

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

October 24, 2005

ACTION REQUIRED

AGENDA ITEM NO. III

- Information Only
 - Motion
 - Resolution
 - Executive Session
 - Other
-

TOPIC

Approval of a revision to the 2005 operating budget with a net impact of a reduction of \$1,510,000.

DISCUSSION

In July 2005, a review of anticipated expenses for the remainder of the year was performed. Consequently, various items were identified for reduction in the 2005 operating budget resulting in a budget revision of (\$1,510,000).

CEO's RECOMMENDATION

Motion: Move that the Board of Directors approve this budget revision as presented.

BUDGET REVISION REQUEST

1. Division: Finance Department: Corporate Budgeting
2. Add: Delete: Transfer:
3. Full year amount (rounded to dollars): (\$1,510,000)
4. If transfer or delete, **FROM** general ledger account (project): Various – see attached

FROM Monthly amounts (rounded to dollars – should total to line 3 above):

January	(\$25,416)	May	(\$325,416)	September	(\$74,084)
February	(\$25,416)	June	(\$325,416)	October	(\$74,084)
March	(\$25,416)	July	(\$197,084)	November	(\$74,084)
April	(\$25,416)	August	(\$109,084)	December	(\$229,084)
				TOTAL	(\$1,510,000)

Explanation: In July 2005, a review of anticipated expenses for the remainder of the year was performed. Consequently, various items were identified for reduction in the 2005 operating budget resulting in a budget revision of (\$1,510,000). Detailed reduction explanations are attached.

Requested by: Katrina Storjohann Date: October 24, 2005

5. < \$150,000
Approved by: _____ Date: _____
Division Director/Department Manager
6. \$150,000 - \$250,000
Approved by: _____ Date: _____
General Manager/Vice President
7. \$250,000 - \$1,000,000
Approved by: _____ Date: _____
Chief Executive Officer
8. > \$1,000,000
Approved by: _____ Date: _____
Board of Directors

Obtain necessary approval signatures, forward to the Manager, Corporate Budgeting

October 2005 Budget Revision

Financial Category	Amount	Division/ Department	Item
Power Production Expense	(\$700,000)	G&T	Did not replace DA tank on Unit 8, scope changes to Unit 6 project, Boilers 1&2 projects scope change due to uncertainty of Unit 8's future. Accounting adjustment to Units 3&5
General & Administrative Expense	(\$80,000)	IS	\$40k in labor and \$40k in professional services
General & Administrative Expense	(\$205,000)	Corp Svcs	Corporate Svcs had 2 unbudgeted capital projects this year that shifted labor from expense repairs and maintenance
General & Administrative Expense	(\$50,000)	Human Resources	Reduction due to vacant Recruitment Specialist for half the year
Customer Information	(\$285,000)	Comm Rel	Reduction in advertising
Consumer Accounts	(\$155,000)	Member Services	\$125k reduction in uncollectible accounts and \$30k reduction in capital credit mailing expense
General & Administrative Expense	(\$35,000)	Finance & Planning	\$10k reduction in CP&A professional svcs and \$25k reduction in Risk Mgmt professional svcs
TOTAL	(\$1,510,000)		