

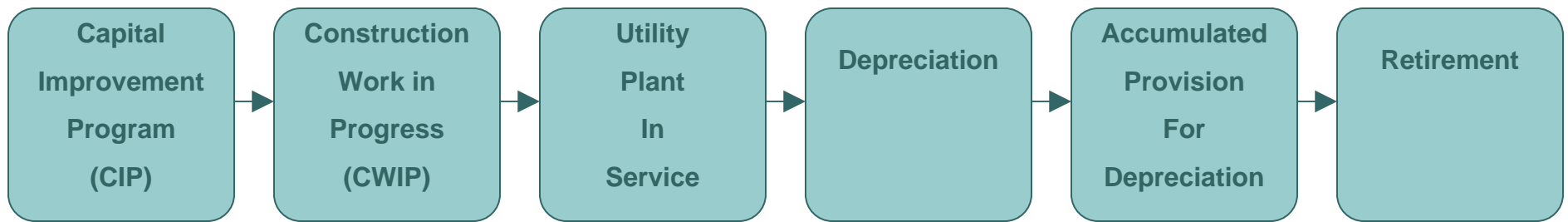


Construction Accounting

Chugach Electric Association, Inc.
Finance Committee
October 14, 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>Aug 2008</u>	<u>Aug 2009</u>
Utility Plant In Service	\$ 814,675,258	\$ 833,074,747
Construction Work In Progress	16,567,509	36,375,172
Total Utility Plant	\$ 831,242,767	\$ 869,449,919
Accumulated Provision for Depreciation	(382,069,812)	(411,199,355)
Net Utility Plant	\$ 449,172,955	\$ 458,250,564



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	\$ 216,798,801	\$ 194,102,587	\$ (22,696,214)
TOTAL Ops & Maint Expense	<u>\$ 179,862,391</u>	<u>\$ 157,674,610</u>	<u>\$ (22,187,781)</u>
Depreciation & Amortization Expense	\$ 21,507,204	\$ 21,365,849	\$ (141,355)
Tax Expense - Other	546,107	546,023	(84)
Interest on LT Debt	14,015,943	13,462,191	(553,752)
Interest Charged to Construction - Credit	(696,770)	(328,301)	368,469
Interest Expense - Other	1,046,423	787,250	(259,173)
Other Deductions	166,664	276,175	109,511
TOTAL Cost of Electric Service	<u>\$ 216,447,962</u>	<u>\$ 193,783,797</u>	<u>\$ (22,664,165)</u>



Accumulated Provision for Depreciation

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

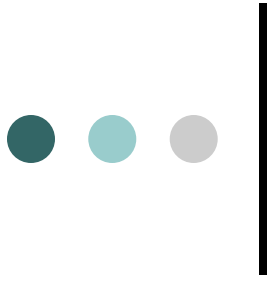
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Retirement

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

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Questions?