSE-OTHER	856,735	0	856,735
15. INTEREST-LONG TERM DEBT	23,448,911	0	23,448,911
16. INTEREST ON CONSTRUCTION-CREDIT	(929,825)	28,964 G	(900,861)
17. INTEREST EXPENSE-OTHER	126,666	0	126,666
18. OTHER DEDUCTIONS	300,000	0	300,000
19. TOTAL COST OF ELECTRIC SERVICE	\$258,594,511	-\$662,522	\$257,931,989
20. PATRONAGE CAPITAL/OPERATING MARGINS	\$11,026,318	\$790,250	\$11,816,568
21. NON-OPERATING MARGINS-INTEREST	388,093	0	388,093
22. ALLOWANCE FUNDS USED DURING CONST.	164,087	(5,110) H	158,977
23. NON-OPERATING MARGINS-OTHER	0	0	0
24. GENER./TRANS. CAPITAL CREDITS	0	0	0
25. OTHER CAPITAL CREDITS/DIVIDENDS	575,000	0	575,000
26. EXTRAORDINARY ITEMS	0	0	0
27. PATRONAGE CAPITAL OR MARGINS	\$12,153,498	\$785,140	\$12,938,638

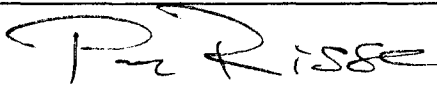



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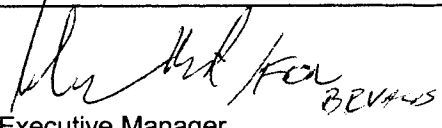


BUDGET REVISION REQUEST

1.	Division: G&T Division	Department:	
2.	Add: <input checked="" type="checkbox"/> [X]	Delete: <input type="checkbox"/> []	Transfer: <input type="checkbox"/> []
3.	Full year amount (rounded to dollars):	\$3,200,000	
4.	Monthly amounts (rounded to dollars - should total to line 3 above)		
	January \$	May \$	September \$
	February \$	June \$	October \$
	March \$	July \$	November \$3,200,000
	April \$	August \$	December \$
5.	General Ledger Account Number (from):		
	General Ledger Account Number (to):	18610/000/00/2101	
6.	General Ledger Account Name (from):		
	General Ledger Account Name (to):	Miscellaneous Deferred Debits	
7.	<p>Explanation: Additional Capital Improvement Plan (CIP) expenditure for ConocoPhillips Alaska, Inc. gas compression at the Beluga River Field. Under the Agreement for Sale and Purchase of Natural Gas between Chugach and ConocoPhillips Alaska, Inc., Chugach is required to pay its allocation of costs associated with a new compression plant installed at the Beluga River Field by ConocoPhillips Alaska, Inc. Chugach will not have an equity ownership in the compression equipment. The payment will be deferred and the cost recovered through the fuel cost recovery mechanism, subject to RCA approval, over the remaining life of the gas contract, currently estimated at five years. The monthly amount is projected to be \$53,333.00, however, this additional fuel expense will not impact margins.</p>		
8.	Requested by: Brad Evans	Date: 01/10/06	
9.	<p><\$25,000 Approved by:  Division Director/Department Manager</p>	Date: 1-18-06	
10.	<p>\$25,000 - \$250,000 Approved by:  Executive Manager General Manager, G&T Division</p>	Date: 1-18-06	
11.	<p>\$250,000 - \$1,000,000 Approved by:  Interium, Chief Executive Officer</p>	Date: 1-19-06	
12.	<p>>\$1,000,000 Approved by:  Board of Directors</p>	Date: 1/18/2006	
<p>Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting</p>			

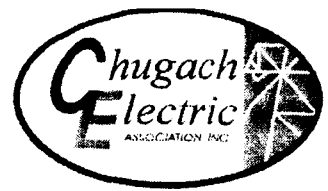


BUDGET REVISION REQUEST

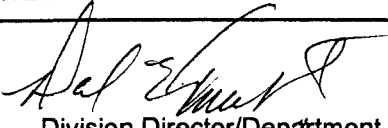
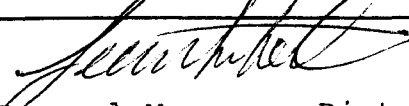
1.	Division: Transmission Technical Services	Department: Substation Department
2.	Add: <input type="checkbox"/>	Delete: <input type="checkbox"/> Transfer: <input checked="" type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$50,000.00
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$	May \$
	February \$50,000.00	June \$
	March \$	July \$
	April \$	August \$
	September \$	October \$
	November \$	December \$
5.	General Ledger Account Number (from):	'50.0772 59200-013-02-7520 \$16,650.00 '50.0773 57000-013-02.7520 \$33,350.00
	General Ledger Account Number (to):	54600-000-02-7200
6.	General Ledger Account Name (from): General Ledger Account Name (to):	
7.	Explanation: To transfer the EPA Tank Mandates project money into environmental cost center. They will be managing this project.	
8.	Requested by: <i>CK</i> Charlie Kimmel/Dan Knecht	Date: 02/16/05
9.	<\$25,000 Approved by:  Division Director/Department Manager	Date: 2-20-05
10.	\$25,000 - \$250,000 Approved by:  Executive Manager	Date: 2-20-06
11.	\$250,000 - \$1,000,000 Approved by: Chief Executive Officer	Date:
12.	>\$1,000,000 Approved by: Board of Directors	Date:

Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting

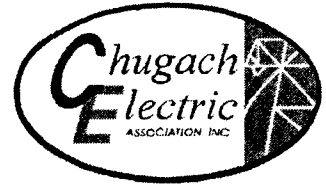
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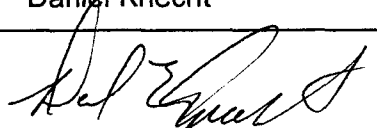
BUDGET REVISION REQUEST

1.	Division: Administrative Services	Department: Fleet	
2.	Add: <input type="checkbox"/>	Delete: <input type="checkbox"/>	Transfer: <input checked="" type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$ 32,000.00	
4.	Monthly amounts (rounded to dollars - should total to line 3 above)		
	January \$	May \$	September \$
	February \$	June \$	October \$
	March \$ 32,000.00	July \$	November \$
	April \$	August \$	December \$
5.	General Ledger Account Number (from): ⁵⁹⁴⁰⁰ 54900 006 02 7628 General Ledger Account Number (to): 39400 000 00 2101		
6.	General Ledger Account Name (from): Operations Maintenance General Ledger Account Name (to): General Plant, Tools, Shop & Garage		
7.	Explanation: Purchase of Thaw-Zall, Ground Thawer		
8.	Requested by: Daniel Knecht	Date: 2/6/06	
9.	<\$25,000 Approved by:  Division Director/Department Manager	Date: 2/6/06	
10.	\$25,000 - \$50,000 Approved by:  General Manager, Distribution	Date: 2/6/06	
11.	\$50,000 - \$100,000 Approved by: C.E.O.	Date:	
12.	>\$100,000 Approved by: Board of Directors	Date:	
Obtain necessary approval signatures, forward to the Manager, Budget & Plant Accounting			

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BUDGET REVISION REQUEST - 2006

1.	Division: Administrative Services	Department:
2.	Add: <input checked="" type="checkbox"/>	Delete: <input type="checkbox"/> Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$ 11,280
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$940	May \$940
	February \$940	June \$940
	March \$940	July \$940
	April \$940	August \$940
	September \$940	October \$940
	November \$940	December \$940
5.	General Ledger Account Number (from):	
	General Ledger Account Number (to):	92110/540/06/3101
6.	General Ledger Account Name (from):	
	General Ledger Account Name (to):	Utilities, Exp.
7.	Explanation: Monthly service charge for Satellite Phones (\$32.42 X29 ea.)	
8.	Requested by: Daniel Knecht	Date: 11/22/05
9.	<\$25,000 Approved by:  Division Director/Department Manager	Date: 12/06/05
10.	\$25,000 - \$50,000 Approved by: Executive Manager	Date:
11.	\$50,000 - \$100,000 Approved by: General Manager	Date:
12.	>\$100,000 Approved by: Board of Directors	Date:

Obtain necessary approval signatures, forward to the Manager, Budget & Plant Accounting


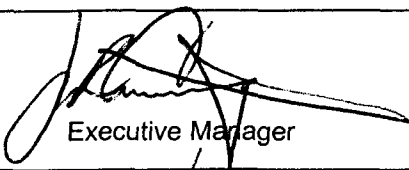
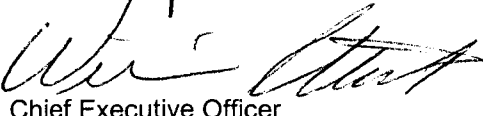


BUDGET REVISION REQUEST

1.	Division: <i>Finance</i>	Department: <i>Corporate Budget</i>
2.	Add: <input type="checkbox"/>	Delete: <input checked="" type="checkbox"/> Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$ <i>24,579</i>
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$ <i>2,048</i>	May \$ <i>2,048</i>
	February \$ <i>2,048</i>	June \$ <i>2,048</i>
	March \$ <i>2,048</i>	July \$ <i>2,048</i>
	April \$ <i>2,048</i>	August \$ <i>2,048</i>
	September \$ <i>2,048</i>	October \$ <i>2,048</i>
	November \$ <i>2,048</i>	December \$ <i>2,051</i>
5.	General Ledger Account Number (from): <i>92199 000 05 2101</i>	<i>24,579</i>
	General Ledger Account Number (to):	
6.	General Ledger Account Name (from): <i>General & Administrative clearing</i>	
	General Ledger Account Name (to):	
7.	Explanation: <i>The re-allocation of labor associated with the warehouse. Labor was budgeted to G&A when it should have been budgeted to the clearing account that gets cleared to capital projects based on warehouse operations.</i>	
8.	Requested by: <i>Katrina Stoyjohann</i>	Date: <i>12-15-05</i>
9.	<\$25,000 Approved by: <i>Shuni J MK-Highers</i> Division Director/Department Manager	Date: <i>12-15-05</i>
10.	\$25,000 - \$250,000 Approved by: Executive Manager	Date:
11.	\$250,000 - \$1,000,000 Approved by: Chief Executive Officer	Date:
12.	>\$1,000,000 Approved by: Board of Directors	Date:
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		



BUDGET REVISION REQUEST

1.	Division: Finance	Department: Plant Accounting
2.	Add: <input type="checkbox"/>	Delete: <input checked="" type="checkbox"/> Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$773,915
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$64,492.92	May \$64,492.92
	February \$64,492.92	June \$64,492.92
	March \$64,492.92	July \$64,492.92
	April \$64,492.92	August \$64,492.92
		September \$64,492.92
		October \$64,492.92
		November \$64,492.92
		December \$64,492.88
5.	General Ledger Account Number (to):	40340/622/00/2101 40340/624/00/2101 40340/626/00/2101 40350/000/00/2101
7.	Explanation: In accordance with RCA Order No. 9 in Docket No. U-04-102 "In the Matter of the Revision to Current Depreciation Rates Filed by Chugach Electric Association, Inc." The result is a decrease of \$773,915 in depreciation expense for fiscal year 2006.	
8.	Requested by: Kathy Harris	Date: 1/19/06
9.	<\$25,000 Approved by:  Division Director/Department Manager	Date: 1/15/06
10.	\$25,000 - \$250,000 Approved by:  Executive Manager	Date: 1/19/06
11.	\$250,000 - \$1,000,000 Approved by:  Chief Executive Officer	Date: 1/19/06
12.	>\$1,000,000 Approved by: Board of Directors	Date:
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		



BUDGET REVISION REQUEST

1.	Division: <i>Finance</i>	Department: <i>Corporate Budget</i>
2.	Add: <input type="checkbox"/>	Delete: <input checked="" type="checkbox"/> Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$ <i>28,964</i>
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$ <i>2,414</i>	May \$ <i>2,414</i>
	February \$ <i>2,414</i>	June \$ <i>2,414</i>
	March \$ <i>2,414</i>	July \$ <i>2,414</i>
	April \$ <i>2,414</i>	August \$ <i>2,414</i>
	September \$ <i>2,414</i>	October \$ <i>2,414</i>
	November \$ <i>2,414</i>	December \$ <i>2,410</i>
5.	General Ledger Account Number (from): General Ledger Account Number (to): <i>42730 000 00 2101</i>	
6.	General Ledger Account Name (from): General Ledger Account Name (to):	
7.	Explanation: <i>To record the final calculation of IDC based on final capital expenditures and rates.</i>	
8.	Requested by: <i>Katrina Stoyohann</i>	Date: <i>12-15-05</i>
9.	<\$25,000 Approved by: <i>Sherrif McKenighers</i> Division Director/Department Manager	Date: <i>12-15-05</i>
10.	\$25,000 - \$250,000 Approved by: Executive Manager	Date:
11.	\$250,000 - \$1,000,000 Approved by: Chief Executive Officer	Date:
12.	>\$1,000,000 Approved by: Board of Directors	Date:
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		



BUDGET REVISION REQUEST

1.	Division: <i>Finance</i>	Department: <i>Corporate Budget</i>
2.	Add: <input type="checkbox"/>	Delete: <input checked="" type="checkbox"/> Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$ <i>5,110</i>
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$ <i>426</i>	May \$ <i>426</i>
	February \$ <i>426</i>	June \$ <i>426</i>
	March \$ <i>426</i>	July \$ <i>426</i>
	April \$ <i>426</i>	August \$ <i>426</i>
	September \$ <i>426</i>	October \$ <i>426</i>
	November \$ <i>426</i>	December \$ <i>424</i>
5.	General Ledger Account Number (from): General Ledger Account Number (to): <i>41910 000 00 2101</i>	
6.	General Ledger Account Name (from): General Ledger Account Name (to):	
7.	Explanation: <i>To record the final calculation of AFUDC based on final capital expenditures and rates.</i>	
8.	Requested by: <i>Katrina Stoyjohann</i>	Date: <i>12-15-05</i>
9.	<\$25,000 Approved by: <i>Sheri MK-Highers</i> Division Director/Department Manager	Date: <i>12-15-05</i>
10.	\$25,000 - \$250,000 Approved by: Executive Manager	Date:
11.	\$250,000 - \$1,000,000 Approved by: Chief Executive Officer	Date:
12.	>\$1,000,000 Approved by: Board of Directors	Date:
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		