

Chugach Electric Association, Inc.
Anchorage, Alaska

August 4, 2010

TO: Chugach Board of Directors

FROM: Bradley W. Evans, Chief Executive Officer

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

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

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

Third Quarter 2010 Results

Chugach residential bill levels decreased 3.7 percent in third quarter 2010. The decrease is due to a decrease in the fuel/purchased power surcharge rate, mostly attributed to a greater than projected surcharge balancing account balance.

GVEA residential bill levels decreased 2.3 percent in third quarter 2010. The decrease is due to a decrease in the fuel/purchased power surcharge rate, mostly attributed to increased availability of economy energy from Chugach.

HEA residential bill for 700 kWh increased by less than one percent in third quarter as a result of an increase in their wholesale power cost adjustment factor (WPCRA). The increase in HEA's WPCRA is attributed a projected decrease in sales, which puts upward pressure in the average cost of power.

Third quarter residential bills for MEA customers increased by less than one percent as the combined result of an SRF base rates increase and a reduction in MEA's WPCRA. MEA implemented a 2.47 percent base rate increase through an SRF filing. However, the base rate increase was mostly offset by a reduction in MEA's WPCRA. The reduction in MEA's WPCRA is attributed to a decrease in Chugach's fuel/purchased power surcharge, and a projected decrease in MEA's balancing account balance.

Residential bills for ML&P decreased 5.4 percent in third quarter. ML&P implemented a 4.0 percent base rate increase on and interim and refundable basis pending investigation of a general rate case filing. However, the base rate increase was more than offset by a reduction in ML&P's fuel/purchased power surcharge. This decrease in fuel/purchased power surcharge is due to a decrease in the transfer price of gas, an increase in the sales for resale margins, and an estimated over-recovery in the balancing account balance.

Comparison of Results

Figure 1 compares bill totals for second and third 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 fourth quarter 2005 through third quarter 2010, identifying fuel and non-fuel components of each bill.

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

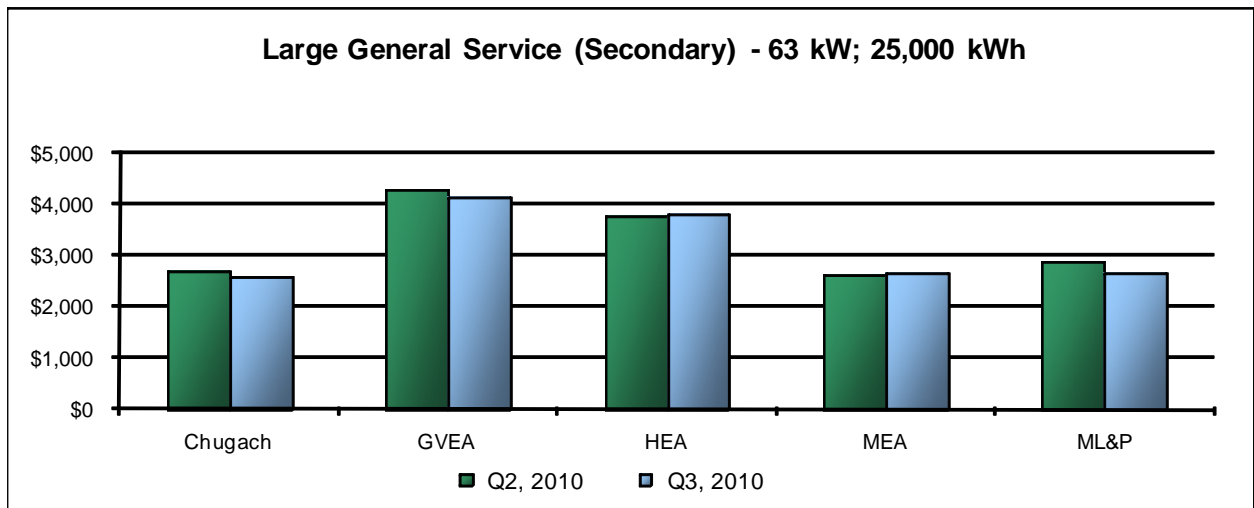
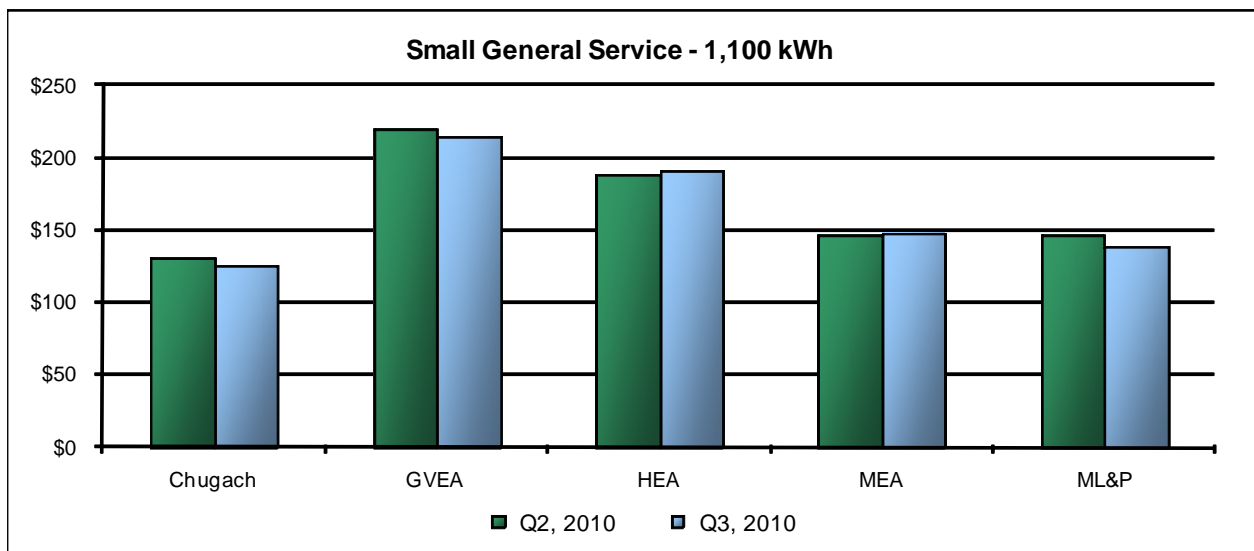
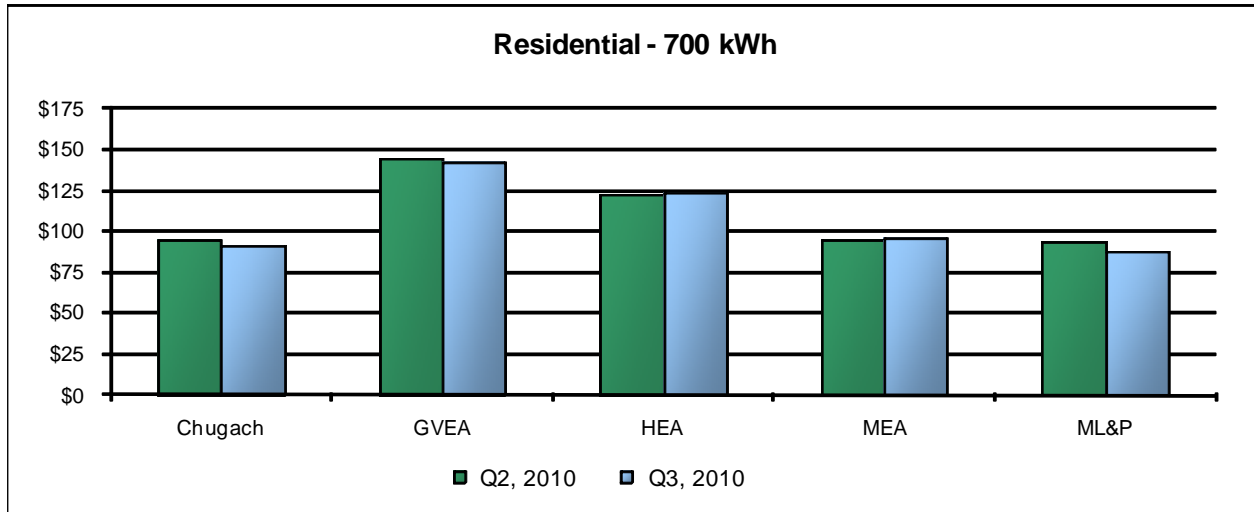
Table 1: Summary of Third Quarter 2010 Electric Bill Totals
 (July 2010)

| Customer Class | Chugach | GVEA | HEA | MEA | ML&P |
|--|----------|----------|----------|----------|----------|
| Residential - 700 kWh | \$91.21 | \$142.05 | \$124.39 | \$96.32 | \$88.64 |
| Prior Quarter Change | (3.7%) | (2.3%) | 0.9% | 0.9% | (5.4%) |
| Difference from Chugach Bill | ---- | 55.7% | 36.4% | 5.6% | (2.8%) |
| Small General Service - 1,100 kWh | \$125.46 | \$214.90 | \$190.92 | \$148.12 | \$138.50 |
| Prior Quarter Change | (4.2%) | (2.4%) | 1.0% | 0.9% | (5.5%) |
| Difference from Chugach Bill | ---- | 71.3% | 52.2% | 18.1% | 10.4% |
| Large General Service - Secondary ¹ | \$2,593 | \$4,160 | \$3,828 | \$2,650 | \$2,680 |
| Prior Quarter Change | (4.6%) | (2.8%) | 1.1% | 0.6% | (6.7%) |
| Difference from Chugach Bill | ---- | 60.5% | 47.6% | 2.2% | 3.4% |

¹ Based on 25,000 kWh and 63 kW.

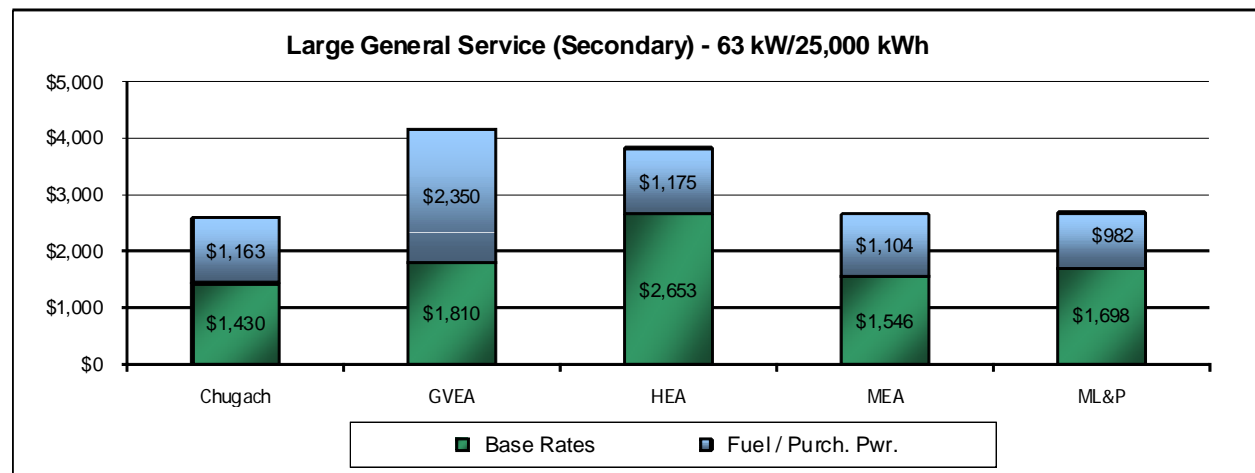
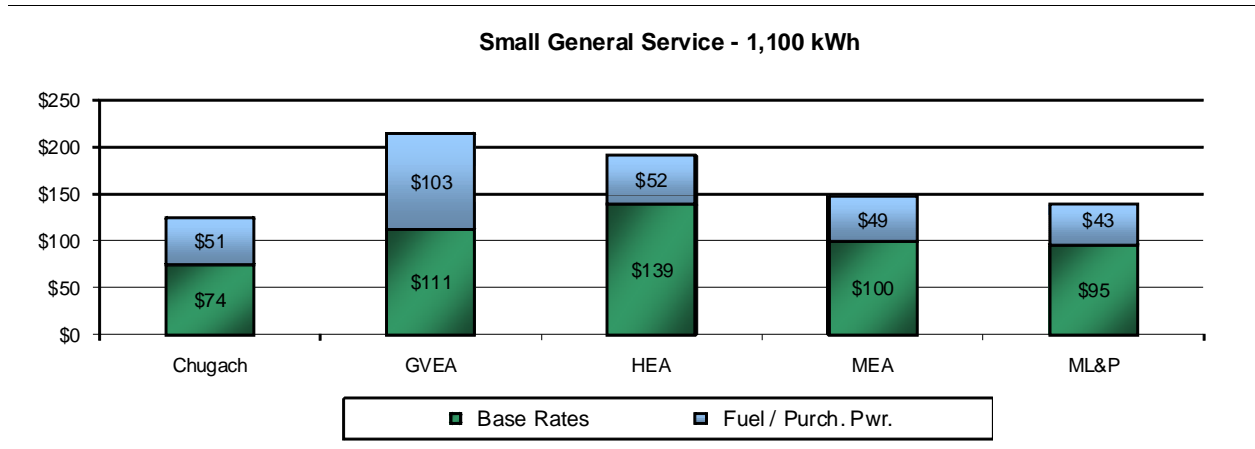
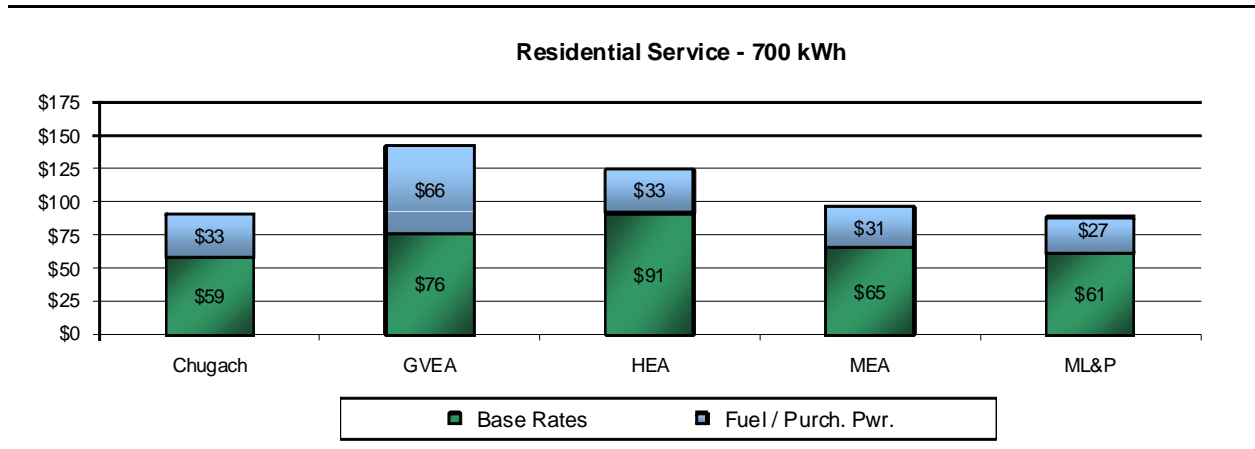
Bill totals based on tariffed rates. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge are excluded.

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



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

**Figure 2: Base Rate and Fuel and Purchased Power Components
 Bill Totals - Third 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

