

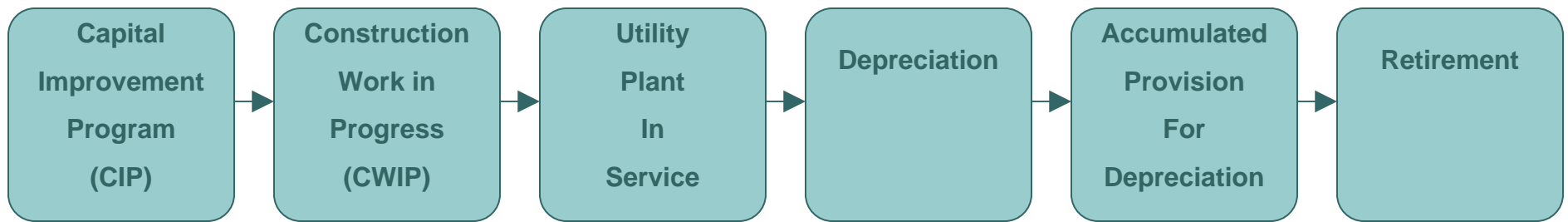


Construction Accounting

Chugach Electric Association, Inc.
Finance Committee
August 12, 2009



Construction Accounting





Capital Improvement Program (CIP)

- Construction projects identified by management and approved by the Board
- The approved 2009 CIP was \$72.1 million
 - SPP, New Generation \$42.8 million
 - Other Generation \$ 3.2 million
 - Distribution \$10.6 million
 - Transmission/Sub-Transmission \$10.2 million
 - General Plant/Communications/SCADA \$ 5.3 million



Construction Work In Progress (CWIP)

<u>Assets</u>	<u>June 2008</u>	<u>June 2009</u>
Utility Plant In Service	\$ 812,645,982	\$ 831,051,838
Construction Work In Progress	21,401,487	25,573,192
Total Utility Plant	\$ 834,047,469	\$ 856,625,030
Accumulated Provision for Depreciation	(381,442,755)	(405,946,339)
Net Utility Plant	\$ 452,604,714	\$ 450,678,691



Utility Plant in Service

- Fixed assets of the cooperative
- Recorded at the total cost of investment net of contributions

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Depreciation

- A method of distributing cost of Utility Plant in Service over a period of time by allocating annual amounts to expense as part of the cost of providing electric service
- Is a process of allocation, not of valuation

	<u>2009 Budget</u>	<u>2009 Actual</u>	<u>Variance</u>
Operating Revenue & Patronage Capital	\$ 166,631,030	\$ 152,656,223	\$ (13,974,807)
TOTAL Ops & Maint Expense	\$ 137,835,504	\$ 123,415,257	\$ (14,420,247)
Depreciation & Amortization Expense	\$ 16,118,690	\$ 15,999,147	\$ (119,543)
Tax Expense - Other	417,052	404,855	(12,197)
Interest on LT Debt	10,523,187	10,125,165	(398,022)
Interest Charged to Construction - Credit	(460,818)	(257,914)	202,904
Interest Expense - Other	707,512	603,267	(104,245)
Other Deductions	124,998	223,661	98,663
TOTAL Cost of Electric Service	\$ 165,266,125	\$ 150,513,438	\$ (14,752,687)



Accumulated Provision for Depreciation

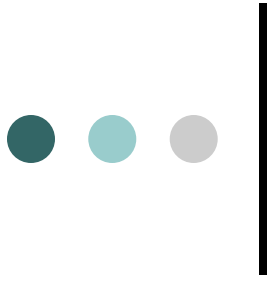
- The account that is credited with amounts charged to depreciation expense

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Retirement

- When plant is removed from service the cost of the plant is removed from Utility Plant in Service and the Accumulated Provision for Depreciation



Questions?