

Chugach Electric Association, Inc.
Anchorage, Alaska

May 5, 2010

TO: Chugach Board of Directors

FROM: Bradley W. Evans, Chief Executive Officer

SUBJECT: *Railbelt Electric Utility Bill Comparison: Second Quarter 2010*

Chugach's Railbelt electric utility bill comparison has been updated to reflect rates effective second quarter 2010.

Retail bill levels increased for Chugach, Homer Electric Association, Inc. (HEA) and Anchorage Municipal Light and Power (ML&P); and decreased for Matanuska Electric Association, Inc. (MEA). Retail bill levels for Golden Valley Electric Association, Inc. (GVEA) remained essentially unchanged.

Second Quarter 2010 Results

Chugach residential bill levels increased 3.6 percent in second quarter 2010. The increase is due to an increase in the surcharge rate, which is primarily attributed to a projected reduction of an over-recovery in the surcharge balancing account.

HEA residential bills increased 14.8 percent in second quarter as a result of an increase in their wholesale power cost adjustment factor (WPCRA) and a 6 percent increase in their base rates as a result of an SRF filing. The increase in their WPCRA is attributed to the net impact resulting from an increase in Chugach's fuel recovery factor charged to HEA, an under-recovery balance in the purchased power cost recovery balancing account, and lower projected kWh sales.

Second quarter residential bills for MEA customers decreased 5.7 percent as a result of a reduction in their WPCRA. MEA implemented a 0.9 percent base rate increase through an SRF filing. However, the base rate increase was more than offset by the reduction in their purchased power costs.

Residential bills for ML&P increased 15.6 percent in second quarter, primarily the result of lower economy energy sales margins which created an under-recovery in their Cost of Power Adjustment (COPA) balancing account.

GVEA residential bill levels remained essentially unchanged (\$145.36 in Q1 vs. \$145.39 in Q2). The slight difference is attributed to an increase in their second quarter COPA as a result of a change in their cost of power balancing account.

Comparison of Results

Figure 1 compares bill totals for second and first quarter 2010. Figure 2 expands the comparison by identifying the fuel/purchased power and base rate (non-fuel) components of each customer bill. Figure 3 summarizes Chugach quarterly residential bill levels from first quarter 2005 through second quarter 2010, identifying fuel and non-fuel components of each bill.

The table below summarizes the bill total results in relation to last quarter.

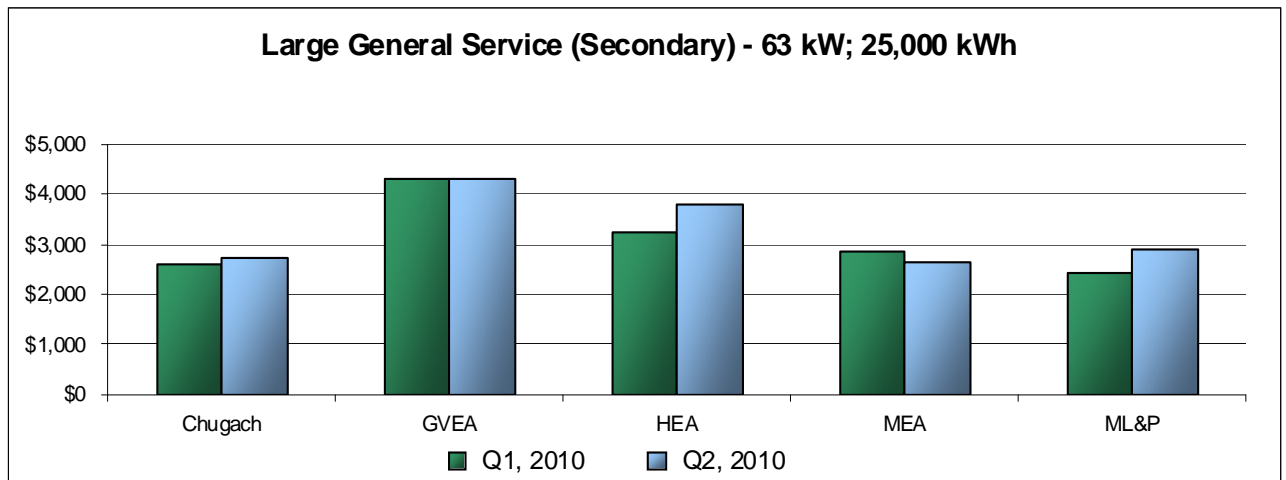
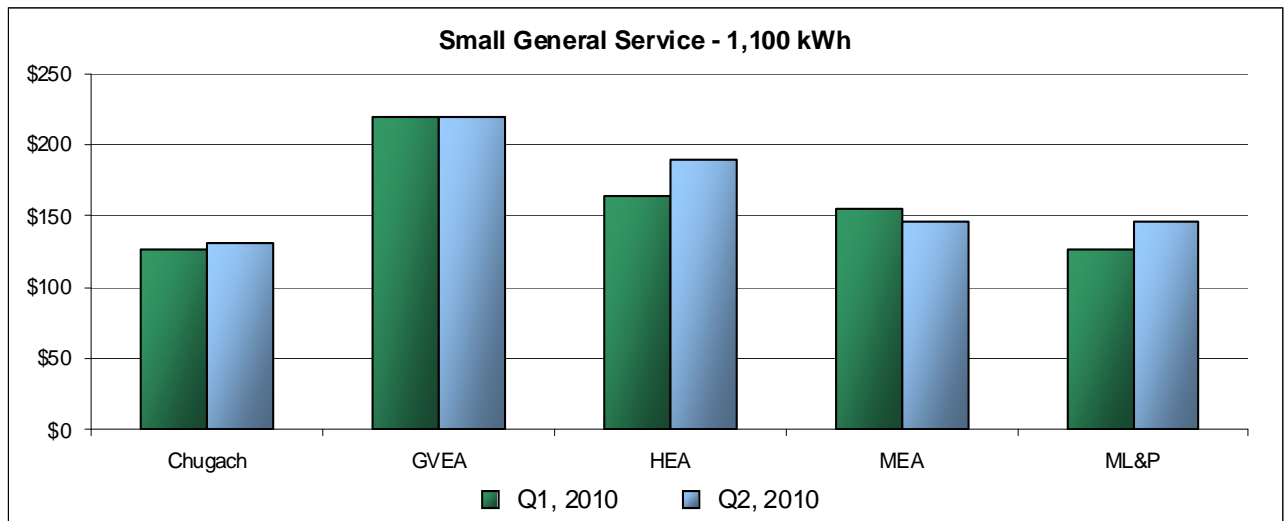
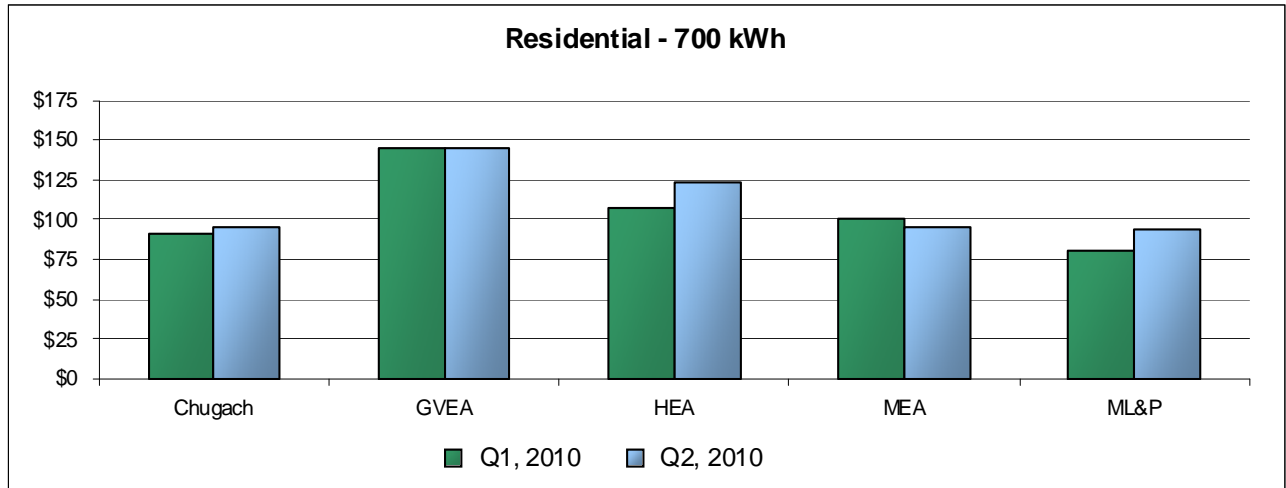
Table 1: Summary of Second Quarter 2010 Electric Bill Totals
 (April 2010)

Customer Class	Chugach	GVEA	HEA	MEA	ML&P
Residential - 700 kWh	\$94.74	\$145.39	\$123.23	\$95.49	\$93.70
Prior Quarter Change	3.6%	0.0%	14.8%	(5.7%)	15.6%
Difference from Chugach Bill	----	53.5%	30.1%	0.8%	(1.1%)
Small General Service - 1,100 kWh	\$131.01	\$220.15	\$189.09	\$146.83	\$146.59
Prior Quarter Change	4.1%	0.0%	14.8%	(5.8%)	15.7%
Difference from Chugach Bill	----	68.0%	44.3%	12.1%	11.9%
Large General Service - Secondary ¹	\$2,719	\$4,279	\$3,786	\$2,635	\$2,872
Prior Quarter Change	4.5%	0.0%	16.9%	(7.4%)	18.6%
Difference from Chugach Bill	----	57.4%	39.3%	(3.1%)	5.6%

¹ Based on 25,000 kWh and 63 kW.

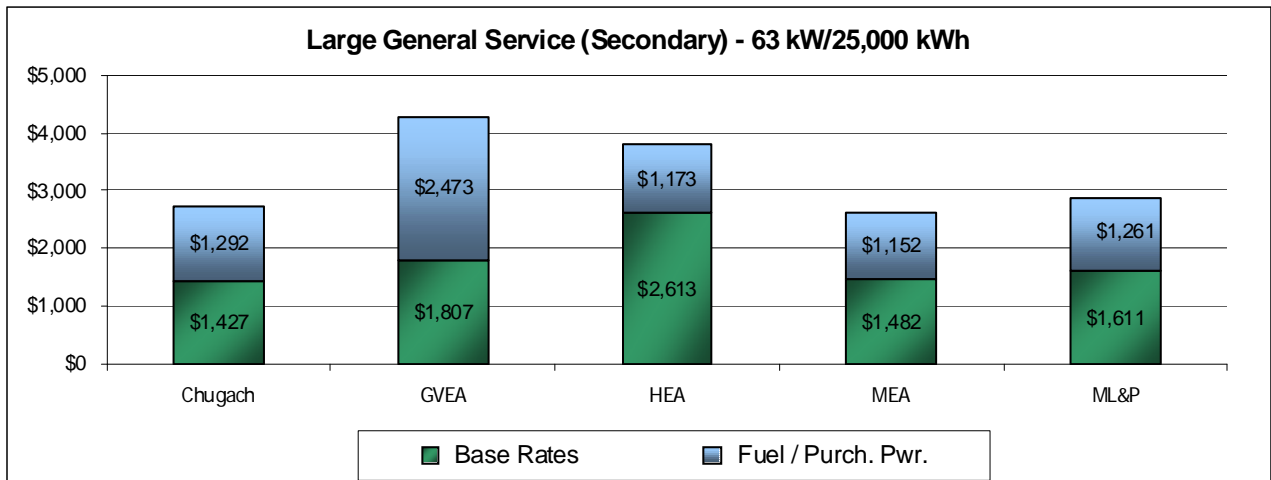
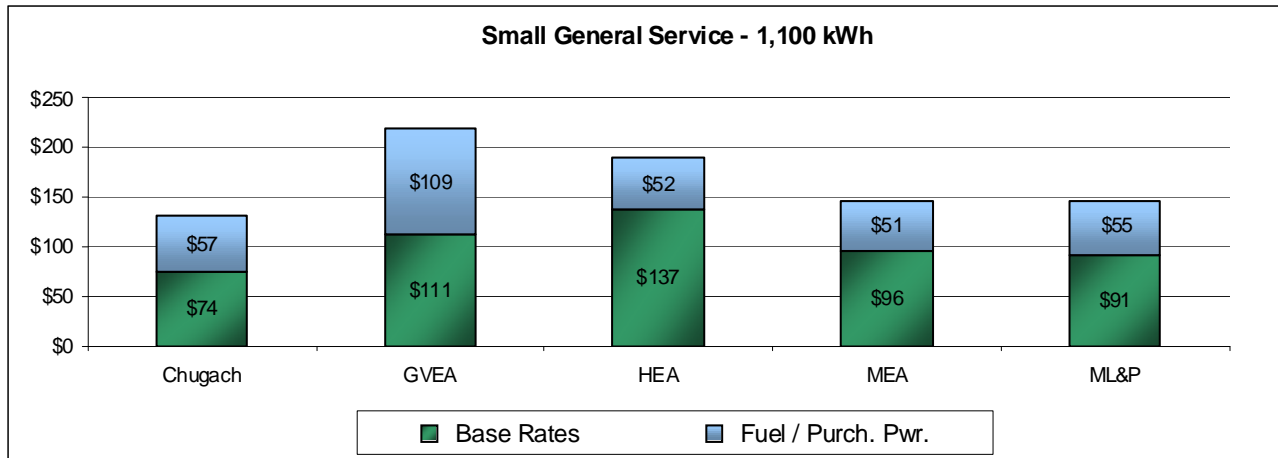
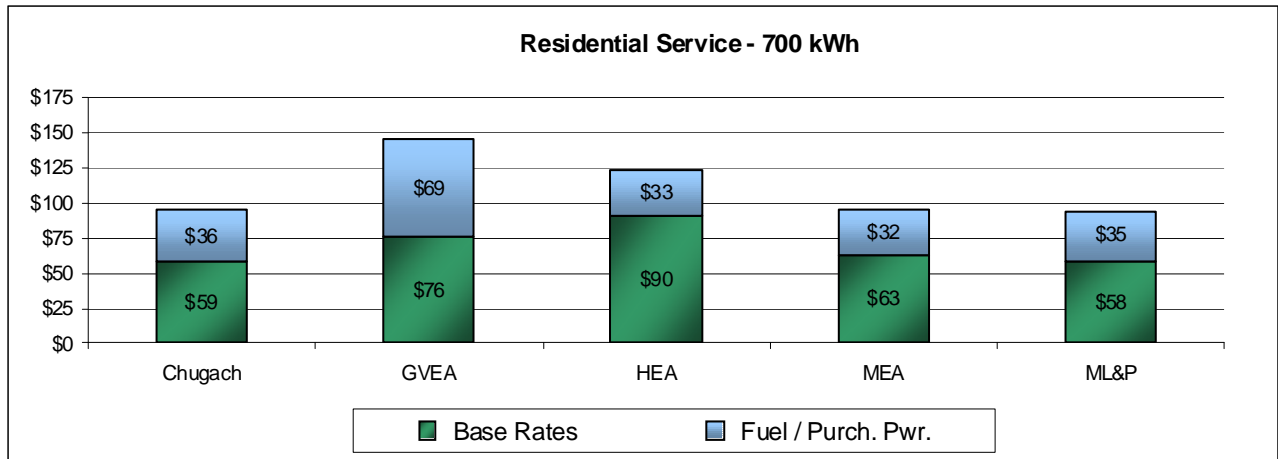
Bill totals based on tariffed rates. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge are excluded.

**Figure 1: Retail Electric Bill Totals by Utility
 First Quarter 2010 vs. Second Quarter 2010**
 (Second Quarter 2010 as of April)



Bill totals based on actual and proposed tariffed rates. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge are excluded.
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**Figure 2: Base Rate and Fuel and Purchased Power Components
 Bill Totals - Second Quarter 2010**



Bill totals based on actual and proposed tariffed rates. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge are excluded. Billing components for HEA and MEA based on estimated separation of balancing account totals. Differences in rate class balancing accounts (over or under-recoveries) also impact results.

Figure 3: Chugach's Monthly Residential Bill Total Based on 700 kWh Consumption

