

Chugach Electric Association, Inc.
Anchorage, Alaska

Railbelt Electric Utility Bill Comparison:
Third Quarter, 2006

The attached charts illustrate the average bill total by utility between third quarter 2006 and second quarter 2006. Attachment I compares the retail bill totals of Chugach, HEA, MEA, GVEA and ML&P on a total (consolidated) bill basis. Attachment II extends the comparison by identifying the fuel and non-fuel components of retail bills for the utilities that generate their own power on the Railbelt.

There were no changes to base rates in third quarter. All changes in electric bill totals were attributed to changes in fuel and purchased power cost levels. The bill comparisons for third quarter are based on rates effective August 15, 2006.

Attachment I: Retail Bill Totals, Consolidated

Attachment I compares the retail bill totals of Chugach, HEA, MEA, GVEA and ML&P on a consolidated basis. Compared to last quarter, the fuel surcharge or wholesale power cost rate adjustments (WPCRA) *increased* for Chugach and MEA and *decreased* for GVEA, HEA and ML&P.

Chugach's increase is primarily driven by higher natural gas prices, lower projected Bradley Lake energy, and scheduled maintenance associated with Beluga Unit 6. The increase in MEA's WPCRA is primarily attributed an increase in Chugach's fuel and purchased power surcharge and an increased purchased power cost balancing account. GVEA's Cost of Power Adjustment (COPA) decrease is attributable to a \$2.6 million settlement received from Aurora Energy.

ML&P's COPA and HEA's WPCRA are credits. The decrease in ML&P's COPA is a result of a higher than projected over-recovery for first quarter 2006, and a significant reduction in the transfer price of fuel. As of January 1, 2006, ML&P is generating power from its own fuel source. HEA's fuel credit from AEEC is higher than anticipated due to the increased value of the banked gas sold to Chugach. The effect of this fuel credit on the balancing account results in an overall credit for the WPCRA.

The following summarizes the retail bill comparison between Railbelt utilities for third quarter, 2006.

RESIDENTIAL	Chugach	GVEA	HEA	MEA	ML&P
Q3 2006 Total Bill (700 kWh)	\$97.14	\$104.43	\$92.53	\$95.45	\$61.89
Percent Change from Previous Quarter	3.6%	(1.9%)	(2.7%)	4.6%	(12.3%)
Percent Difference from Chugach Bill	----	7.5%	(4.7%)	(1.7%)	(36.3%)
SMALL GENERAL SERVICE					
Q3 2006 Total Bill (1,100 kWh)	\$143.59	\$158.52	\$142.65	\$146.77	\$96.59
Percent Change from Previous Quarter	3.8%	(1.9%)	(2.7%)	4.7%	(12.4%)
Percent Difference from Chugach Bill	----	10.4%	(0.7%)	2.2%	(32.7%)

LARGE GENERAL SERVICE

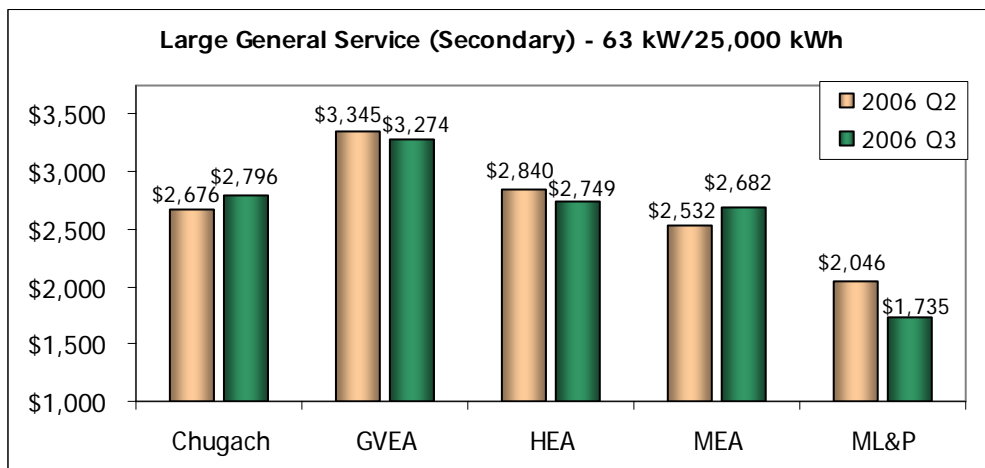
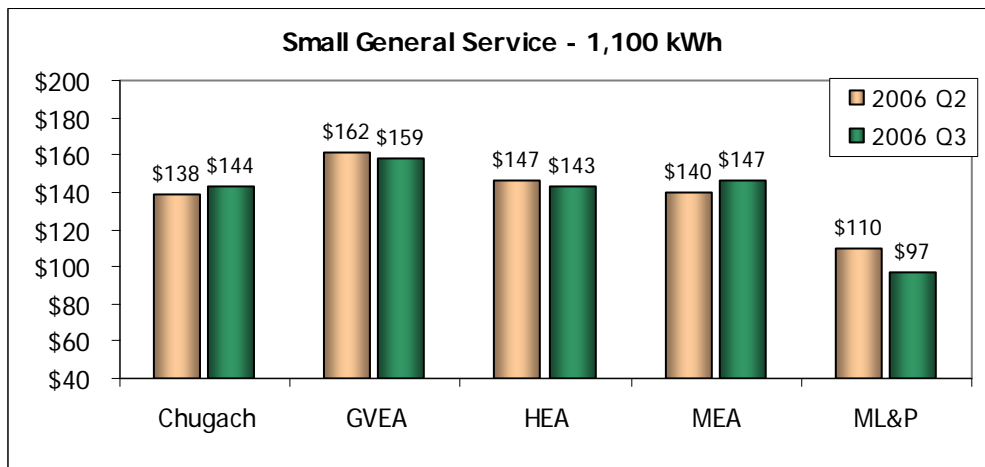
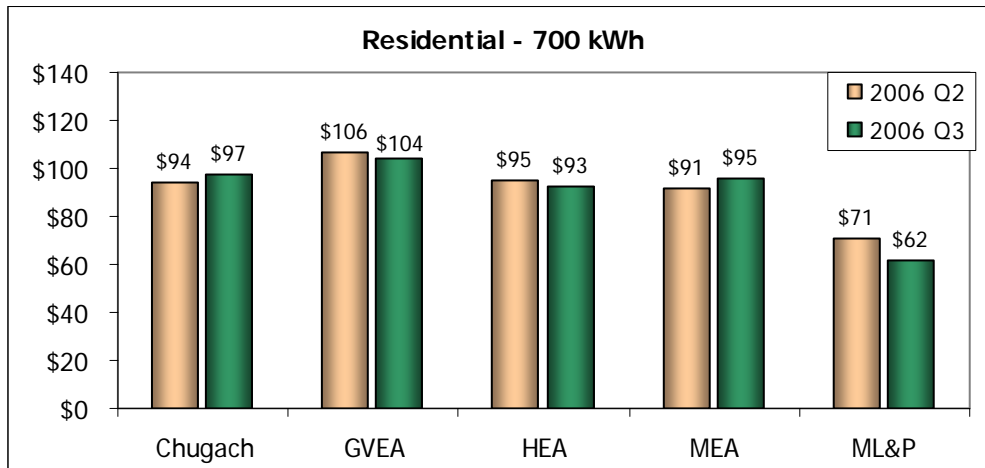
Q3 2006 Total Bill (25,000 kWh/63 kW)	\$2,796	\$3,274	\$2,749	\$2,682	\$1,735
Percent Change from Previous Quarter	4.5%	(2.1%)	(3.2%)	5.9%	(15.2%)
Percent Difference from Chugach Bill	----	17.1%	(1.7%)	(4.1%)	(37.9%)

Attachment II: Retail Bill Totals by Billing Component

Attachment II is a further breakdown of the bill totals for Chugach, ML&P and GVEA, with base rate (non-fuel) and fuel and purchased power components separately identified. For all three utilities, the base rate components are similar. The significant variation among the bill totals is largely driven by fuel and purchase power costs.

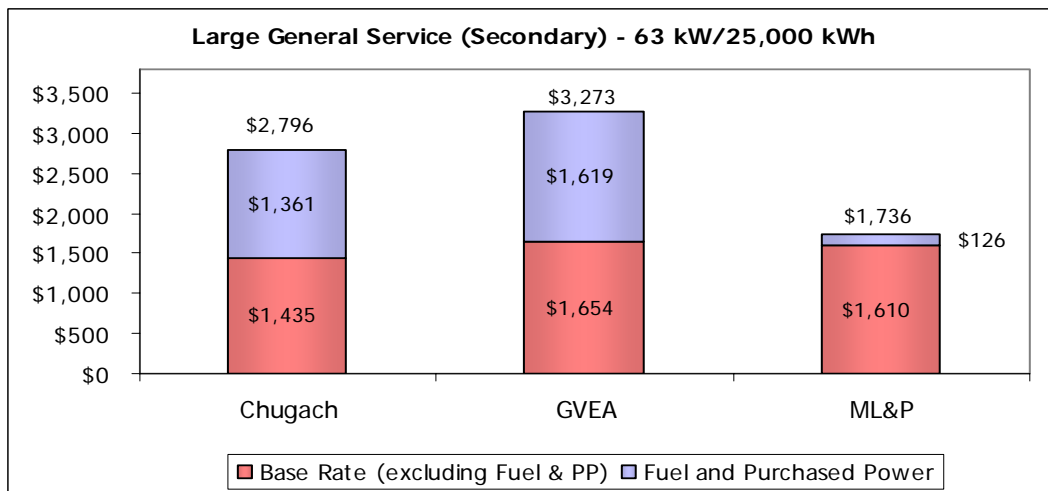
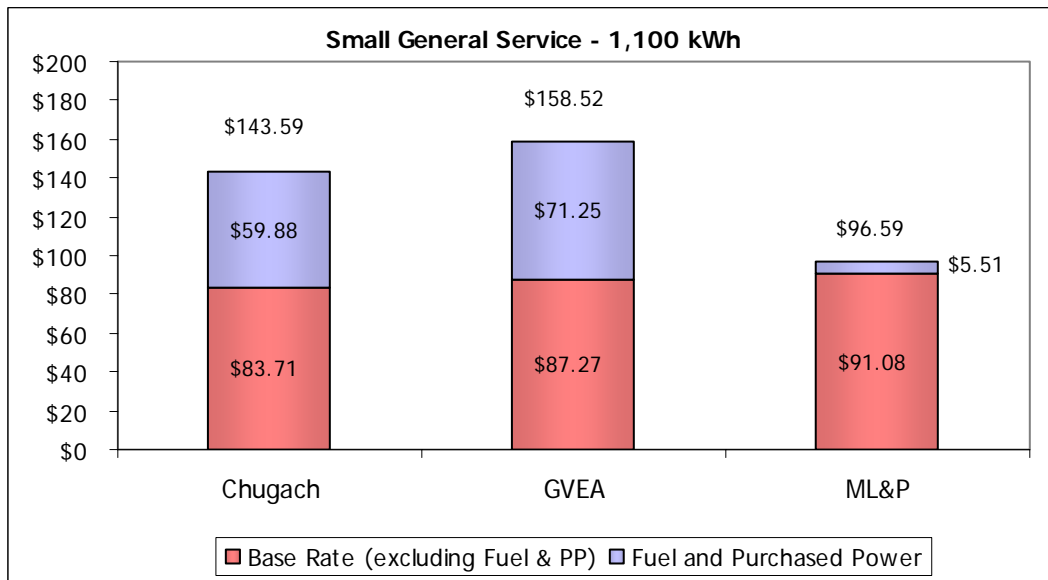
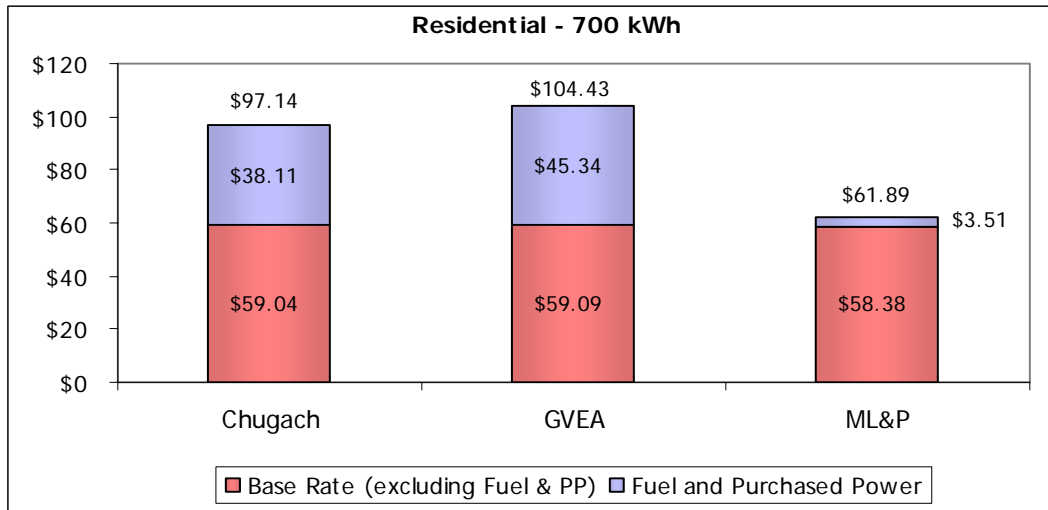
The bill comparisons shown on both Attachments I and II include all approved and pending rates for third quarter, 2006. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge may not be applicable to all utilities in this comparison; therefore, these are excluded from the average bill calculation. The RCC charge is included in the average bill calculation because the charge is applied equally to all utilities in this comparison.

Attachment I: Average Customer Bill by Utility
Second Quarter 2006 vs. Third Quarter 2006



Tariff to tariff bill comparisons can be misleading. Railbelt utilities pursue differing strategic approaches to reliability levels and financial health that directly impact rate levels. Differences in fuel surcharge (or COPA) balancing accounts, rate design considerations, and miscellaneous general service fee levels can also significantly impact customer bill levels. Average bill calculation includes customer charge, energy charge, fuel surcharge and RCC. Taxes and surcharges such as the Municipality of Anchorage 2% under grounding surcharge are excluded.

Attachment II: Base Rate and Fuel & Purchased Power Components
Average Customer Bill - Third Quarter 2006



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