

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

August 8, 2008

ACTION REQUIRED

AGENDA ITEM NO. VII.

- Information Only
- Motion
- Resolution
- Executive Session
- Other

TOPIC

Approval of the targets to be used as guidance in preparation of the 2009 Operating Budget and the 2009-2013 Capital Improvement Program (CIP)

DISCUSSION

The 2009 budgeting process will consider the following financial targets: Margins For Interest/Interest (MFI/I) – Minimum 1.25; Equity Ratio – Minimum 25%; Capital Credit Rotation – Equal distributions to retail and wholesale customers; and 2009-2013 CIP – Capital program expenditures over the 5-year period approximately \$369 million, which includes new generation expenditures.

MOTION

Move that the Finance Committee recommend the adoption of the 2009 Operating Budget and 2009-2013 CIP targets to the Board of Directors.



CHUGACH ELECTRIC ASSOCIATION, INC.
2009 Operating Budget & 2009-2013 CIP Target
Recommendation

Finance Committee

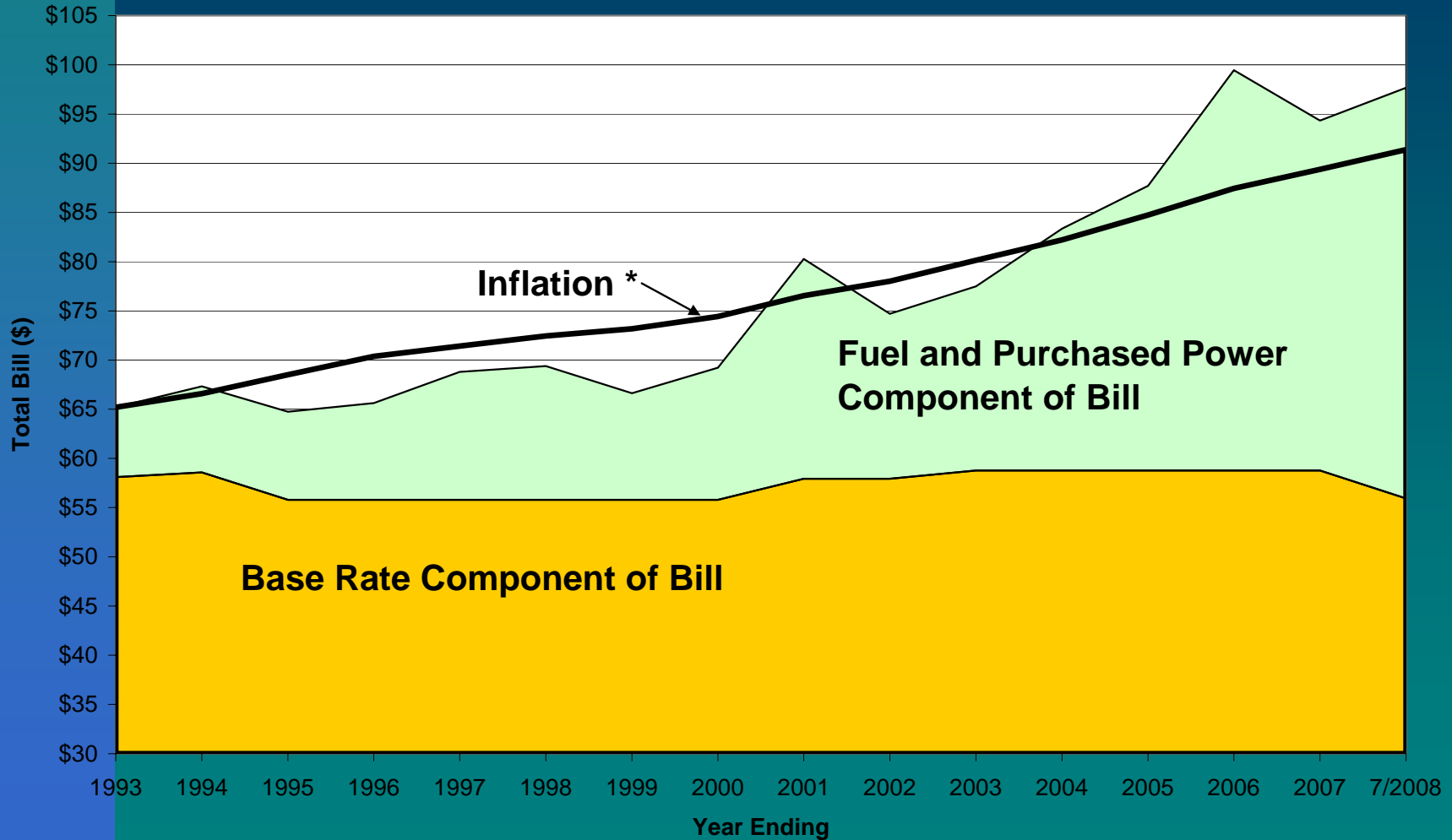
August 8, 2008

2009 Operating Budget Targets

- ❖ 2009 Projected margins in 2008-2017 FMP
 - \$5.7 Million
- ❖ Margins for Interest/Interest
 - Minimum 1.25
- ❖ Equity Ratio
 - Minimum 25%
- ❖ Capital Credit Rotation
 - Equal distributions to retail & wholesale customers based on prior wholesale settlement agreement

Chugach Electric Association, Inc

Monthly Residential Bill Total, by Component Based on 700 kWh Consumption: 1993 - 2008 (July)



* 1993 Residential Bill, adjusted for inflation.

2009 Operating Budget Proposed Sensitivities

❖ Revenue

- Change in firm⁽¹⁾ kWh sales of -10% and 10%
- Impact to margins, MFI/I and Equity Ratio

❖ Controllable Expenses

- Change between -10% and 10%
- Impact to margins, MFI/I and Equity Ratio

❖ Capital Credit Rotation

- Additional capital credit retirements available to maintain 30% equity ratio

2009-2013 Capital Improvement Program (CIP) Financial Targets

- ❖ 2009-2013 capital program expenditures included in the 2008-2017 FMP
 - Distribution
 - \$58 million over 5 years
 - Generation & Transmission
 - \$302 million over 5 years*
 - General Plant/Communications/SCADA
 - \$9 million over 5 years

*Includes new generation

2009 Operating Budget and 2009-2013 CIP Review Schedule

❖ October 14, 2008

- Budget presentation materials provided to the Board of Directors

❖ October 21 and 23, 2008

- Formal review of 2009 Operating Budget

❖ October 23, 2008

- Formal review of 2009-2013 CIP
- Recommendation for approval of 2009 Operating Budget and 2009-2013 CIP from Finance Committee to Board of Directors



DISCUSSION