

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

September 13, 2005

TO: Board of Directors
THRU: Bill Stewart, Interim CEO
FROM: Mike Cunningham, CFO
SUBJECT: CoBank 2 Refinancing

The \$10 million CoBank 2 note was refinanced on August 31, 2006. A \$10 million promissory note was issued. The interest rate on this 5-year amortizing note was set at 5.50%. This rate is substantially below the 7.76% rate carried by the CoBank 2 note.