

**Chugach Electric Association, Inc.**  
**Anchorage, Alaska**

**December 1, 2009**

**TO:** Chugach Board of Directors

**FROM:** Bradley W. Evans, Chief Executive Officer

**SUBJECT:** *Railbelt Electric Utility Bill Comparison: Fourth Quarter 2009*

Chugach's Railbelt electric utility bill comparison has been updated to reflect rates effective in fourth quarter 2009.

Retail bill levels decreased for Chugach, Matanuska Electric Association, Inc. (MEA), and Homer Electric Association, Inc. (HEA); and have slightly increased for Anchorage Municipal Light and Power (ML&P). As of the date of this comparison, Golden Valley Electric Association, Inc. (GVEA) has not filed any changes to its rates from those effective during third quarter 2009.

The primary factor impacting Railbelt bill levels is a continued reduction in fuel and purchased power costs. The impact of Chugach's 2008 test year rate case that became effective on October 9, 2009 has impacted Chugach retail bill levels but has not yet impacted the retail bills of HEA and MEA.

#### **Fourth Quarter 2009 Results**

Chugach residential bill levels decreased 2.2 percent in fourth quarter 2009. The 4.1 percent base rate increase resulting from the rate case is more than offset by a reduction in the fuel surcharge rate. The reduction in the surcharge rate is primarily attributed to lower fuel prices, which have declined about 25 percent from first to fourth quarter, 2009.

HEA residential bills decreased 11.5 percent in fourth quarter, the net effect of a 1.8 percent base rate increase through their Simplified Rate Filing process offset by a reduction in their wholesale power cost adjustment factor. HEA bill levels do not reflect the impact of Chugach's 2008 test year rate increase, which is estimated to increase retail bill levels by approximately 1.3 percent

MEA residential bills decreased 3.2 percent in fourth quarter, primarily the result of a 1.5 percent base rate increase through their Simplified Rate Filing process offset by a reduction in their wholesale power cost adjustment factor. MEA retail bill levels do not reflect the impact of Chugach's rate case, which is estimated to increase retail bill levels by approximately 0.5 percent

Residential bills for ML&P remained essentially unchanged due to a nominal increase in their fuel surcharge from \$0.01959 per kWh to \$0.02009.

## Comparison of Results

Figure 1 compares bill totals for third and fourth quarter 2009. Figure 2 expands the comparison by identifying the fuel/purchased power and base rate (non-fuel) components of each customer bill. Figure 3 summarizes Chugach quarterly residential bill levels from first quarter 2005 through fourth quarter 2009, identifying fuel and non-fuel components of each bill.

The table below summarizes the bill total results in relation to last quarter.

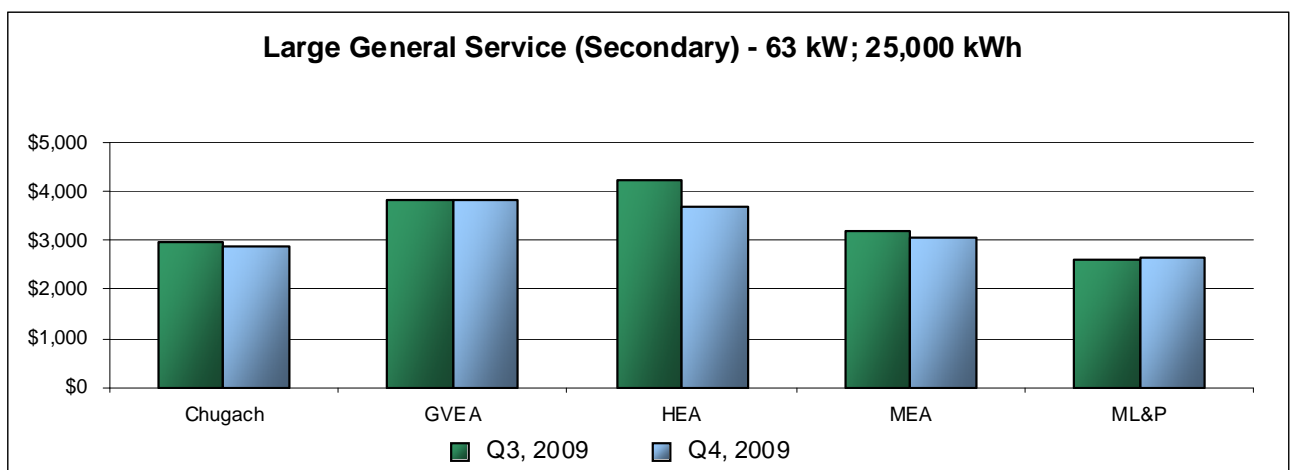
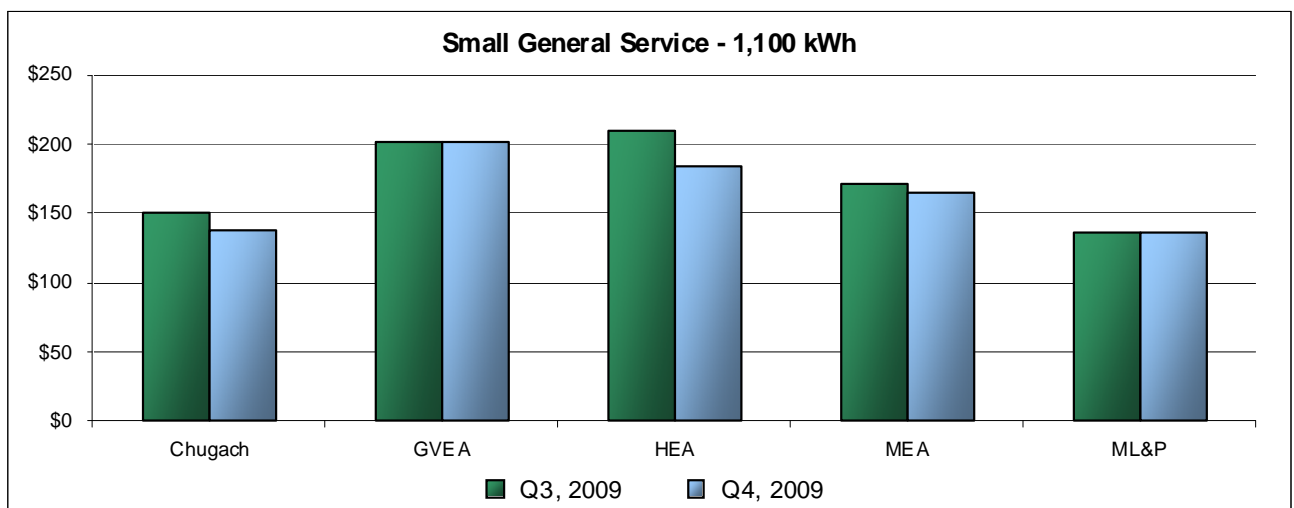
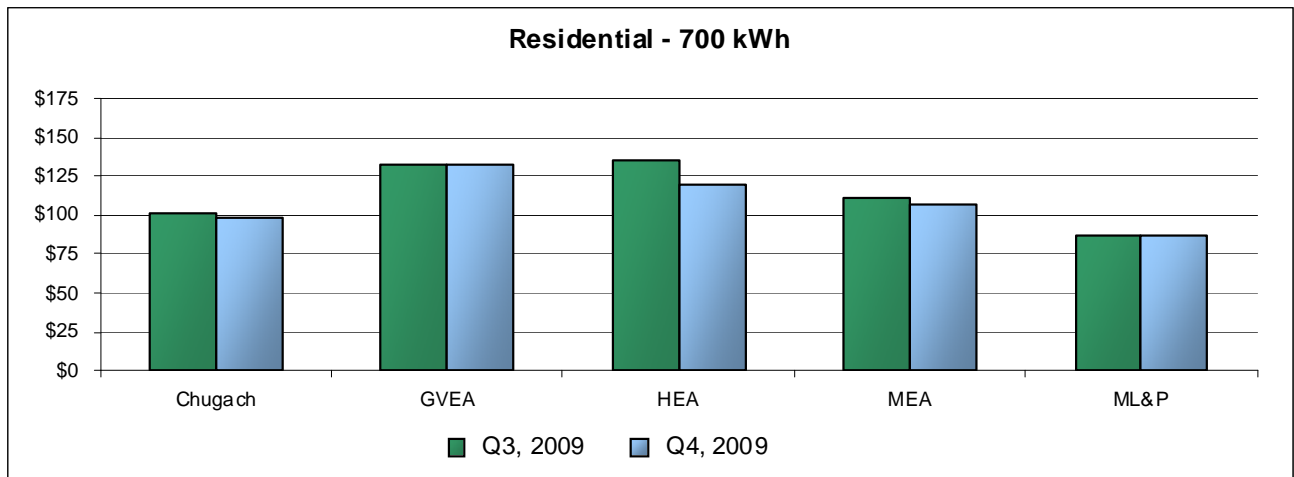
Table 1: Summary of Fourth Quarter 2009 Electric Bill Totals  
 (November 2009)

Customer Class	Chugach	GVEA	HEA	MEA	ML&P
Residential - 700 kWh	\$99.04	\$133.26	\$119.84	\$107.63	\$87.26
Prior Quarter Change	(2.2%)	0.0%	(11.5%)	(3.2%)	0.4%
Difference from Chugach Bill	---	34.6%	21.0%	8.7%	(11.9%)
Small General Service - 1,100 kWh	\$137.77	\$201.10	\$184.40	\$165.91	\$136.46
Prior Quarter Change	(8.4%)	0.0%	(11.8%)	(3.3%)	0.4%
Difference from Chugach Bill	---	46.0%	33.8%	20.4%	(1.0%)
Large General Service - Secondary <sup>1</sup>	\$2,872	\$3,854	\$3,686	\$3,084	\$2,642
Prior Quarter Change	(3.5%)	0.0%	(13.3%)	(4.3%)	0.5%
Difference from Chugach Bill	---	34.2%	28.3%	7.4%	(8.0%)

<sup>1</sup> Based on 25,000 kWh and 63 kW.

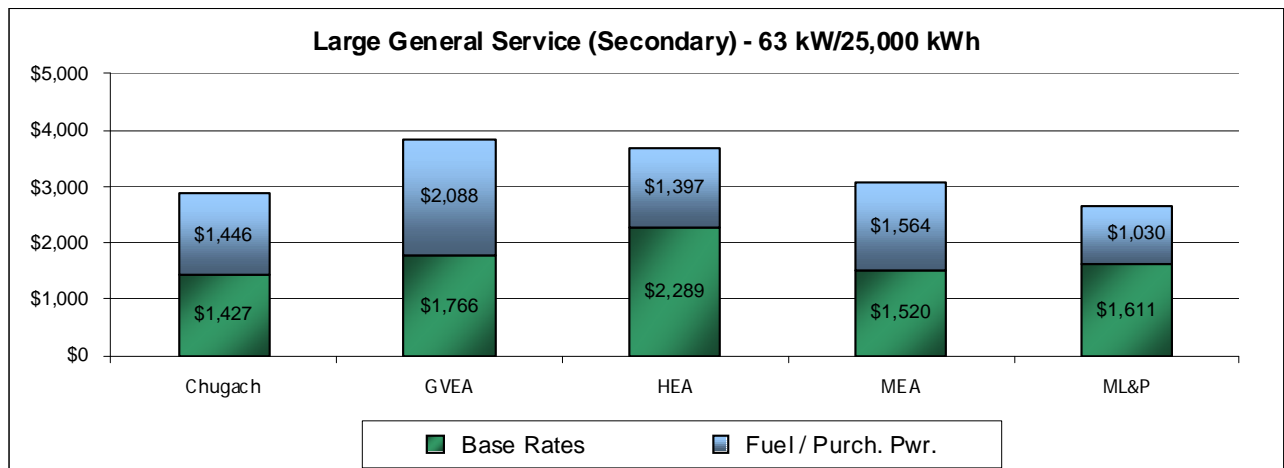
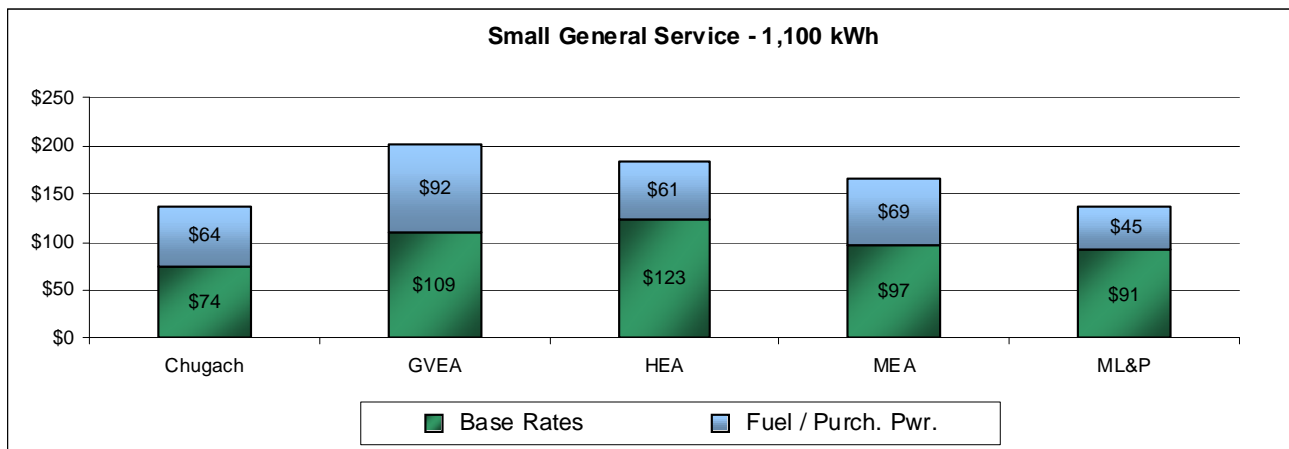
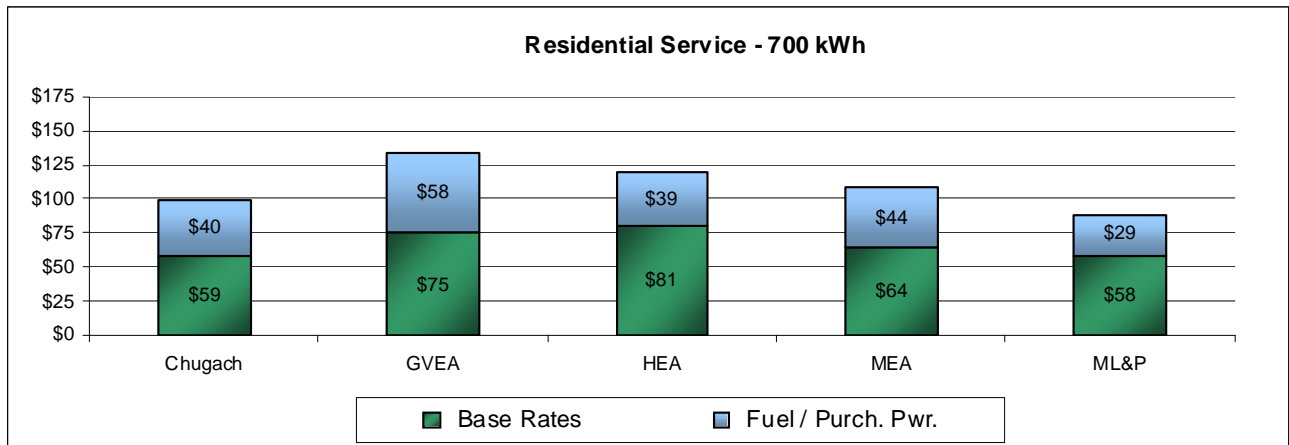
Bill totals based on tariffed rates. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge are excluded.

**Figure 1: Retail Electric Bill Totals by Utility  
 Third Quarter 2009 vs. Fourth Quarter 2009**  
 (Fourth Quarter 2009 as of November)



Bill totals based on actual and proposed tariffed rates. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge are excluded.

**Figure 2: Base Rate and Fuel and Purchased Power Components  
 Bill Totals - Fourth Quarter 2009**



Bill totals based on actual and proposed tariffed rates. Taxes and surcharges such as the Municipality of Anchorage 2% undergrounding surcharge are excluded. Billing components for HEA and MEA based on estimated separation of balancing account totals. Differences in rate class balancing accounts (over or under-recoveries) also impact results.

**Figure 3: Chugach's Monthly Residential Bill Total Based on 700 kWh Consumption**

