

CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA

October 9, 2007

To: Mike Cunningham, Chief Financial Officer
From: Sherri McKay-Highers, Manager, Corporate Budgeting
Subject: 3rd Quarter Operating Budget Status Report

The attached Operating Budget Status Report reflects the budget adjustments for the third quarter of 2007 and are outlined below:

- B. The addition of expenditures associated with the Board of Directors' Attorney (Gary A. Zipkin of Guess & Rudd). Budget increase of \$100,000.
- C. The addition of expenditures associated with the Communications Advisor to the Board of Directors. Budget increase of \$25,000.
- D. The addition of expenditures associated with the Blue Ribbon Panel. Budget increase of \$80,000.
- E. The addition of expenditures associated with the Labor Advisor to the Board of Directors. Budget increase of \$25,000.
- F. The addition of expenditures associated with Labor Attorneys Mede and Grover. Budget increase of \$85,000.
- G. The addition of expenditures associated with Bond Counsel (Don Percival of Heller Ehrman). Budget increase of \$16,020.
- H. The addition of expenditures associated with Legal Counsel (Thomas V. Van Flein of Clapp, Peterson, Van Flein, Tiemessen and Thorsness, LLC). Budget increase of \$15,000.
- I. The addition of expenditures to negotiate PURPA QF Power Sales Agreement with Tiquon Energy. Budget increase of \$50,000.
- J. The addition of expenditures associated with the Sarbanes-Oxley Implementation Project. Budget increase of \$700,000.
- K. The addition of expenditures as a result of the final negotiated Outside Labor Agreement and an increase in health and welfare effective 5/1/07. Budget increase of \$178,388.
- L. The addition of expenditures as a result of the final negotiated Generation Labor Agreement and an increase in health and welfare effective 5/1/07. Budget increase of \$659,119.
- M. To reduce economy energy sales to Golden Valley Electric Association, Inc. due to an adjusted forecast based upon unanticipated events. Net budget increase of \$208,572.

All of the foregoing budget adjustments result in an increase to the 2007 operating budget of \$2,142,099. The net result of revenue and expenses is budgeted margins of \$7.0 million compared to margins of \$9.1 million in the 2007 approved operating budget.

CHUGACH ELECTRIC ASSOCIATION, INC.
OPERATING BUDGET STATUS REPORT
3RD QUARTER 2007

CATEGORY	2nd Qtr REVISED BUDGET	3rd Qtr BUDGET REVISIONS	3rd Qtr REVISED BUDGET											
REVENUES:														
1. TOTAL REVENUE	\$274,984,563	(\$4,765,055) <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>L</td><td>M</td></tr></table>	L	M	\$270,219,508									
L	M													
EXPENSES:														
2. FUEL EXPENSE	124,055,397	(4,556,483) <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>L</td><td>M</td></tr></table>	L	M	119,498,914									
L	M													
3. POWER PRODUCTION EXPENSE	14,761,723	342,149 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>K</td><td>L</td></tr></table>	K	L	15,103,872									
K	L													
4. COST OF PURCHASED POWER	30,964,254	40,433 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>K</td><td>L</td></tr></table>	K	L	31,004,687									
K	L													
5. TRANSMISSION EXPENSE	6,134,258	106,502 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>K</td><td>L</td></tr></table>	K	L	6,240,760									
K	L													
6. DISTRIBUTION EXPENSE-OPERATIONS	4,798,322	78,355 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>K</td><td>L</td></tr></table>	K	L	4,876,677									
K	L													
7. DISTRIBUTION EXPENSE-MAINTENANCE	7,009,630	91,766 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>K</td><td>L</td></tr></table>	K	L	7,101,396									
K	L													
8. CONSUMER ACCOUNTS EXPENSE	4,750,020	38,286 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>K</td><td>L</td></tr></table>	K	L	4,788,306									
K	L													
9. CUSTOMER SERVICE/INFO EXPENSE	725,055	1,182 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>K</td><td>L</td></tr></table>	K	L	726,237									
K	L													
11. ADMINISTRATIVE/GENERAL EXPENSE	18,309,786	1,234,854 <table border="1" style="display: inline-table; vertical-align: middle;"><tr><td>B</td><td>C</td><td>D</td><td>E</td><td>F</td><td>G</td><td>H</td><td>I</td><td>J</td><td>K</td><td>L</td></tr></table>	B	C	D	E	F	G	H	I	J	K	L	19,544,640
B	C	D	E	F	G	H	I	J	K	L				
12. TOTAL OPERATIONS/MAINTENANCE EXPENSE	\$211,508,445	(\$2,622,956)	\$208,885,489											
13. DEPRECIATION/AMORTIZATION EXPENSE	30,864,063	0	30,864,063											
14. TAX EXPENSE-OTHER	872,123	0	872,123											
15. INTEREST-LONG TERM DEBT	24,588,211	0	24,588,211											
16. INTEREST ON CONSTRUCTION-CREDIT	(1,170,950)	0	(1,170,950)											
17. INTEREST EXPENSE-OTHER	400,000	0	400,000											
18. OTHER DEDUCTIONS	300,000	0	300,000											
19. TOTAL COST OF ELECTRIC SERVICE	\$267,361,892	(\$2,622,956)	\$264,738,936											
20. PATRONAGE CAPITAL/OPERATING MARGINS	\$7,622,671	(\$2,142,099)	\$5,480,572											
21. NON-OPERATING MARGINS-INTEREST	410,291	0	410,291											
22. ALLOWANCE FUNDS USED DURING CONST.	501,836	0	501,836											
23. NON-OPERATING MARGINS-OTHER	0	0	0											
24. GENER./TRANS. CAPITAL CREDITS	0	0	0											
25. OTHER CAPITAL CREDITS/DIVIDENDS	600,000	0	600,000											
26. EXTRAORDINARY ITEMS	0	0	0											
27. PATRONAGE CAPITAL OR MARGINS	\$9,134,798	(\$2,142,099)	\$6,992,699											

MFI/I

1.37

1.28

B



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BUDGET REVISION REQUEST

1.	Division: Chief Executive Office	Department: Board of Directors
2.	Add: <input checked="" type="checkbox"/>	Delete: <input type="checkbox"/> Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$100,000
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$	May \$
	February \$	June \$
	March \$	July \$
	April \$	August \$20,000
	September \$20,000	October \$20,000
	November \$20,000	December \$20,000
5.	General Ledger Account Number (from):	
	General Ledger Account Number (to):	93020 000 02 9050
6.	General Ledger Account Name (from):	
	General Ledger Account Name (to):	Misc. General Expenses/BOD
7.	Explanation: To budget additional expenditures for the Board of Directors' Attorney (Gary A. Zipkin of Guess & Rudd)	
8.	Requested by: Board of Directors	Date: 8/22/07
9.	<\$25,000 Approved by:	Date:
	Division Director/Department Manager	
10.	\$25,000 - \$250,000 Approved by:	Date:
	Executive Manager	
11.	\$250,000 - \$1,000,000 Approved by:	Date:
	Chief Executive Officer	
12.	>\$1,000,000 Approved by:	Date:
	<i>Elizabeth Vazquez</i> Board of Directors	8/22/07
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		

C

SMH



BUDGET REVISION REQUEST

1.	Division: Chief Executive Office	Department: Board of Directors
2.	Add: <input checked="" type="checkbox"/> Delete: <input type="checkbox"/>	Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$25,000
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$	May \$
	February \$	June \$
	March \$	July \$
	April \$	August \$8,334
		September \$4,167
		October \$4,167
		November \$4,167
		December \$4,165
5.	General Ledger Account Number (from):	
	General Ledger Account Number (to): 93020 000 02 9050	
6.	General Ledger Account Name (from):	
	General Ledger Account Name (to): Misc. General Expenses/BOD	
7.	Explanation: To budget additional expenditures associated with the Communications Advisor to the Board of Directors	
8.	Requested by: Board of Directors	Date: 8/17/07
9.	<\$25,000 Approved by:	Date:
	Division Director/Department Manager	
10.	\$25,000 - \$250,000 Approved by:	Date:
	Executive Manager	
11.	\$250,000 - \$1,000,000 Approved by:	Date:
	Chief Executive Officer	
12.	>\$1,000,000 Approved by:	Date:
	<i>Elizabeth Vazquez</i> Date: 8/22/07 Board of Directors	
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		

D



SMH

BUDGET REVISION REQUEST

1.	Division:	Chief Executive Office	Department:	Board of Directors
2.	Add:	<input checked="" type="checkbox"/>	Delete:	<input type="checkbox"/>
	Transfer:			<input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$80,000		
4.	Monthly amounts (rounded to dollars - should total to line 3 above)			
	January	\$	May	\$
	February	\$	June	\$
	March	\$	July	\$
	April	\$	August	\$26,666
			September	\$13,333
			October	\$13,333
			November	\$13,333
			December	\$13,335
5.	General Ledger Account Number (from):			
	General Ledger Account Number (to):	93020 000 02 9050		
6.	General Ledger Account Name (from):			
	General Ledger Account Name (to):	Misc. General Expenses/BOD		
7.	Explanation: To budget additional expenditures associated with the Blue Ribbon Panel			
8.	Requested by:	Board of Directors	Date:	8/17/07
9.	<\$25,000	Approved by:		Date:
		Division Director/Department Manager		
10.	\$25,000 - \$250,000	Approved by:		Date:
		Executive Manager		
11.	\$250,000 - \$1,000,000	Approved by:		Date:
		Chief Executive Officer		
12.	>\$1,000,000	Approved by:		Date:
		<i>Elizabeth Vazquez</i> Board of Directors		8/22/07
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting				

E

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BUDGET REVISION REQUEST


1.	Division: Chief Executive Office	Department: Board of Directors
2.	Add: <input checked="" type="checkbox"/>	Delete: <input type="checkbox"/> Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$25,000
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$	May \$
	February \$	June \$
	March \$	July \$
	April \$	August \$8,334
		September \$4,167
		October \$4,167
		November \$4,167
		December \$4,165
5.	General Ledger Account Number (from):	
	General Ledger Account Number (to): 93020 000 02 9050	
6.	General Ledger Account Name (from):	
	General Ledger Account Name (to): Misc. General Expenses/BOD	
7.	Explanation: To budget additional expenditures associated with the Labor Advisor to the Board of Directors	
8.	Requested by: Board of Directors	Date: 8/17/07
9.	<\$25,000 Approved by:	Date:
	Division Director/Department Manager	
10.	\$25,000 - \$250,000 Approved by:	Date:
	Executive Manager	
11.	\$250,000 - \$1,000,000 Approved by:	Date:
	Chief Executive Officer	
12.	>\$1,000,000 Approved by:	Date: 8/22/07
	Elizabeth Vazquez Board of Directors	
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		

F



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BUDGET REVISION REQUEST

1.	Division:	Chief Executive Office	Department:	General Counsel
2.	Add:	X	Delete:	[]
	Transfer:			[]
3.	Full year amount (rounded to dollars):		\$85,000	
4.	Monthly amounts (rounded to dollars - should total to line 3 above)			
	January	\$	May	\$
	February	\$	June	\$
	March	\$	July	\$
	April	\$	August	\$85,000
			September	\$
			October	\$
			November	\$
			December	\$
5.	General Ledger Account Number (from):			
	General Ledger Account Number (to):		92300 558 02 9200	
6.	General Ledger Account Name (from):			
	General Ledger Account Name (to):			
7.	Explanation:			
	To budget additional expenditures associated with Labor Attorneys Mede and Grover			
8.	Requested by:	General Counsel	Date:	8/17/07
9.	<\$25,000	Approved by:		Date:
		Division Director/Department Manager		
10.	\$25,000 - \$250,000	Approved by:		Date:
		 Executive Manager		9/10/07
11.	\$250,000 - \$1,000,000	Approved by:		Date:
		Chief Executive Officer		
12.	>\$1,000,000	Approved by:		Date:
		Board of Directors		
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting				



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BUDGET REVISION REQUEST

1.	Division: Chief Executive Office	Department: General Counsel												
2.	Add: <input checked="" type="checkbox"/> Delete: <input type="checkbox"/>	Transfer: <input type="checkbox"/>												
3.	Full year amount (rounded to dollars):	\$16,020												
4.	Monthly amounts (rounded to dollars - should total to line 3 above)													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">January \$</td> <td style="width: 33%;">May \$</td> <td style="width: 33%;">September \$3,204</td> </tr> <tr> <td>February \$</td> <td>June \$</td> <td>October \$3,204</td> </tr> <tr> <td>March \$</td> <td>July \$</td> <td>November \$3,204</td> </tr> <tr> <td>April \$</td> <td>August \$3,204</td> <td>December \$3,204</td> </tr> </table>	January \$	May \$	September \$3,204	February \$	June \$	October \$3,204	March \$	July \$	November \$3,204	April \$	August \$3,204	December \$3,204	
January \$	May \$	September \$3,204												
February \$	June \$	October \$3,204												
March \$	July \$	November \$3,204												
April \$	August \$3,204	December \$3,204												
5.	General Ledger Account Number (from): General Ledger Account Number (to): 92300 558 02 9200													
6.	General Ledger Account Name (from): General Ledger Account Name (to): Outside Services Employed/General Counsel													
7.	Explanation: To budget additional expenditures associated Bond Counsel (Don Percival of Heller Ehrman)													
8.	Requested by: General Counsel	Date: 8/22/07												
9.	<\$25,000 Approved by: Division Director/Department Manager	Date:												
10.	\$25,000 - \$250,000 Approved by: Executive Manager	Date:												
11.	\$250,000 - \$1,000,000 Approved by: Chief Executive Officer	Date:												
12.	>\$1,000,000 Approved by: <i>E. Vasquez</i> Board of Directors	Date: 9/14/07												
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting														

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BUDGET REVISION REQUEST

1.	Division: Chief Executive Office	Department: General Counsel												
2.	Add: <input checked="" type="checkbox"/>	Delete: <input type="checkbox"/> Transfer: <input type="checkbox"/>												
3.	Full year amount (rounded to dollars):	\$15,000												
4.	Monthly amounts (rounded to dollars - should total to line 3 above)													
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:33%;">January \$</td> <td style="width:33%;">May \$</td> <td style="width:33%;">September \$2,500</td> </tr> <tr> <td>February \$</td> <td>June \$</td> <td>October \$2,500</td> </tr> <tr> <td>March \$</td> <td>July \$</td> <td>November \$2,500</td> </tr> <tr> <td>April \$</td> <td>August \$5,000</td> <td>December \$2,500</td> </tr> </table>	January \$	May \$	September \$2,500	February \$	June \$	October \$2,500	March \$	July \$	November \$2,500	April \$	August \$5,000	December \$2,500	
January \$	May \$	September \$2,500												
February \$	June \$	October \$2,500												
March \$	July \$	November \$2,500												
April \$	August \$5,000	December \$2,500												
5.	General Ledger Account Number (from): General Ledger Account Number (to): 92300 558 02 9200													
6.	General Ledger Account Name (from): General Ledger Account Name (to): Outside Services Employed/General Counsel													
7.	Explanation: To budget additional expenditures associated with Legal Counsel (Thomas V. Van Flein of Clapp, Peterson, Van Flein, Tiemessen and Thorsness, LLC)													
8.	Requested by: General Counsel	Date: 8/22/07												
9.	<\$25,000 Approved by: Division Director/Department Manager	Date:												
10.	\$25,000 - \$250,000 Approved by: Executive Manager	Date:												
11.	\$250,000 - \$1,000,000 Approved by: Chief Executive Officer	Date:												
12.	>\$1,000,000 Approved by: <i>E. Vazquez</i> Board of Directors	Date: <i>9/14/07</i>												
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting														



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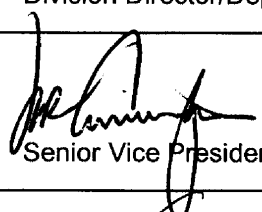
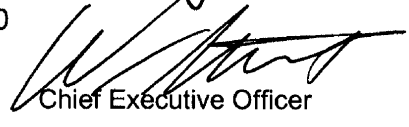
BUDGET REVISION REQUEST

1.	Division: Chief Executive Office	Department: General Counsel
2.	Add: <input checked="" type="checkbox"/> Delete: <input type="checkbox"/>	Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars): \$50,000	
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$	May \$
	February \$	June \$
	March \$	July \$
	April \$	August \$10,000
		September \$10,000
		October \$10,000
		November \$10,000
		December \$10,000
5.	General Ledger Account Number (from): General Ledger Account Number (to): 92300 558 02 9200 L0756615	
6.	General Ledger Account Name (from): General Ledger Account Name (to): Outside Services Employed/General Counsel	
7.	Explanation: To budget for legal expenses to negotiate PURPA QF Power Sales Agreement with Tiquon Energy	
8.	Requested by: General Counsel	Date: 9/11/07
9.	<\$25,000 Approved by: _____ Date: _____ Division Director/Department Manager	
10.	\$25,000 - \$250,000 Approved by: _____ Date: _____ Executive Manager	
11.	\$250,000 - \$1,000,000 Approved by: _____ Date: _____ Chief Executive Officer	
12.	>\$1,000,000 Approved by: <i>E. Vasquez</i> Date: <i>9/14/07</i> Board of Directors	
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		

J

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BUDGET REVISION REQUEST

1.	Division: Finance	Department: Chief Financial Officer
2.	Add: <input checked="" type="checkbox"/> Delete: <input type="checkbox"/>	Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$700,000
4.	Monthly amounts (rounded to dollars - should total to line 3 above)	
	January \$	May \$
	February \$	June \$
	March \$	July \$
	April \$	August \$140,000
	September \$140,000	October \$140,000
	November \$140,000	December \$140,000
5.	General Ledger Account Number (from):	
	General Ledger Account Number (to): 92300 000 02 2001 F0452005	
6.	General Ledger Account Name (from):	
	General Ledger Account Name (to):	
7.	Explanation: To budget additional expenditures associated with the Sarbanes-Oxley Implementation Project	
8.	Requested by: Chief Financial Officer	Date: 8/17/07
9.	<\$25,000 Approved by: _____ Division Director/Department Manager	
10.	\$25,000 - \$250,000 Approved by:  Senior Vice President	Date: 9/17/07
11.	\$250,000 - \$1,000,000 Approved by:  Chief Executive Officer	Date: 9/17/07
12.	>\$1,000,000 Approved by: _____ Board of Directors	
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting		

Sarbanes-Oxley Project F0452005	YTD July 2007	Projection	Total Projected Project
Other	\$509	\$0	\$509
Internal labor	\$57,687	\$50,000	\$107,687
Professional services	\$310,337	\$329,200	\$639,537
Software	\$62,559	\$0	\$62,559
	<hr/>	<hr/>	<hr/>
Total	\$431,092	\$379,200	\$810,292

Budget Revision Info

Total projected project	\$810,292
Internal labor - July 07	(\$107,687)
CFO 2007 budget	(\$75,000)
Contingency for additional testing resources	\$72,395
	<hr/>
Total Budget Revision	\$700,000

K

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BUDGET REVISION REQUEST

1.	Division: Power Delivery	Department: Various												
2.	Add: <input checked="" type="checkbox"/> [X]	Delete: <input type="checkbox"/> [] Transfer: <input type="checkbox"/> []												
3.	Full year amount (rounded to dollars):	\$178,388												
4.	Monthly amounts (rounded to dollars - should total to line 3 above)													
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>January \$</td> <td>May \$</td> <td>September \$20,024</td> </tr> <tr> <td>February \$</td> <td>June \$</td> <td>October \$20,783</td> </tr> <tr> <td>March \$</td> <td>July \$</td> <td>November \$24,567</td> </tr> <tr> <td>April \$</td> <td>August \$91,497</td> <td>December \$21,517</td> </tr> </table>	January \$	May \$	September \$20,024	February \$	June \$	October \$20,783	March \$	July \$	November \$24,567	April \$	August \$91,497	December \$21,517	
January \$	May \$	September \$20,024												
February \$	June \$	October \$20,783												
March \$	July \$	November \$24,567												
April \$	August \$91,497	December \$21,517												
5.	General Ledger Account Number (from):	Various financial statement accounts												
	General Ledger Account Number (to):													
6.	General Ledger Account Name (from):	Various financial statement accounts												
	General Ledger Account Name (to):													
7.	Explanation: To revise the 2007 Operating Budget as a result of the final negotiated Outside Labor Agreement and includes a \$66,614 increase in health and welfare effective 5/1/07													
8.	Requested by: Board of Directors	Date: 8/17/07												
9.	<\$25,000 Approved by:	Date:												
	Division Director/Department Manager													
10.	\$25,000 - \$250,000 Approved by:	Date: 9/17/07												
	<i>[Signature]</i> Senior Vice President <i>Mary Tesch</i>													
11.	\$250,000 - \$1,000,000 Approved by:	Date:												
	Chief Executive Officer													
12.	>\$1,000,000 Approved by:	Date:												
	Board of Directors													
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting														

**CHUGACH ELECTRIC ASSOCIATION, INC.
COMPARATIVE FINANCIAL REPORT
STATEMENT OF OPERATIONS**

CATEGORY	OUTSIDE CONTRACT REVISION
REVENUES:	
1. TOTAL REVENUE	\$0
EXPENSES:	
2. FUEL EXPENSE	0
3. POWER PRODUCTION EXPENSE	1,766
4. COST OF PURCHASED POWER	0
5. TRANSMISSION EXPENSE	28,075
6. DISTRIBUTION EXPENSE-OPERATIONS	33,950
7. DISTRIBUTION EXPENSE-MAINTENANCE	93,241
8. CONSUMER ACCOUNTS EXPENSE	16,130
9. CUSTOMER SERVICE/INFO EXPENSE	0
10. ADMINISTRATIVE/GENERAL EXPENSE	5,226
11. TOTAL OPERATIONS/MAINTENANCE EXP.	\$178,388
12. DEPRECIATION/AMORTIZATION EXPENSE	0
13. TAX EXPENSE-OTHER	0
14. INTEREST-LONG TERM DEBT	0
15. INTEREST ON CONSTRUCTION-CREDIT	0
16. INTEREST EXPENSE-OTHER	0
17. OTHER DEDUCTIONS	0
18. TOTAL COST OF ELECTRIC SERVICE	\$178,388
19. PATRONAGE CAPITAL/OPERATING MARGINS	(\$178,388)
20. NON-OPERATING MARGINS-INTEREST	0
21. ALLOWANCE FUNDS USED DURING CONST.	0
22. NON-OPERATING MARGINS-OTHER	0
23. GENER./TRANS. CAPITAL CREDITS	0
24. OTHER CAPITAL CREDITS/DIVIDENDS	0
25. EXTRAORDINARY ITEMS	0
26. PATRONAGE CAPITAL OR MARGINS	(\$178,388)

Outside Labor Agreement

	<u>2007 Budget Adjustment</u>	<u>2007 Expense Adjustment</u>	<u>2007 Capital Adjustment</u>
<i>Direct Labor and pension increase</i>			
6% direct labor increase			
\$.50 per hour pension increase			
July 1, 2007 5% direct labor increase			
July 1, 2007 \$.50 per hour pension increase	\$611,799	\$431,338	\$180,461
<i>Work Rule Savings</i>			
A Labor associated with reduced lunch time (\$320,000)			
B Labor associated with working more than eight hours on a holiday (\$6,000)			
C Labor associated with the revised crew structure for Apprentices (\$165,000)			
D Labor associated with expanded scope of work for warehouseman (3,360)			
E Labor associated with the ability to use Apprentices for after hour call-outs (\$5,000)			
F Labor associated with the reduced amount of time required for Classification Committee duties (\$19,200)	(\$447,978) ¹	(\$319,564)	(\$128,414)
<i>Net Budget Adjustment</i>	\$163,821	\$111,774	\$52,047

<i>Work Rule Costs</i>			
	1 Year	3 Year	
G Pension	\$20,000	\$60,000	
H Meal allowance	\$12,000	\$36,000	
I Relief	\$11,666	\$35,000	
J High Time	\$533	\$1,600	
K Tool allowance	\$1,500	\$4,500	
L Clothing allowance	\$6,666	\$20,000	
M Health and welfare	\$18,216	\$54,647	
Total	\$70,581	\$211,747	

<i>Work Rule Savings</i>	\$320,000
(See above)	\$6,000
	\$165,000
	\$3,360
	\$5,000
	\$19,200
	\$518,560
<i>Additional work rule costs deleted</i>	(\$70,581)
<i>Total</i>	\$447,978

¹ Adjustment based on deleting additional work rule costs given to the IBEW. (Total savings \$1,555,680 - \$211,747 = \$1,343,934 / 3 years = \$447,978)

**OUTSIDE PLANT PERSONNEL AGREEMENT
SUMMARY OF CHANGES AND NEW PROVISIONS**

Section	Title	Summary of Changes	3 Year Associated Costs/Savings*
Section 1.12	Duration	The parties have agreed to a four year term and a new bargaining schedule that will significantly increase the time between commencement of negotiations and contract expiration. The goal is to have a new Agreement ratified before the current agreement expires.	
Section 2.12.5	Non-Discrimination	New language complies with changes in the law.	
Section 3.1.1	NECA Temporary Employees	Time worked on a holiday for NECA temporary employees has been reduced from triple time to double time. NECA temporary employees do not receive paid holidays.	
Section 3.1.2	Probationary Employees	Discharge of a regular employee during the first ninety (90) days of employment (probationary period) is not subject to the grievance process. Probationary period for newly hired Relay/Control Wiring Technicians, Substation Technicians, substation Linemen and Substation Linemen Trainee, is six (6) months.	
Section 3.2.2	Seniority	Seniority is based upon service with the Employer rather than service within a bargaining unit.	
Section 3.4.1	Job Posting	Every twelve (12) months, the Employer will re-post in-house any vacant positions which have not been filled by posting, bidding or from external recruitment efforts.	
Section 3.5	Reduction-In-Force	To insure that Apprentices have sufficient work opportunities to meet industry needs, the Employer may lay-off NECA temporary employees before Apprentices as long as the number of Apprentices complies with the ratio requirements set forth in Section 6.1.	
Section 4.3.1	Use of Leave Without Pay	Employees who use more than 40 hours of unapproved leave after they exhaust their annual leave, will pay a pro rata share of their health insurance premiums paid for by the Employer.	

*Costs/Savings calculated on 3 year basis because 4th year CPI wage increase amount cannot be calculated until actual 2009 CPI increase is known.

**OUTSIDE PLANT PERSONNEL AGREEMENT
SUMMARY OF CHANGES AND NEW PROVISIONS**

Section	Title	Summary of Changes	3 Year Associated Costs/Savings*
Section 4.4.1	Sick of Disability Leave	The cap on leave without pay for employees out on sick or disability leave will be calculated on a rolling five (5) year period.	
Section 4.4.2	Medical Verification	Employees required to provide medical verification by the Employer will receive on hour of paid time to go to the Doctor and will be reimbursed for charges not covered by their insurance.	
Section 4.4.4	Employee Responsibility – Treatment	New language clarifies that this section only protects those employees who have recognized their drug or alcohol problem and have sought treatment.	
Section 4.4.6	Pension Contributions While on Workers Compensation	Pension contributions will be made on behalf of regular employees for up to 26 weeks on payments made to supplement workers compensation pay.	Annual cost = \$20,000 <input type="checkbox"/> G 3 year cost = \$60,000
Section 4.5	Holidays	The birthday holiday was exchanged for an additional floating holiday.	
Section 4.5.2	Holidays	New language establishes holiday observance for the new Loop Wagon Sunday thru Thursday shift.	
Section 4.5.4	Holidays	This selection was deleted as it is no longer needed due to the birthday holiday exchanged for a floating holiday.	
Section 4.9	Pregnancy Leave	New language incorporates a Memorandum of Agreement regarding Parent Leave.	
Section 5.1.2.1	Meals	The a crew extends their meal period from ½ hour to 1 hour, the time will be added to the end of their normal workday.	Annual savings = \$320,000 <input type="checkbox"/> A 3 year savings = \$960,000
Section 5.1.2.2	Meals	Employees may use company vehicle to travel to and from lunch but they now travel on their own time.	
Section 5.1.2.7	Meals	The meal allowance was increased by \$5.00.	Annual cost = \$12,000 <input type="checkbox"/> H 3 year cost = \$36,000

**OUTSIDE PLANT PERSONNEL AGREEMENT
SUMMARY OF CHANGES AND NEW PROVISIONS**

Section	Title	Summary of Changes	3 Year Associated Costs/Savings*
Section 5.1.3.4	Tuesday-Saturday & Sunday-Thursday Loop Wagon	The Employer may create a Sunday through Thursday Loop Wagon Shift. Hours worked on Sundays will be paid at the straight time rate of 135%.	
Section 5.2.3	Holiday Compensation	Holiday pay for time off on a holiday is 8 hours at the straight time rate. Hours worked on a holiday are paid at double the straight time rate. Hours worked outside the 8 hour holiday window are no longer paid at triple time.	Annual savings = \$6,000 <input type="checkbox"/> B 3 year savings = \$18,000
Section 5.2.8	Relief	Employees on duty for 2-4 hours after midnight are given 8 hours of relief time before returning to work.	Annual cost = \$11,666 <input type="checkbox"/> J 3 year cost = \$35,000
Section 5.13	High Work	Clarifies that work on wood structures is eligible for high time.	Annual cost = \$533 <input type="checkbox"/> J 3 year cost = \$1,600
Section 6.0	Apprentices	Name correction only.	
Section 6.1	Apprentices	Name correction only.	
Section 6.1.1	Ratios	The new language has Apprentice ratios based on crew structure and crew type rather than based on the total number of Journeymen which will allow Chugach to utilize more Apprentices particularly during the construction season from May 1 through November 15 and allows the Substation Department to better utilize Apprentices.	Annual savings = \$165,000 <input type="checkbox"/> C 3 year savings = \$495,000
Section 6.2	Duties of Apprentice Lineman	Name correction only.	
Section 6.2.4	Apprentices	Updates and expands the list of equipment Apprentices should, with appropriate guidance, learn how to use.	
Section 6.3	Apprentices	Name correction only.	
Section 7.2	Delegation of Authority	Clarifies that supervisors are authorized to give direction to certain senior bargaining unit employees and foremen.	

**OUTSIDE PLANT PERSONNEL AGREEMENT
SUMMARY OF CHANGES AND NEW PROVISIONS**

Section	Title	Summary of Changes	3 Year Associated Costs/Savings*
Section 8.2.1 & Section 8.2.2	Dangerous or Hazardous Work	Condenses two sections into one clarifying that certain design and as-building work may be done by management inside energized substations so long as hand tools are not utilized.	
Section 8.9	Oversized Items	Expands the duties of warehousemen to include the limited use of boom trucks rated 12 tons or less, without special rigging	Annual savings = \$960 <input type="checkbox"/> D 3 year savings = \$2,880
Section 8.11	Random Drug Testing	The parties jointly commit to a drug-free workplace. Random drug testing consistent with federal law may be implemented for the bargaining unit at such time as it is also implemented for non-bargaining unit employees.	
Section 11.1.16	Meter Tester	This section was eliminated due to the elimination of the Meter Tester classification.	
Section 11.1.19	Relay/Control Wiring Technicians, Substation Technicians and Lineman	Name correction only	
Section 11.2.4	Mechanics Tool Allowance	The Mechanics tool allowance was increased by \$50.00 per month	Annual cost = \$1,500 <input type="checkbox"/> K 3 year cost = \$4,500
Section 11.2.6	Clothing Allowance	The clothing allowance was increased by \$50.00 per year. In addition, clothing allowance will be given to Relay/Control Wiring Technicians, Substation Technicians and the Utility Arborist.	Annual cost = \$6,666 <input type="checkbox"/> L 3 year cost = \$20,000
Section 11.3.4	Transportation of Electrical Equipment	Expands the duties of the Warehousemen to include the use of boom trucks rated 12 tons or less, without special rigging.	Annual savings = \$2,400 <input type="checkbox"/> D 3 year savings = \$7,200

**OUTSIDE PLANT PERSONNEL AGREEMENT
SUMMARY OF CHANGES AND NEW PROVISIONS**

Section	Title	Summary of Changes	3 Year Associated Costs/Savings*
Section 11.4	Call-Outs and Switching	Hot Apprentices may be called out consistent with a 3:1 ratio if all journeymen on the list have accepted or declined the work after the Dispatch Center has gone through the call-out list once and there is still a need for additional help.	Annual savings = \$5,000 <input type="checkbox"/> E 3 year savings = \$15,000
Section 11.7	Shop Work	New language cross references the Letter of Understanding concerning Relay Control Wiring Technicians, Substation Technicians and Substation Lineman Classifications.	
Section 13.1	Health, Welfare and Life Insurance Plan	Language updates the premium amounts and maintains the status quo regarding employer/employee responsibility for funding health insurance premiums.	1 year premium increase during life of contract at \$54,647 <input type="checkbox"/> M
Section 13.2	Pension Plan	Provides for a \$.50 increase in pension contributions by the Employer effective July 1, 2006; a \$.50 increase effective July 1, 2007 and a \$.50 increase effective July 1, 2008.	3 year cost = \$415,518
Section 15.2 and Section 15.3	Job Classifications and Classification Committee	The parties commit to a collaborative approach to the modification of existing classifications as well as the creation of new classifications.	
Section 15.3.1	Classification Committee Procedure	New language streamlines and expedites the process significantly. If the Classification Committee deadlocks and certain other conditions are met, the Employer may implement a new or revised classification. The Union has the right to arbitrate wage and benefit questions.	Annual savings = \$19,200 <input type="checkbox"/> F 3 year savings = \$57,600
Appendix A	Wage Rates	Provides for a 6% wage increase effective July 1, 2006; a 5% wage increase effective July 1, 2007; a 5% wage increase effective July 1, 2008 and a cost of living increase (CPI-U) effective July 1, 2009.	3 year cost = \$1,942,970

**Outside Labor Agreement
Health and Welfare**

Health and welfare premium increase effective 5/1/07




2007 Budget Adjustment

2007 Expense Adjustment
\$66,614
\$66,614



SMH

BUDGET REVISION REQUEST

1.	Division: Power Supply	Department: Various												
2.	Add: <input checked="" type="checkbox"/>	Delete: <input type="checkbox"/> Transfer: <input type="checkbox"/>												
3.	Full year amount (rounded to dollars):	\$659,119												
4.	Monthly amounts (rounded to dollars - should total to line 3 above)													
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>January \$</td> <td>May \$</td> <td>September \$60,591</td> </tr> <tr> <td>February \$</td> <td>June \$</td> <td>October \$63,331</td> </tr> <tr> <td>March \$</td> <td>July \$</td> <td>November \$67,611</td> </tr> <tr> <td>April \$</td> <td>August \$401,514</td> <td>December \$66,072</td> </tr> </table>	January \$	May \$	September \$60,591	February \$	June \$	October \$63,331	March \$	July \$	November \$67,611	April \$	August \$401,514	December \$66,072	
January \$	May \$	September \$60,591												
February \$	June \$	October \$63,331												
March \$	July \$	November \$67,611												
April \$	August \$401,514	December \$66,072												
5.	General Ledger Account Number (from):	Various financial statement accounts												
	General Ledger Account Number (to):													
6.	General Ledger Account Name (from):	Various financial statement accounts												
	General Ledger Account Name (to):													
7.	Explanation: To revise the 2007 Operating Budget as a result of the final negotiated Generation Labor Agreement and includes a \$109,525 increase in health and welfare effective 5/1/07													
8.	Requested by: Board of Directors	Date: 8/17/07												
9.	<\$25,000 Approved by:	Date:												
	Division Director/Department Manager													
10.	\$25,000 - \$250,000 Approved by:  Senior Vice President	Date: 9-17-07												
														
11.	\$250,000 - \$1,000,000 Approved by:  Chief Executive Officer	Date: 9/2/07												
12.	>\$1,000,000 Approved by:	Date:												
	Board of Directors													
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting														

**CHUGACH ELECTRIC ASSOCIATION, INC.
COMPARATIVE FINANCIAL REPORT
STATEMENT OF OPERATIONS**

CATEGORY	GENERATION CONTRACT REVISION
REVENUES:	
1. TOTAL REVENUE	-\$50,000
EXPENSES:	
2. FUEL EXPENSE	(50,000)
3. POWER PRODUCTION EXPENSE	301,585
4. COST OF PURCHASED POWER	38,373
5. TRANSMISSION EXPENSE	66,779
6. DISTRIBUTION EXPENSE-OPERATIONS	28,674
7. DISTRIBUTION EXPENSE-MAINTENANCE	4,769
8. CONSUMER ACCOUNTS EXPENSE	0
9. CUSTOMER SERVICE/INFO EXPENSE	0
10. ADMINISTRATIVE/GENERAL EXPENSE	218,939
11. TOTAL OPERATIONS/MAINTENANCE EXP.	\$609,119
12. DEPRECIATION/AMORTIZATION EXPENSE	0
13. TAX EXPENSE-OTHER	0
14. INTEREST-LONG TERM DEBT	0
15. INTEREST ON CONSTRUCTION-CREDIT	0
16. INTEREST EXPENSE-OTHER	0
17. OTHER DEDUCTIONS	0
18. TOTAL COST OF ELECTRIC SERVICE	\$609,119
19. PATRONAGE CAPITAL/OPERATING MARGINS	(\$659,119)
20. NON-OPERATING MARGINS-INTEREST	0
21. ALLOWANCE FUNDS USED DURING CONST.	0
22. NON-OPERATING MARGINS-OTHER	0
23. GENER./TRANS. CAPITAL CREDITS	0
24. OTHER CAPITAL CREDITS/DIVIDENDS	0
25. EXTRAORDINARY ITEMS	0
26. PATRONAGE CAPITAL OR MARGINS	(\$659,119)

Generation Labor Agreement

	<u>2007 Budget Adjustment</u>	<u>2007 Expense Adjustment</u>	<u>2007 Capital Adjustment</u>
<i>Direct Labor and pension increase</i>			
6% direct labor increase (less five weeks)			
\$.50 per hour pension increase (less five weeks)			
July 1, 2007 5% direct labor increase			
July 1, 2007 \$.50 per hour pension increase	\$884,490	\$727,329	\$157,161
<i>Work Rule Savings</i>			
A Labor associated with the elimination of paid dinner at Beluga (7 mo. in 2007 \$81,700)			
B Labor associated with reduced information services overtime rate (7 mo. in 2007 \$11,700)			
C Labor associated with 3 day notice required instead of 5 for call-outs (7 mo. in 2007 \$5,800)			
D Labor associated with the reduction of time worked at a higher classification (7 mo. in 2007 \$11,700)			
E Labor associated with the reduced amount of time required for Classification Committee duties (7 mo. in 2007 \$1,600)	(\$112,500)	(\$81,235)	(\$31,265)
<i>Budget Reductions as a result of new contract</i>			
F Use of employee room while occupant is off shift at Beluga	(\$50,000)	(\$50,000)	\$0
G Twin engine aircraft no longer required	(\$46,500)	(\$46,500)	\$0
H Efficiency gains as a result of work rules which shorten outages and reduce fuel expense (\$50,000) ¹	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<i>Net Budget Adjustment</i>	\$675,490	\$549,594	\$125,896

¹ The \$50,000 reduction in fuel expense reduces fuel expense collected in revenue through the fuel surcharge mechanism, therefore, there is no impact to margins.

As of 1/18/07

**GENERATION EXPECTED WORK RULE
CHANGES WITH \$ SAVINGS FOR CHUGACH**

Section	Subject	Description	Annual \$ Savings	Contract Term Savings
2.13.7	Hiring	Allows Chugach to name request	100,000	300,000
3.4.6	Classification & Qualifications Committees	Eliminate Qualifications Committee / Streamline Classification Committee	? E	30,000
5.1.3(c)(2)	Meals at Beluga	Eliminate paid dinner at Beluga	\$140,000 A	\$420,000
5.1.3(d) & Letter of Agreement	Employer Provided Rooms at Beluga	Eliminate restrictions on Company's ability to use rooms while employee on R&R	\$125,000 F (Just camp costs – Fuel savings would be high also) H	\$375,000
5.1.4 – TA'd	Work in Higher Classification	For actual time only	\$20,000 D	\$60,000
5.1.6	Air Transportation	Allow use of single engine aircraft	\$100,000 G	\$279,000
5.2.2(a)	Overtime	Overtime for 9 th and 10 th hours at 1.5 rather than 2x	\$20,000 B	\$60,000
5.2.2(c)	Scheduled Overtime	Reduce required notice from 5 days to 3 days	\$10,000 C	\$30,000
5.2.3	Holiday Compensation	Holiday pay not to exceed regularly scheduled hours	?	?
5.2.5	Relief	Eliminate 2x pay for all hours worked when employee does not get 10 hours relief and limit 2x pay to actual hours of relief less than 10	1-12-07 Burke advises no cost savings because Company currently manages contract to ensure this does not happen	
5.3.4	Beluga Relief Time	Change required 8 hours of relief to within 24 hours, rather than 8 continuous hours	Dropped	

Approx. \$1,824,000

**Generation Labor Agreement
Health and Welfare**

Health and welfare premium increase effective 5/1/07

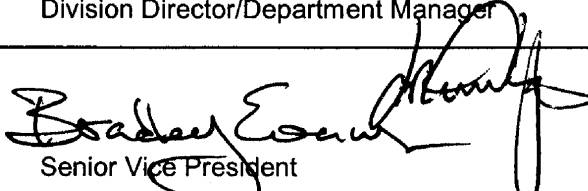
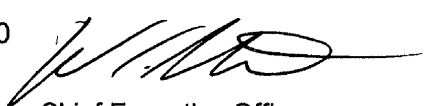
2007 Budget Adjustment

2007 Expense Adjustment
\$109,525
\$109,525





SMH

BUDGET REVISION REQUEST

1.	Division: Power Supply	Department: Power Control	
2.	Add: <input type="checkbox"/>	Delete: <input checked="" type="checkbox"/> X	Transfer: <input type="checkbox"/>
3.	Full year amount (rounded to dollars):	\$4,715,055	
4.	Monthly amounts (rounded to dollars - should total to line 3 above)		
	January \$	May \$	September \$443,800
	February \$	June \$	October \$979,885
	March \$	July \$	November \$751,263
	April \$	August \$1,677,736	December \$862,371
5.	General Ledger Account Number (from):	Various revenue accounts	
	General Ledger Account Number (to):	44710 062 00 2101	
6.	General Ledger Account Name (from):	Various revenue accounts	
	General Ledger Account Name (to):		
7.	Explanation: To reduce the 2007 operating budget for economy energy sales to Golden Valley Electric Association, Inc. due to an adjusted forecast based upon unanticipated events.		
8.	Requested by: Chief Financial Officer	Date: 8/17/07	
9.	<\$25,000 Approved by:	Date:	
	Division Director/Department Manager		
10.	\$25,000 - \$250,000 Approved by:	Date: 9-17-07	
	 Senior Vice President		
11.	\$250,000 - \$1,000,000 Approved by:	Date: 9/17/07	
	 Chief Executive Officer		
12.	>\$1,000,000 Approved by:	Date:	
	Board of Directors		
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting			

SMW

BUDGET REVISION REQUEST

1.	Division: Power Supply	Department: Power Control												
2.	Add: <input type="checkbox"/>	Delete: <input checked="" type="checkbox"/> Transfer: <input type="checkbox"/>												
3.	Full year amount (rounded to dollars):	\$4,506,483												
4.	Monthly amounts (rounded to dollars - should total to line 3 above)													
	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">January \$</td> <td style="width: 33%;">May \$</td> <td style="width: 33%;">September \$424,062</td> </tr> <tr> <td>February \$</td> <td>June \$</td> <td>October \$936,906</td> </tr> <tr> <td>March \$</td> <td>July \$</td> <td>November \$718,311</td> </tr> <tr> <td>April \$</td> <td>August \$1,602,658</td> <td>December \$824,546</td> </tr> </table>	January \$	May \$	September \$424,062	February \$	June \$	October \$936,906	March \$	July \$	November \$718,311	April \$	August \$1,602,658	December \$824,546	
January \$	May \$	September \$424,062												
February \$	June \$	October \$936,906												
March \$	July \$	November \$718,311												
April \$	August \$1,602,658	December \$824,546												
5.	General Ledger Account Number (from):	54720 480 00 7410												
	General Ledger Account Number (to):													
6.	General Ledger Account Name (from):	Fuel / Marathon Gas To Sales												
	General Ledger Account Name (to):													
7.	Explanation: To reduce the 2007 operating budget for fuel expense associated with the budget adjustment for economy energy sales to Golden Valley Electric Association, Inc. which was due to an adjusted forecast based upon unanticipated events.													
8.	Requested by: Chief Financial Officer	Date: 8/17/07												
9.	<\$25,000 Approved by:	Date:												
	Division Director/Department Manager													
10.	\$25,000 - \$250,000 Approved by:  Senior Vice President	Date: 9-24-07												
11.	\$250,000 - \$1,000,000 Approved by:  Chief Executive Officer	Date: 9/25/07												
12.	>\$1,000,000 Approved by:	Date:												
	Board of Directors													
Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting														

**CHUGACH ELECTRIC ASSOCIATION, INC.
COMPARATIVE FINANCIAL REPORT
STATEMENT OF OPERATIONS**

CATEGORY	ECONOMY ENERGY BUDGET REVISION
REVENUES:	
1. TOTAL REVENUE	(\$4,715,055)
EXPENSES:	
2. FUEL EXPENSE	(4,506,483)
3. POWER PRODUCTION EXPENSE	0
4. COST OF PURCHASED POWER	0
5. TRANSMISSION EXPENSE	0
6. DISTRIBUTION EXPENSE-OPERATIONS	0
7. DISTRIBUTION EXPENSE-MAINTENANCE	0
8. CONSUMER ACCOUNTS EXPENSE	0
9. CUSTOMER SERVICE/INFO EXPENSE	0
10. ADMINISTRATIVE/GENERAL EXPENSE	0
11. TOTAL OPERATIONS/MAINTENANCE EXP.	(\$4,506,483)
12. DEPRECIATION/AMORTIZATION EXPENSE	0
13. TAX EXPENSE-OTHER	0
14. INTEREST-LONG TERM DEBT	0
15. INTEREST ON CONSTRUCTION-CREDIT	0
16. INTEREST EXPENSE-OTHER	0
17. OTHER DEDUCTIONS	0
18. TOTAL COST OF ELECTRIC SERVICE	(\$4,506,483)
19. PATRONAGE CAPITAL/OPERATING MARGINS	(\$208,572)
20. NON-OPERATING MARGINS-INTEREST	0
21. ALLOWANCE FUNDS USED DURING CONST.	0
22. NON-OPERATING MARGINS-OTHER	0
23. GENER./TRANS. CAPITAL CREDITS	0
24. OTHER CAPITAL CREDITS/DIVIDENDS	0
25. EXTRAORDINARY ITEMS	0
26. PATRONAGE CAPITAL OR MARGINS	(\$208,572)