

# October 2008 Financial Update

---

Chugach Electric Association, Inc.

Finance Committee

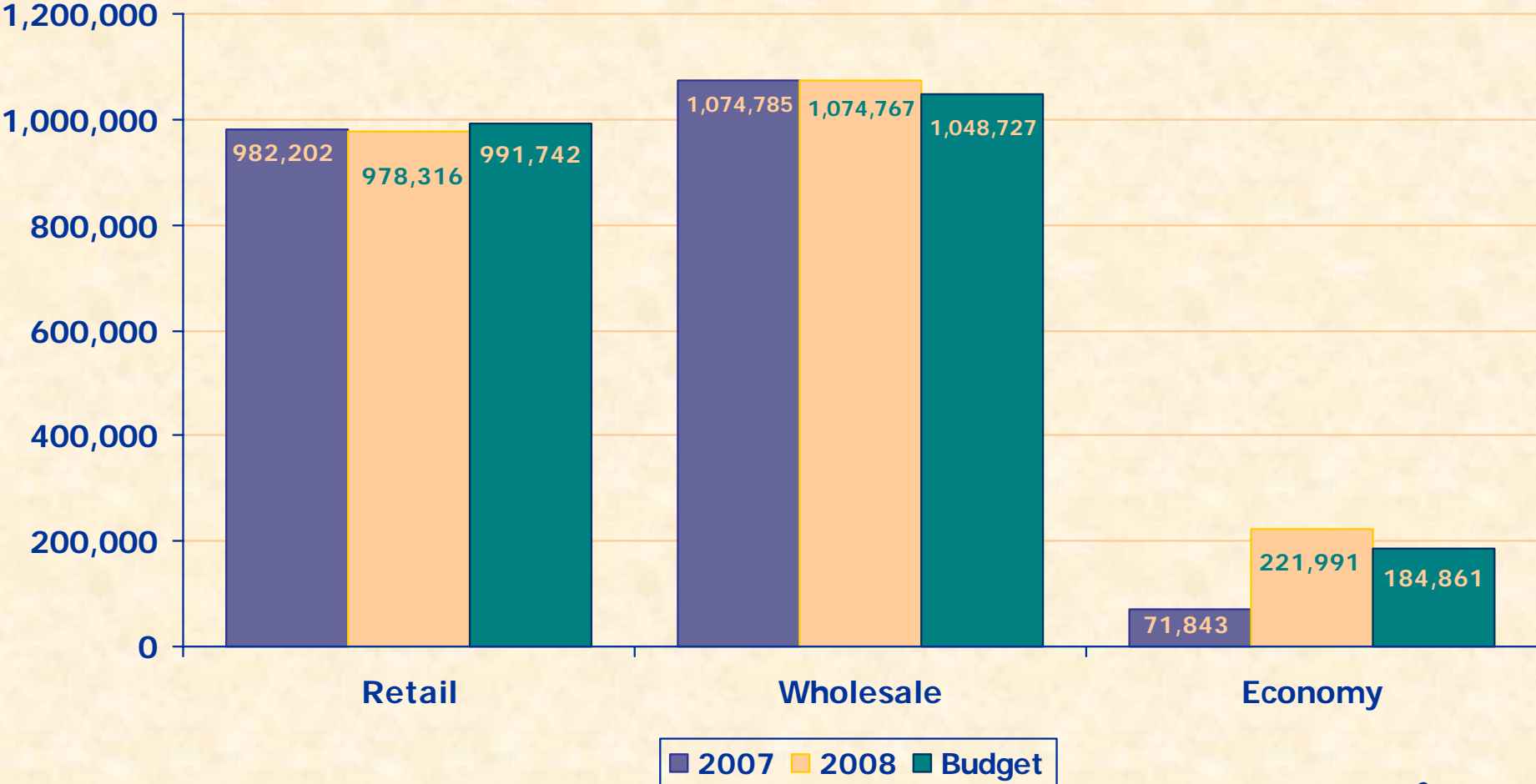
December 10, 2008

# October Financial Information

---

- **Year-to-Date MWh Sales**
- **Comparative Statement of Operations**
- **Year-End Forecast**
- **System Statement of Operations**
- **Comparative Balance Sheet**

# October YTD MWh Sales



# Comparative Statement of Operations

## October 2008

	<u>Budget</u>	<u>Actuals</u>	<u>Variance</u>
<b>1. Operating Revenue &amp; Patronage Capital</b>	\$ 22,760,115	\$ 26,785,662	\$ 4,025,547
2. Fuel Expense	10,404,786	13,608,158	3,203,372
3. Power Production Expense	1,360,241	1,095,073	(265,168)
4. Purchased Power Expense	2,237,864	2,971,560	733,696
5. Transmission Expense	579,449	443,599	(135,850)
6. Distribution Expense	1,111,923	1,352,195	240,272
7. Customer Expense	488,453	467,094	(21,359)
8. Administrative & General Expense	1,689,936	1,765,230	75,294
<b>9. TOTAL Ops &amp; Maint Expense (2 thru 8)</b>	<b>\$ 17,872,652</b>	<b>\$ 21,702,909</b>	<b>\$ 3,830,257</b>
10. Depreciation & Amortization Expense	\$ 2,575,715	\$ 2,666,594	\$ 90,879
11. Tax Expense - Other	71,023	68,171	(2,852)
12. Interest on LT Debt	1,918,879	1,761,615	(157,264)
13. Interest Charged to Construction - Credit	(79,175)	(40,369)	38,806
14. Interest Expense - Other	64,167	150,845	86,678
15. Other Deductions	20,834	19,344	(1,490)
<b>16. TOTAL Cost of Electric Service (9 thru 15)</b>	<b>\$ 22,444,095</b>	<b>\$ 26,329,109</b>	<b>\$ 3,885,014</b>
<b>17. Patronage Capital &amp; Operating Margins</b>	<b>\$ 316,020</b>	<b>\$ 456,553</b>	<b>\$ 140,533</b>
18. Non-Operating Margins - Interest	32,649	43,195	10,546
19. Allowance for Funds Used During Construction	34,224	9,386	(24,838)
20. Non-Operating Margins - Other	0	912	912
<b>21. Patronage Capital or Margins</b>	<b>\$ 382,893</b>	<b>\$ 510,046</b>	<b>\$ 127,153</b>

TIER

1.20

1.29

# 2008 Year-End Forecast

	YTD Budget	YTD Actuals	Variance	Revised Forecast	
<b>1. Operating Revenue &amp; Patronage Capital</b>	\$ 219,835,273	\$ 231,437,141	\$ 11,601,868	\$ 283,421,591	<sup>1 &amp; 2</sup>
2. Fuel Expense	96,928,671	108,271,573	11,342,902	132,460,948	<sup>1 &amp; 2</sup>
3. Power Production Expense	14,125,014	13,618,117	(506,897)	16,100,288	<sup>1 &amp; 2</sup>
4. Purchased Power Expense	25,642,453	26,104,706	462,253	31,581,636	<sup>1</sup>
5. Transmission Expense	5,513,631	5,045,504	(468,127)	6,183,569	<sup>1</sup>
6. Distribution Expense	9,997,179	10,780,331	783,152	12,426,124	<sup>2</sup>
7. Customer Expense	4,840,633	4,484,863	(355,770)	5,740,544	
8. Administrative & General Expense	15,178,770	16,068,643	889,873	18,968,643	<sup>1 &amp; 2</sup>
<b>9. TOTAL Ops &amp; Maint Expense (2 thru 8)</b>	<b>\$ 172,226,351</b>	<b>\$ 184,373,737</b>	<b>\$ 12,147,386</b>	<b>\$ 223,461,752</b>	
10. Depreciation & Amortization Expense	\$ 25,173,098	\$ 25,492,116	\$ 319,018	\$ 30,833,247	<sup>1 &amp; 2</sup>
11. Tax Expense - Other	737,132	678,904	(58,228)	826,634	<sup>1</sup>
12. Interest on LT Debt	19,285,507	17,836,194	(1,449,313)	21,291,452	<sup>1 &amp; 2</sup>
13. Interest Charged to Construction - Credit	(848,530)	(353,435)	495,095	(433,435)	<sup>1 &amp; 2</sup>
14. Interest Expense - Other	187,917	1,010,163	822,246	1,388,663	<sup>1 &amp; 2</sup>
15. Other Deductions	208,332	103,238	(105,094)	144,906	<sup>1</sup>
<b>16. TOTAL Cost of Electric Service (9 thru 15)</b>	<b>\$ 216,969,807</b>	<b>\$ 229,140,917</b>	<b>\$ 12,171,110</b>	<b>\$ 277,513,219</b>	
<b>17. Patronage Capital &amp; Operating Margins</b>	<b>\$ 2,865,466</b>	<b>\$ 2,296,224</b>	<b>\$ (569,242)</b>	<b>\$ 5,908,372</b>	
18. Non-Operating Margins - Interest	325,438	352,197	26,759	419,022	<sup>1</sup>
19. Allowance for Funds Used During Construction	366,780	98,454	(268,326)	128,454	<sup>1 &amp; 2</sup>
20. Non-Operating Margins - Other	0	28,253	28,253	553,253	<sup>1</sup>
<b>21. Patronage Capital or Margins</b>	<b>\$ 3,557,684</b>	<b>\$ 2,775,128</b>	<b>\$ (782,556)</b>	<b>\$ 7,009,101</b>	
<b>TIER</b>	<b>1.18</b>	<b>1.16</b>		<b>1.33</b>	

<sup>1</sup>Forecast based on 10 months actual and 2 months budget

<sup>2</sup>Forecast has been adjusted to reflect current assumption changes

# System Statement of Operations

## October YTD 2008

	Total	Generation	Transmission	Distribution
<b>1. Operating Revenue &amp; Patronage Capital</b>	<b>\$ 231,437,141</b>	<b>\$168,541,111</b>	<b>\$19,725,715</b>	<b>\$43,170,315</b>
2. Fuel Expense	108,271,573	108,271,573	0	0
3. Power Production Expense	13,618,117	13,615,670	2,447	0
4. Purchased Power Expense	26,104,706	26,104,706	0	0
5. Transmission Expense	5,045,504	0	5,045,504	0
6. Distribution Expense	10,780,331	0	0	10,780,331
7. Customer Expense	4,484,863	0	0	4,484,863
8. Administrative & General Expense	16,068,643	5,732,513	2,178,513	8,157,617
<b>9. TOTAL Ops &amp; Maint Expense (2 thru 8)</b>	<b>\$ 184,373,737</b>	<b>\$153,724,462</b>	<b>\$7,226,464</b>	<b>\$23,422,811</b>
10. Depreciation & Amortization Expense	\$ 25,492,116	\$11,574,996	\$4,769,722	\$9,147,398
11. Tax Expense - Other	678,904	64,908	26,432	587,564
12. Interest on LT Debt	17,836,194	6,321,260	6,153,008	5,361,926
13. Interest Charged to Construction - Credit	(353,435)	(100,191)	(105,659)	(147,585)
14. Interest Expense - Other	1,010,163	271,656	301,718	436,789
15. Other Deductions	103,238	0	4,420	98,818
<b>15. TOTAL Cost of Electric Service (9 thru 15)</b>	<b>\$ 229,140,917</b>	<b>\$171,857,091</b>	<b>\$18,376,105</b>	<b>\$38,907,721</b>
<b>16. Patronage Capital &amp; Operating Margins</b>	<b>\$ 2,296,224</b>	<b>\$ (3,315,980)</b>	<b>\$1,349,610</b>	<b>\$4,262,594</b>
17. Non-Operating Margins - Interest	352,197	0	0	352,197
18. Allowance for Funds Used During Construction	98,454	28,182	29,176	41,096
19. Non-Operating Margins - Other	28,253	9,681	4,069	14,503
<b>20. Patronage Capital or Margins</b>	<b>\$ 2,775,128</b>	<b>\$ (3,278,117)</b>	<b>\$1,382,855</b>	<b>\$4,670,390</b>
<b>Achieved TIER</b>	<b>1.16</b>	<b>0.48</b>	<b>1.22</b>	<b>1.87</b>
<b>Operating Revenue per kWh</b>	<b>\$ 0.1262</b>	<b>\$ 0.0822</b>	<b>\$ 0.0096</b>	<b>\$ 0.0441</b>
<b>Operating Cost per kWh</b>	<b>\$ 0.1249</b>	<b>\$ 0.0838</b>	<b>\$ 0.0090</b>	<b>\$ 0.0398</b>

# Comparative Balance Sheet

## October 2007 & 2008

	Oct. 2007	Oct. 2008	Change
1. Total Utility Plant In Service	\$ 802,546,763	\$ 816,927,218	\$ (14,380,455)
2. Construction Work In Progress	25,428,727	18,043,029	7,385,698
<b>3. Total Utility Plant (1 plus 2)</b>	<b>\$ 827,975,490</b>	<b>\$ 834,970,247</b>	<b>\$ (6,994,757)</b>
4. Accum. Provision for Depreciation and Amort.	(367,710,552)	(387,187,323)	19,476,771
<b>5. Net Utility Plant (3 minus 4)</b>	<b>\$ 460,264,938</b>	<b>\$ 447,782,924</b>	<b>\$ 12,482,014</b>
6. Nonutility Property - Net	24,461	24,461	0
7. Investment in Associated Organizations	11,887,506	11,993,143	(105,637)
8. Special Funds	645,582	288,188	357,394
<b>9. Total Other Property &amp; Investments (6 thru 8)</b>	<b>\$ 12,557,549</b>	<b>\$ 12,305,792</b>	<b>\$ 251,757</b>
10. Cash & Temporary Investments	13,419,959	1,534,070	11,885,889
11. Special Deposits	126,312	140,191	(13,879)
12. Accounts Receivable - Net	24,642,799	29,084,297	(4,441,498)
13. Materials and Supplies	27,901,684	28,790,322	(888,638)
14. Prepayments	1,252,316	1,389,459	(137,143)
15. Other Current & Accrued Assets	233,479	10,465,840	(10,232,361)
<b>16. Total Current &amp; Accrued Assets (10 thru 16)</b>	<b>\$ 67,576,549</b>	<b>\$ 71,404,179</b>	<b>\$ (3,827,630)</b>
17. Deferred Debits	23,256,637	25,956,103	(2,699,466)
<b>18. Total Assets &amp; Other Debits (5 + 9 + 17 + 18)</b>	<b>\$ 563,655,673</b>	<b>\$ 557,448,998</b>	<b>\$ 6,206,675</b>

# Comparative Balance Sheet

## October 2007 & 2008

	<u>Oct. 2007</u>	<u>Oct. 2008</u>	<u>Change</u>
20. Memberships	\$ 1,337,738	\$ 1,383,983	\$ (46,245)
21. Patronage Capital & Margins & Equities	150,261,687	150,430,781	(169,094)
<b>22. Total Margins &amp; Equities (20 plus 21)</b>	<b>\$ 151,599,425</b>	<b>\$ 151,814,764</b>	<b>\$ (215,339)</b>
23. Long-Term Debt - Bonds (Net)	299,600,000	270,000,000	29,600,000
24. Long-Term Debt - Other (Net)	46,306,169	41,915,313	4,390,856
<b>25. Total Long-Term Debt (23 plus 24)</b>	<b>\$ 345,906,169</b>	<b>\$ 311,915,313</b>	<b>\$ 33,990,856</b>
26. Notes Payable	10,095,017	45,604,515	(35,509,498)
27. Accounts Payable	9,491,146	6,439,387	3,051,759
28. Consumer Deposits	2,361,824	2,378,090	(16,266)
29. Other Current & Accrued Liabilities	41,250,893	36,969,045	4,281,848
<b>30. Total Current &amp; Accrued Liabilities (26 thru 30)</b>	<b>\$ 63,198,880</b>	<b>\$ 91,391,037</b>	<b>\$ (28,192,157)</b>
31. Deferred Credits	2,305,617	2,039,696	265,921
32. Misc Operating Reserves	645,582	288,188	357,394
<b>33. Total Liab &amp; Other Credits (22 + 25 + 31 + 32 + 33)</b>	<b>\$ 563,655,673</b>	<b>\$ 557,448,998</b>	<b>\$ 6,206,675</b>
<b>Equity Ratio</b>	<b>30.47%</b>	<b>32.74%</b>	

---

**Questions?**