

CHUGACH ELECTRIC ASSOCIATION, INC.

Anchorage, Alaska

2006 Capital Credits Retirement

During December 2006 Chugach will retire \$4,757,365 of retail capital credits. This amount represents 50% of the margin Chugach earned in 2005. It will be reduced by approximately \$500,000 paid early to estates and inactive members who closed their memberships and received discounted capital credit payments.

This retirement will retire all remaining retail capital credits for 1987 and about 42% of those earned in 1988.

Many active members will receive their capital credits as a credit on their electric bill. A check will be sent for active members with retirement amounts of \$600.00 or greater, members with multiple accounts and members on the level pay plan. All inactive members will receive a check. Bad debts will be recovered prior to any payments being made.

To authorize the retirement an action item and resolution will be brought to the Board at the November Board meeting.

WHEREAS, the Board of Directors desires to proceed with a general retirement of retail capital credits in 2006; and

WHEREAS, the Board of Directors has determined that this retirement will not have a significant adverse impact upon the Association's financial health;

NOW THEREFORE BE IT RESOLVED, Chugach shall make a retail capital credits retirement of \$4,757,365, representing 50% of 2005's margins, less payments made to former members and estates, which will retire the remainder of the retail capital credits for 1987, and a portion of the retail capital credits for 1988.

BE IT FURTHER RESOLVED, that the capital credits of any member with an outstanding debt will be used to offset that debt until it is paid in full or all available capital credits have been credited to that debt.

BE IT FURTHER RESOLVED, members who are still active will have their account credited for their retirement amount unless they have multiple accounts, are on level pay or the amount is for \$600.00 or more. Checks will not be created for less than \$5.00 but credits of less than \$5.00 will be applied. Any member who is inactive and has less than \$5.00 payable will be paid in the first year their cumulative amount payable is \$5.00 or more.