

May 2010 Financial Update

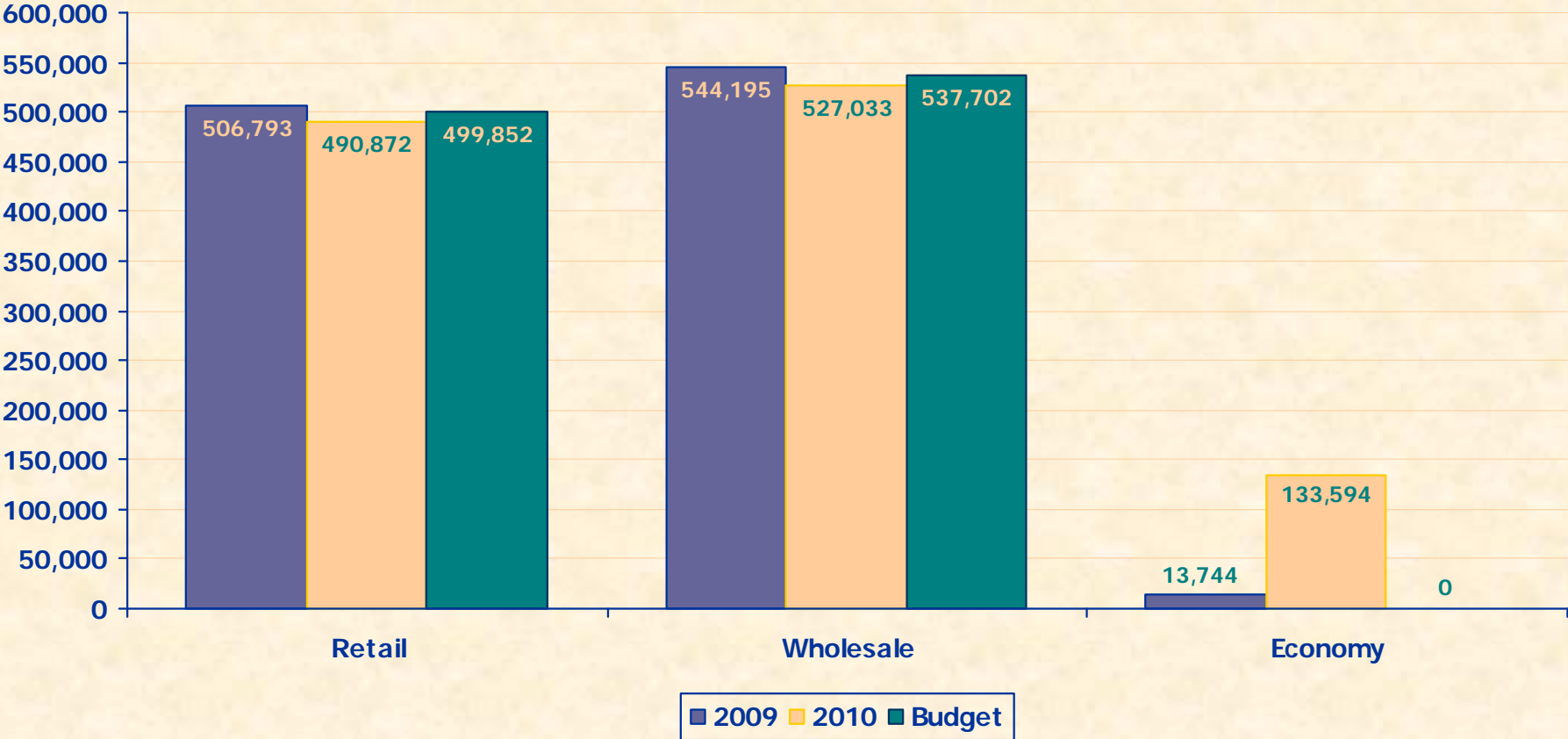
Chugach Electric Association, Inc.

July 14, 2010

May Financial Information

- **MWh Sales**
- **Year-End Forecast**
- **Margin Comparison**
- **Statement of Operations**
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May YTD MWh Sales



Year-End Forecast

	YTD Budget	YTD Actuals	Revised Forecast*	
1. Operating Revenue & Patronage Capital	\$ 102,453,592	\$ 108,744,317	\$ 253,416,052	^{1 3}
2. Fuel Expense	39,985,753	47,773,115	108,147,881	¹
3. Power Production Expense	6,736,024	6,154,158	17,166,667	
4. Purchased Power Expense	11,616,564	10,010,101	26,005,701	¹
5. Transmission Expense	2,512,571	2,284,381	6,217,660	
6. Distribution Expense	4,779,233	4,897,433	11,812,868	⁴
7. Customer Expense	2,463,859	2,254,329	5,844,962	
8. Administrative & General Expense	8,759,601	8,295,750	19,962,636	
9. TOTAL Ops & Maint Expense (2 thru 8)	\$ 76,853,605	\$ 81,669,267	\$ 195,158,375	
10. Depreciation & Amortization Expense	\$ 13,518,188	\$ 13,586,636	\$ 32,543,070	
11. Tax Expense - Other	348,712	326,981	780,124	¹
12. Interest on LT Debt	8,372,093	6,338,121	12,372,837	^{1 2}
13. Interest Charged to Construction - Credit	(455,347)	(340,656)	(1,420,267)	
14. Interest Expense - Other	392,949	2,373,924	8,932,803	^{1 2}
15. Other Deductions	104,165	73,805	219,640	¹
16. TOTAL Cost of Electric Service (9 thru 15)	\$ 99,134,365	\$ 104,028,078	\$ 248,586,582	
17. Patronage Capital & Operating Margins	\$ 3,319,227	\$ 4,716,239	\$ 4,829,470	
18. Non-Operating Margins - Interest	125,790	126,316	305,189	¹
19. Allowance for Funds Used During Construction	54,227	23,437	155,445	
20. Non-Operating Margins - Other	0	7,314	482,314	¹
21. Patronage Capital or Margins	\$ 3,499,244	\$ 4,873,306	\$ 5,772,418	
TIER	1.4180	1.7689	1.4665	

¹ Forecast based on 5 months actual and 7 months forecast

² Forecast includes the reclassification of the 2001 Series A Bonds from long-term to short-term interest

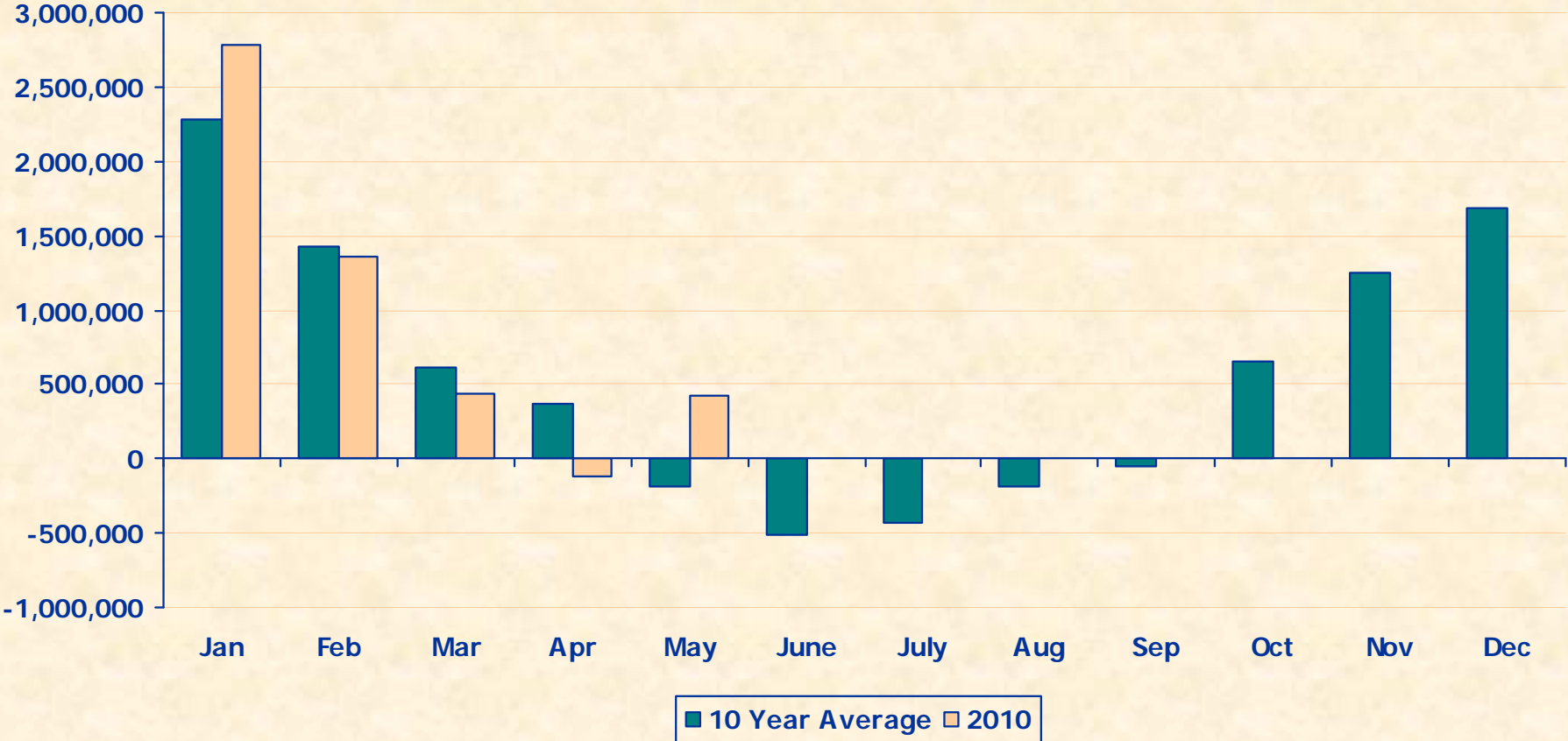
³ Forecast includes economy energy sales for the rest of 2010 and includes rate refunds associated with the 2008 Test Year Rate Case

⁴ Forecast has been adjusted to reflect current assumption changes

* The forecast does not include the effects of the pending long-term debt refinancing

Margin Comparison

10 Year Average to Current Year



Comparative Statement of Operations

May YTD 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
1. Operating Revenue & Patronage Capital	\$ 102,453,592	\$ 108,744,317	\$ 6,290,725
2. Fuel Expense	39,985,753	47,773,115	7,787,362
3. Power Production Expense	6,736,024	6,154,158	(581,866)
4. Purchased Power Expense	11,616,564	10,010,101	(1,606,463)
5. Transmission Expense	2,512,571	2,284,381	(228,190)
6. Distribution Expense	4,779,233	4,897,433	118,200
7. Customer Expense	2,463,859	2,254,329	(209,530)
8. Administrative & General Expense	8,759,601	8,295,750	(463,851)
9. TOTAL Ops & Maint Expense (2 thru 8)	\$ 76,853,605	\$ 81,669,267	\$ 4,815,662
10. Depreciation & Amortization Expense	\$ 13,518,188	\$ 13,586,636	\$ 68,448
11. Tax Expense - Other	348,712	326,981	(21,731)
12. Interest on LT Debt	8,372,093	6,338,121	(2,033,972)
13. Interest Charged to Construction - Credit	(455,347)	(340,656)	114,691
14. Interest Expense - Other	392,949	2,373,924	1,980,975
15. Other Deductions	104,165	73,805	(30,360)
16. TOTAL Cost of Electric Service (9 thru 15)	\$ 99,134,365	\$ 104,028,078	\$ 4,893,713
17. Patronage Capital & Operating Margins	\$ 3,319,227	\$ 4,716,239	\$ 1,397,012
18. Non-Operating Margins - Interest	125,790	126,316	526
19. Allowance for Funds Used During Construction	54,227	23,437	(30,790)
20. Non-Operating Margins - Other	0	7,314	7,314
21. Patronage Capital or Margins	\$ 3,499,244	\$ 4,873,306	\$ 1,374,062
Achieved TIER	1.4180	1.7689	0.3509
Adjusted TIER (for interest on the 2001 Series A Bond)		1.5812	
Operating Revenue per kWh	\$ 0.0989	\$ 0.1068	\$ 0.0079
Operating Cost per kWh	\$ 0.0957	\$ 0.1022	\$ 0.0065

System Statement of Operations

May YTD 2010

	Total	Generation	Transmission	Distribution
1. Operating Revenue & Patronage Capital	\$ 108,744,317	\$ 77,627,968	\$ 9,552,374	\$ 21,563,975
2. Fuel Expense	47,773,115	47,773,115	0	0
3. Power Production Expense	6,154,158	6,153,640	518	0
4. Purchased Power Expense	10,010,101	10,010,101	0	0
5. Transmission Expense	2,284,381	0	2,284,381	0
6. Distribution Expense	4,897,433	0	0	4,897,433
7. Customer Expense	2,254,329	0	0	2,254,329
8. Administrative & General Expense	8,295,750	3,068,195	1,130,136	4,097,419
9. TOTAL Ops & Maint Expense (2 thru 8)	\$ 81,669,267	\$ 67,005,051	\$ 3,415,035	\$ 11,249,181
10. Depreciation & Amortization Expense	\$ 13,586,636	\$ 6,488,573	\$ 2,461,608	\$ 4,636,455
11. Tax Expense - Other	326,981	30,404	10,633	285,944
12. Interest on LT Debt	6,338,121	2,281,724	2,057,354	1,999,043
13. Interest Charged to Construction - Credit	(340,656)	(255,966)	(26,833)	(57,857)
14. Interest Expense - Other	2,373,924	1,868,685	146,183	359,056
15. Other Deductions	73,805	35,311	0	38,494
16. TOTAL Cost of Electric Service (9 thru 15)	\$ 104,028,078	\$ 77,453,782	\$ 8,063,980	\$ 18,510,316
17. Patronage Capital & Operating Margins	\$ 4,716,239	\$ 174,186	\$ 1,488,394	\$ 3,053,659
18. Non-Operating Margins - Interest	126,316	0	0	126,316
19. Allowance for Funds Used During Construction	23,437	17,533	1,899	4,005
20. Non-Operating Margins - Other	7,314	4,596	4,144	(1,426)
21. Patronage Capital or Margins	\$ 4,873,306	\$ 196,315	\$ 1,494,437	\$ 3,182,554
Achieved TIER	1.7689	1.0860	1.7264	2.5920
Operating Revenue per kWh	\$ 0.1068	\$ 0.0763	\$ 0.0094	\$ 0.0439
Operating Cost per kWh	\$ 0.1022	\$ 0.0761	\$ 0.0079	\$ 0.0377

Comparative Balance Sheet

May 2009 & 2010

	<u>May 2009</u>	<u>May 2010</u>	<u>Change</u>
1. Total Utility Plant In Service	\$ 830,404,296	\$ 847,207,103	\$ 16,802,807
2. Construction Work In Progress	22,686,394	50,826,961	28,140,567
3. Total Utility Plant (1 plus 2)	\$ 853,090,690	\$ 898,034,064	\$ 44,943,374
4. Accum. Provision for Depreciation and Amort.	(403,291,412)	(433,994,249)	(30,702,837)
5. Net Utility Plant (3 minus 4)	\$ 449,799,278	\$ 464,039,815	\$ 14,240,537
6. Nonutility Property - Net	24,461	24,461	0
7. Investment in Associated Organizations	12,177,447	12,026,812	(150,635)
8. Special Funds	259,921	371,229	111,308
9. Total Other Property & Investments (6 thru 8)	\$ 12,461,829	\$ 12,422,502	\$ (39,327)
10. Cash & Temporary Investments	4,172,628	14,542,219	10,369,591
11. Special Deposits	124,140	233,037	108,897
12. Accounts Receivable - Net	31,187,532	23,021,842	(8,165,690)
13. Materials and Supplies	30,457,851	33,206,102	2,748,251
14. Prepayments	1,598,022	3,141,811	1,543,789
15. Other Current & Accrued Assets	160,000	362,182	202,182
16. Total Current & Accrued Assets (10 thru 15)	\$ 67,700,173	\$ 74,507,193	\$ 6,807,020
17. Deferred Debits	23,467,623	21,759,847	(1,707,776)
18. Total Assets & Other Debits (5 + 9 + 16 + 17)	\$ 553,428,903	\$ 572,729,357	\$ 19,300,454

Comparative Balance Sheet

May 2009 & 2010

	<u>May 2009</u>	<u>May 2010</u>	<u>Change</u>
19. Memberships	\$ 1,405,163	\$ 1,448,624	\$ 43,461
20. Patronage Capital & Margins & Equities	155,583,857	159,736,057	4,152,200
21. Total Margins & Equities (19 plus 20)	\$ 156,989,020	\$ 161,184,681	\$ 4,195,661
22. Long-Term Debt - Bonds (Net)	270,000,000	120,000,000	(150,000,000)
23. Long-Term Debt - Other (Net)	39,408,240	36,018,215	(3,390,025)
24. Total Long-Term Debt (22 plus 23)	\$ 309,408,240	\$ 156,018,215	\$ (153,390,025)
25. Notes Payable	41,865,349	212,390,025	170,524,676
26. Accounts Payable	4,257,545	4,738,639	481,094
27. Consumer Deposits	2,403,221	2,293,935	(109,286)
28. Other Current & Accrued Liabilities	36,967,918	34,461,868	(2,506,050)
29. Total Current & Accrued Liabilities (25 thru 28)	\$ 85,494,033	\$ 253,884,467	\$ 168,390,434
30. Deferred Credits	1,277,689	1,270,765	(6,924)
31. Misc Operating Reserves	259,921	371,229	111,308
32. Total Liab & Other Credits (21 + 24 + 29 + 30 + 31)	\$ 553,428,903	\$ 572,729,357	\$ 19,300,454
Equity Ratio	33.66%	50.81% *	

* Equity Ratio before reclassifying \$150 million Series A Bond from Long-Term to Short-Term: 34.50%

Questions?