

**POINT PAPER
STRATEGIC PLANNING
NEAR-TERM PLANS**

- The Railbelt GM's/CEO's are discussing, in earnest, possibilities for future partnerships regarding G&T projects, operation, system operations, inter alia.
- The Railbelt CFO's are making progress in identifying steps to create a regional G&T but, whether successful or not, we need to take some actions now.
- I reported to you in November 2003 that we would "proceed with the Contraction Case." I am implementing Chugach's "Contraction Case" with the 2005 budget "to prepare the organization to withstand the full or partial loss of wholesale sales in 2014."
- The 2005 Budget and 2005-2009 Business Plan will reflect the "Contraction Case" assumptions. This will be implemented by:
 - Reducing A&G expense
 - Reducing capital spending
 - Deferring new generation
 - Minimizing capital credit retirements
- I recommend we immediately create a separate, one-member G&T for Chugach G&T assets for the following reasons:
 - To clearly identify the costs and revenues of the G&T business sector
 - To assist in recovery of G&T costs
 - To improve our arguments in future rate cases
- Here is my schedule for both recommendations:
 - October
 - Present budget and business plan based on "Contraction Case"
 - November
 - Board approve Budget and Business Plan
 - December
 - Board approve new Chugach one-member G&T
 - Staff presents four strategic planning alternatives and recommendations for 2005-2014 period