

**Chugach Electric Association, Inc.**  
**Anchorage, Alaska**

**September 2, 2009**

**TO:** Chugach Board of Directors

**FROM:** Bradley W. Evans, Chief Executive Officer

**SUBJECT:** *Railbelt Electric Utility Bill Comparison: Third Quarter 2009*

Chugach's Railbelt electric utility bill comparison has been updated to reflect rates effective in third quarter 2009.

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

**Third Quarter Results**

The Regulatory Commission of Alaska approved an increase in the Regulatory Cost Charge (RCC) from \$0.000362 per kWh to \$0.000432, or about \$0.05 on a residential customer bill based on 700 kWh. This charge applies to all Railbelt utilities.

Chugach residential bill levels decreased 11 percent in third quarter 2009, driven by a reduction in the fuel and purchased power adjustment factor.

Residential bills for GVEA increased 19 percent from last quarter due to an 11 percent base rate increase resulting from their general rate case and a 28 percent increase in their cost of fuel and purchased power. The base rate increase is primarily attributed to plant additions while the increase in the cost of fuel and purchased power is primarily attributable to reduced economy energy purchases from Anchorage.

HEA's residential bills increased 1.2 percent in third quarter, the net effect of a reduction of an over-recovery in their wholesale power cost adjustment rate, lower fuel and purchased power costs from Chugach, and a 2 percent base rate decrease.

MEA's residential bills decreased 4.4 percent, primarily driven by lower fuel and purchased power costs from Chugach. MEA's base rates increased 0.16 percent.

Residential bills for ML&P increased 1.6 percent in the third quarter, largely attributed to a 9.5 percent increase in their fuel surcharge. This increase was related to decreased efficiencies in generating power due to the loss of their steam unit 6 (the equivalent of Chugach's Beluga Unit 8). There were also reduced margins from economy energy sales due to lack of natural gas to generate power beyond ML&P's retail load requirements. ML&P bill levels remain significantly lower than other utilities in the Railbelt due to their direct ownership interest in the Beluga River Field.

## Comparison of Results

Figure 1 compares bill totals for second and third quarter 2009. Figure 2 expands the comparison by identifying the fuel and base rate (non-fuel) components of each customer bill. For all classes of service, Chugach's base rates are the lowest among the utilities contained in the comparison.

Figure 3 summarizes Chugach quarterly residential bill levels from first quarter 2005 through third quarter 2009, identifying fuel and non-fuel components of each bill.

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

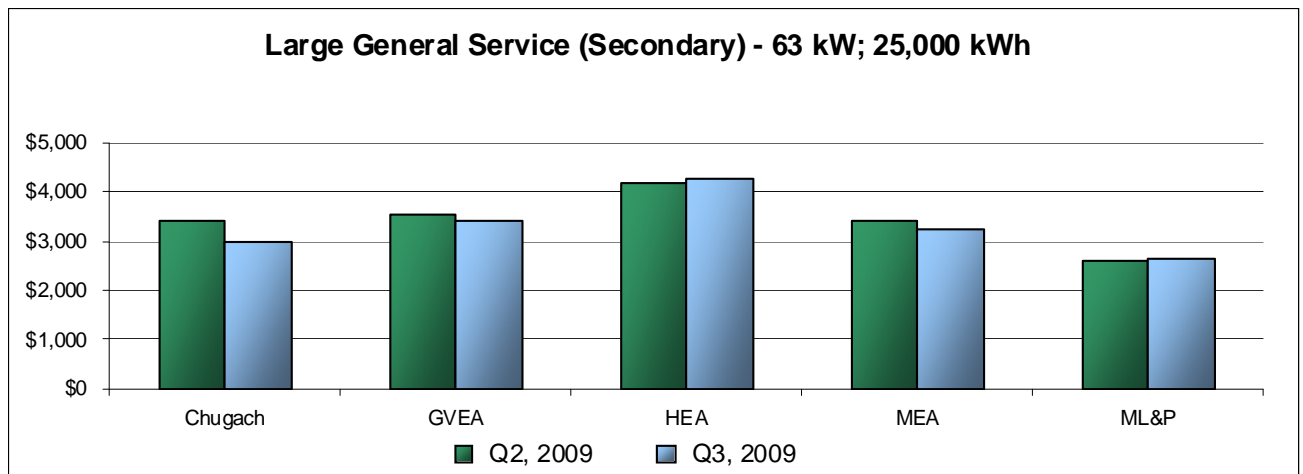
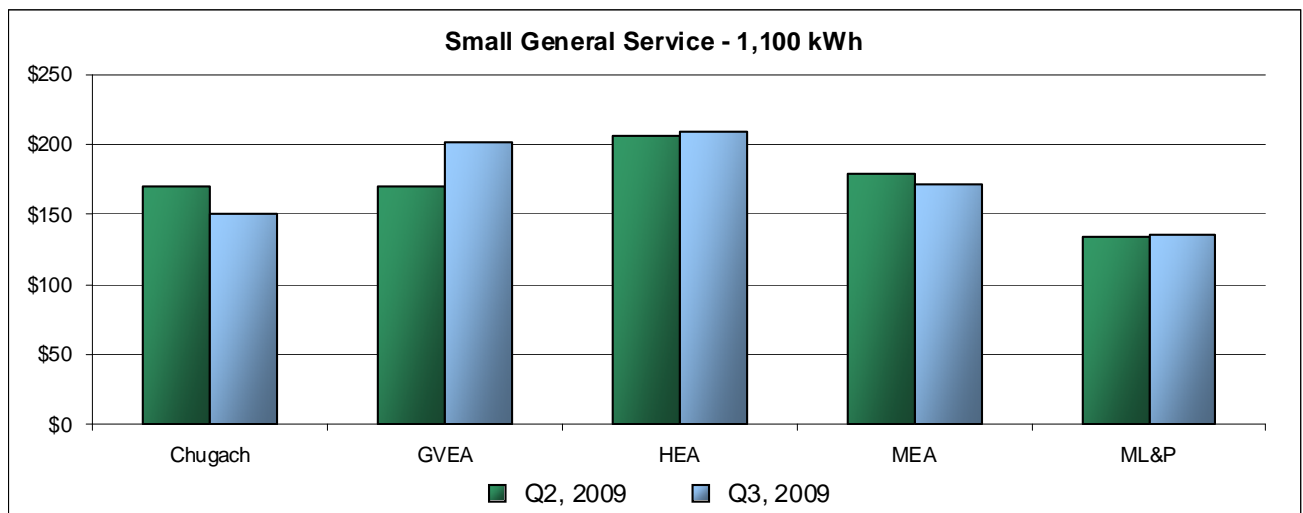
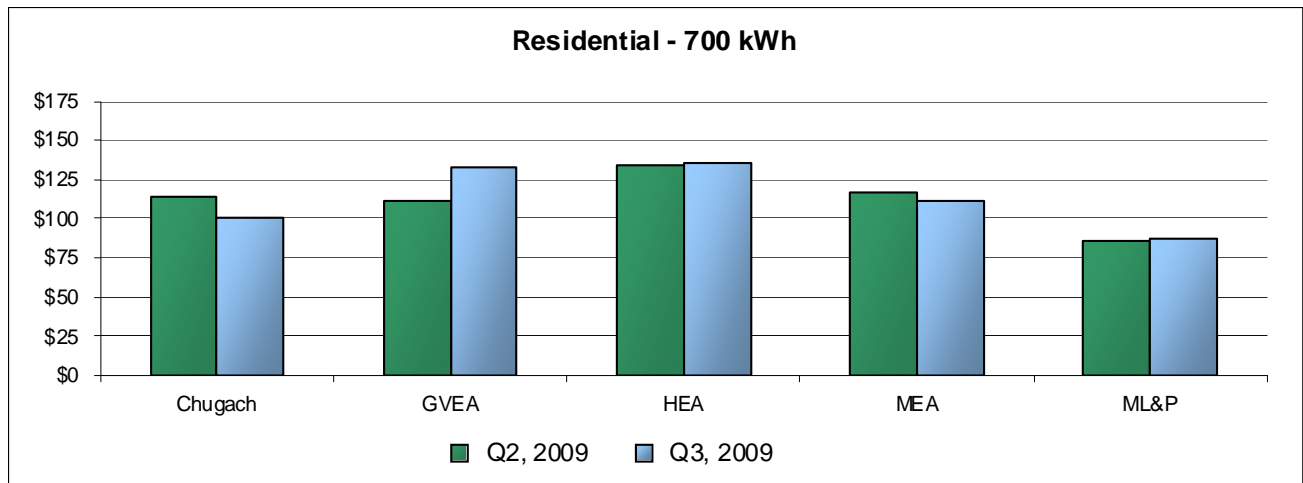
Table 1: Summary of Third Quarter 2009 Electric Bill Totals  
 (September 2009)

Customer Class	Chugach	GVEA	HEA	MEA	ML&P
Residential - 700 kWh	\$101.30	\$133.26	\$135.45	\$111.24	\$86.91
Prior Quarter Change	(11.0%)	19.2%	1.2%	(4.4%)	1.6%
Difference from Chugach Bill	---	31.5%	33.7%	9.8%	(14.2%)
Small General Service - 1,100 kWh	\$150.48	\$201.10	\$209.12	\$171.58	\$135.91
Prior Quarter Change	(11.5%)	18.3%	1.3%	(4.4%)	1.6%
Difference from Chugach Bill	---	33.6%	39.0%	14.0%	(9.7%)
Large General Service - Secondary <sup>1</sup>	\$2,977	\$3,416	\$4,250	\$3,221	\$2,629
Prior Quarter Change	(13.0%)	(3.5%)	1.5%	(5.3%)	1.9%
Difference from Chugach Bill	---	14.8%	42.8%	8.2%	(11.7%)

<sup>1</sup> Based on 25,0000 kWh and 63 kW.

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

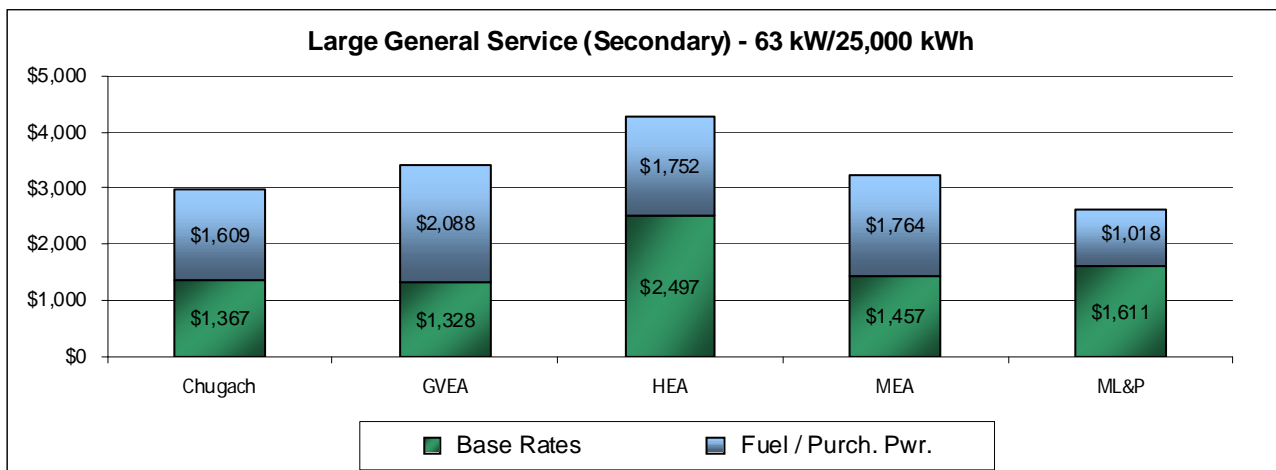
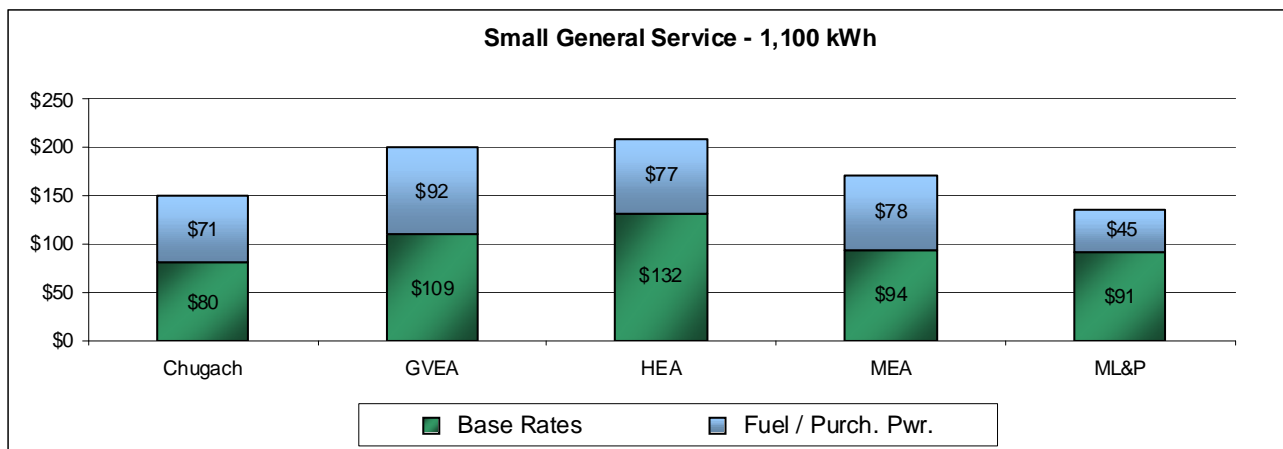
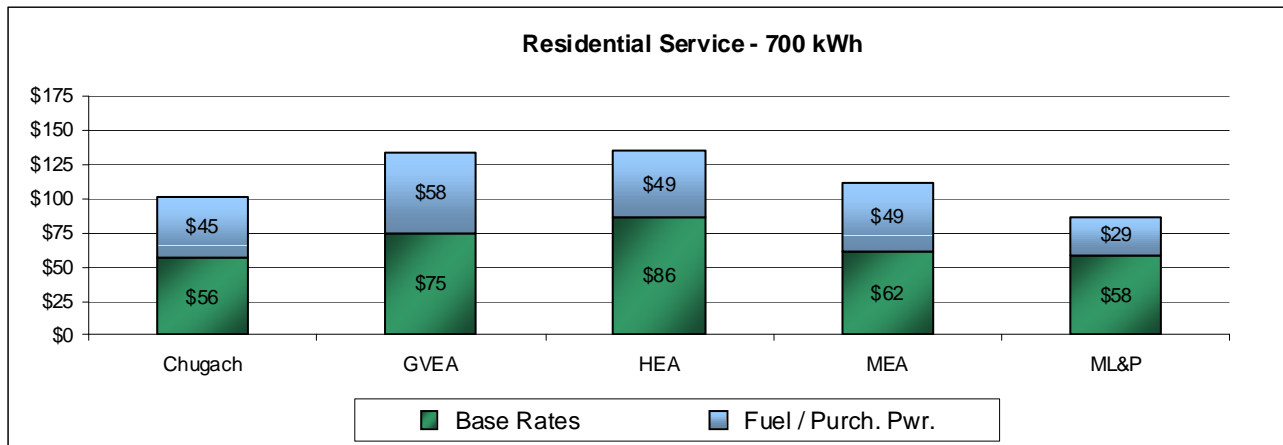
**Figure 1: Retail Electric Bill Totals by Utility  
 Second Quarter 2009 vs. Third Quarter 2009**  
 (Third Quarter 2009 as of August)



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

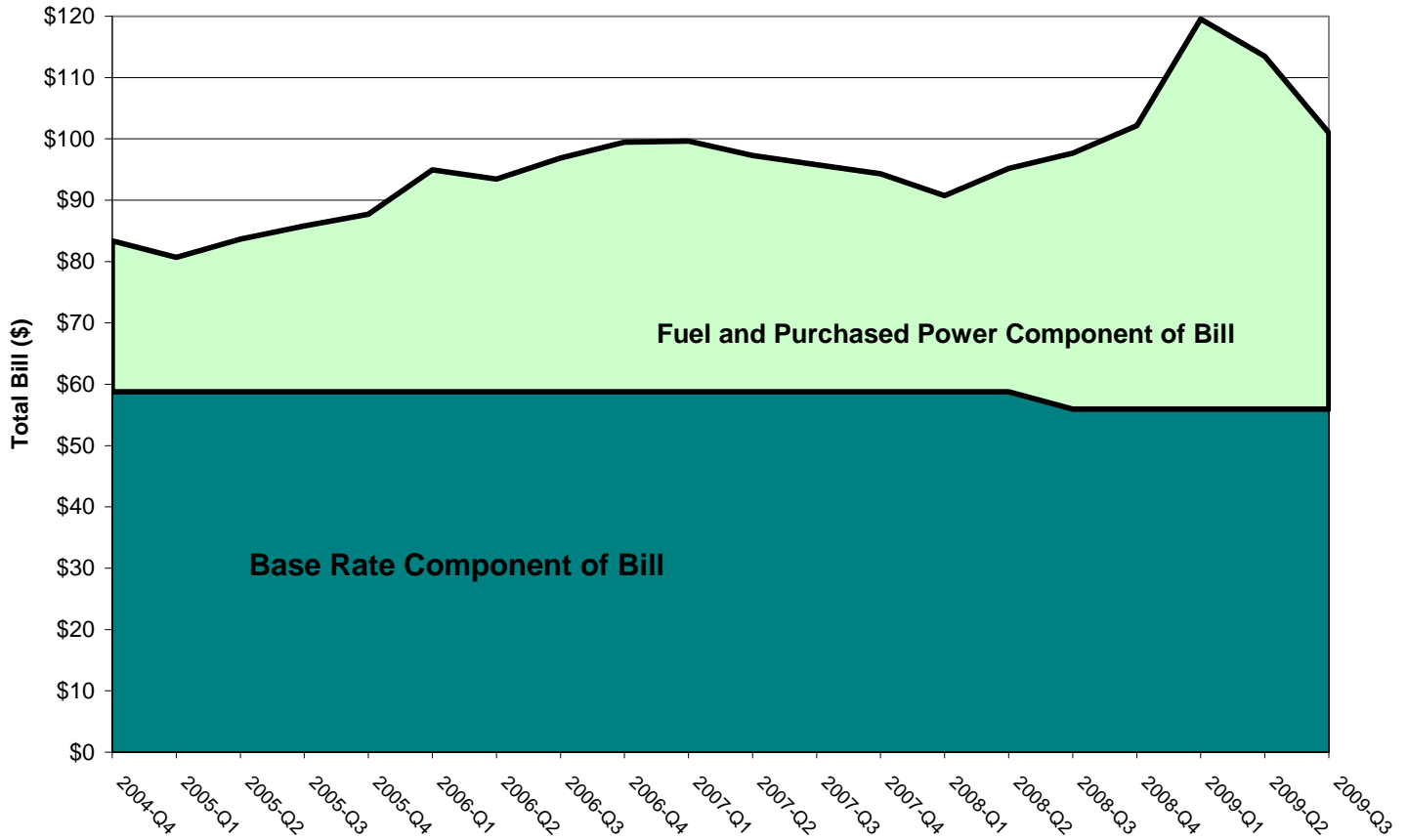


**Figure 2: Base Rate and Fuel and Purchased Power Components  
 Bill Totals - Third Quarter 2009**



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.

**Monthly Residential Bill Total Based on 700 kWh Consumption**



Base Rate and Fuel / Purchased Power components for Q3, 2009 bill level as filed with Regulatory Commission of Alaska.