


CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, AK

July 19, 2006

TO: Bill Stewart – Interim CEO
FROM: Mary Tesch – Vice President, Human Resources 
SUBJECT: Alaska Electrical Pension Trust Fund Meeting

The Trustees for the Alaska Electrical Pension Trust Fund met on July 13 and 14, 2006.

Continued investment returns in excess of the assumed rate of 7.25% have further improved the financial health of the Trust.

The attached Appendix provides the result of the January 1, 2006 actuarial projections. Overall, the 2006 valuation projection results are better than those from 2005 as a result of 2005 investment performance. Baseline (7.25% return after 2005) projections show that:

- A funding deficiency (contributions insufficient to meet minimum annual requirements) is not projected to occur.
- Withdrawal liability margin (the amount by which market assets exceed the vested benefit liability) is projected to increase.

The Trustees will review the assumptions used for the actuarial projections after the passage of the funding reform currently under review by Congress. Any assumption changes will be included in the 2007 actuarial valuation.

The next meeting of the Trustees is scheduled for October 30 and 31.

**Appendix
Alaska Electrical Pension Plan
Projections ***

Funding Measure	Assumed Investment Return			
	6.25% all years	0% in 2006; 7.25% other years	7.25% all years	8.25% all years
Credit Balance Deficiency (12/31)	N/A	N/A	N/A	N/A
Funded Percentage **				
2006	96.0%	96.0%	96.0%	96.0%
2026	98.9%	113.9%	136.9%	182.5%
Contribution Margin (Shortfall) **				
2006	\$ 5,388,000	\$ 5,388,000	\$ 5,388,000	\$ 5,388,000
2026	\$ 11,855,000	\$ 39,923,000	\$ 82,828,000	\$167,775,000
Withdrawal Liability Return	No	No	No	No

* Assumes size and demographics of active population remain unchanged and that no future liability side actuarial losses materialize; contributions assumed unchanged; administrative expenses assumed to increase by 3% per year

** Smoothed assets