



CHUGACH

POWERING ALASKA'S FUTURE



Chugach Electric Association, Inc. 2009 Treasurer's Report

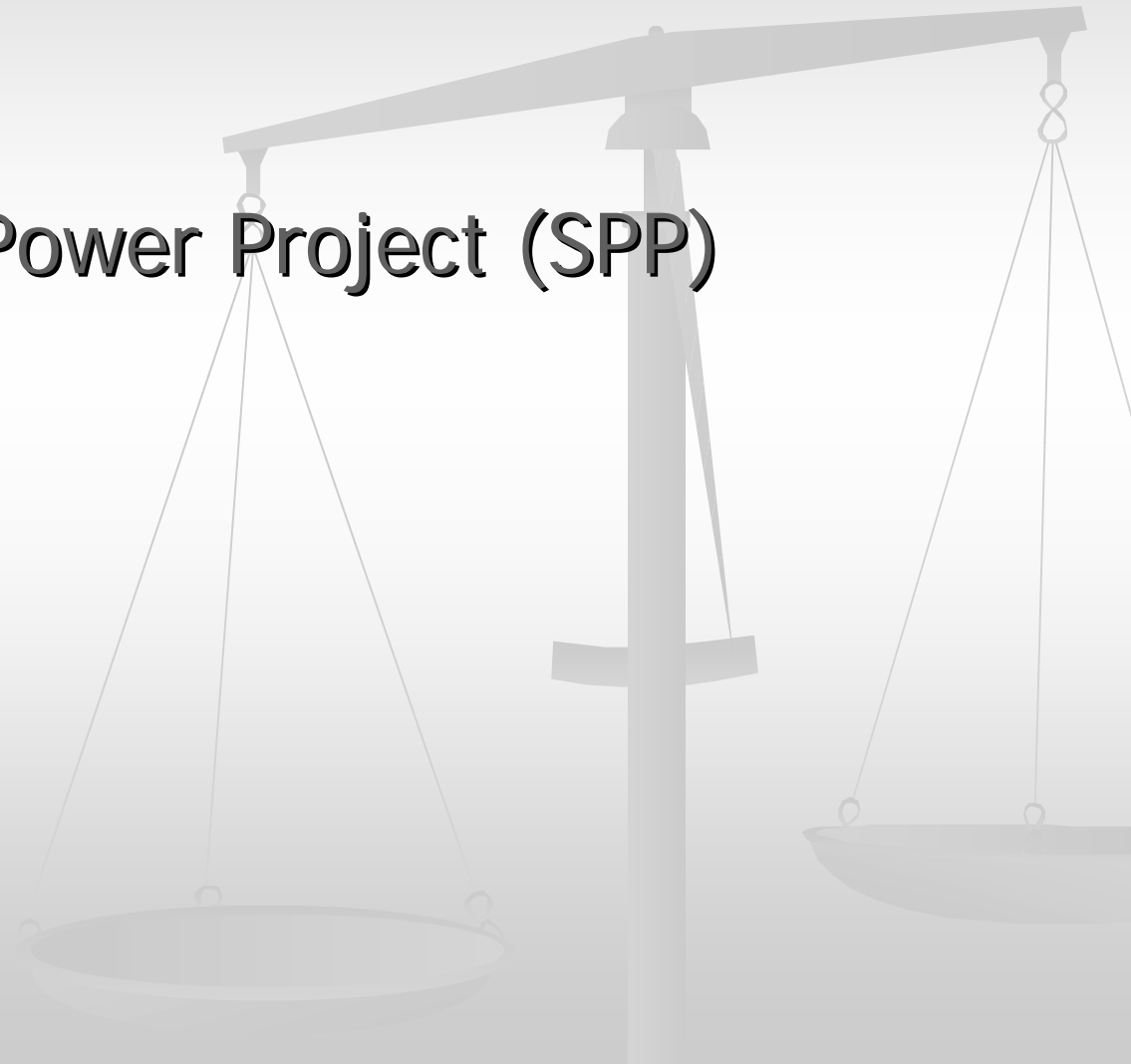
P. J. Hill - Treasurer

2010 Annual Meeting

April 29, 2010

OVERVIEW

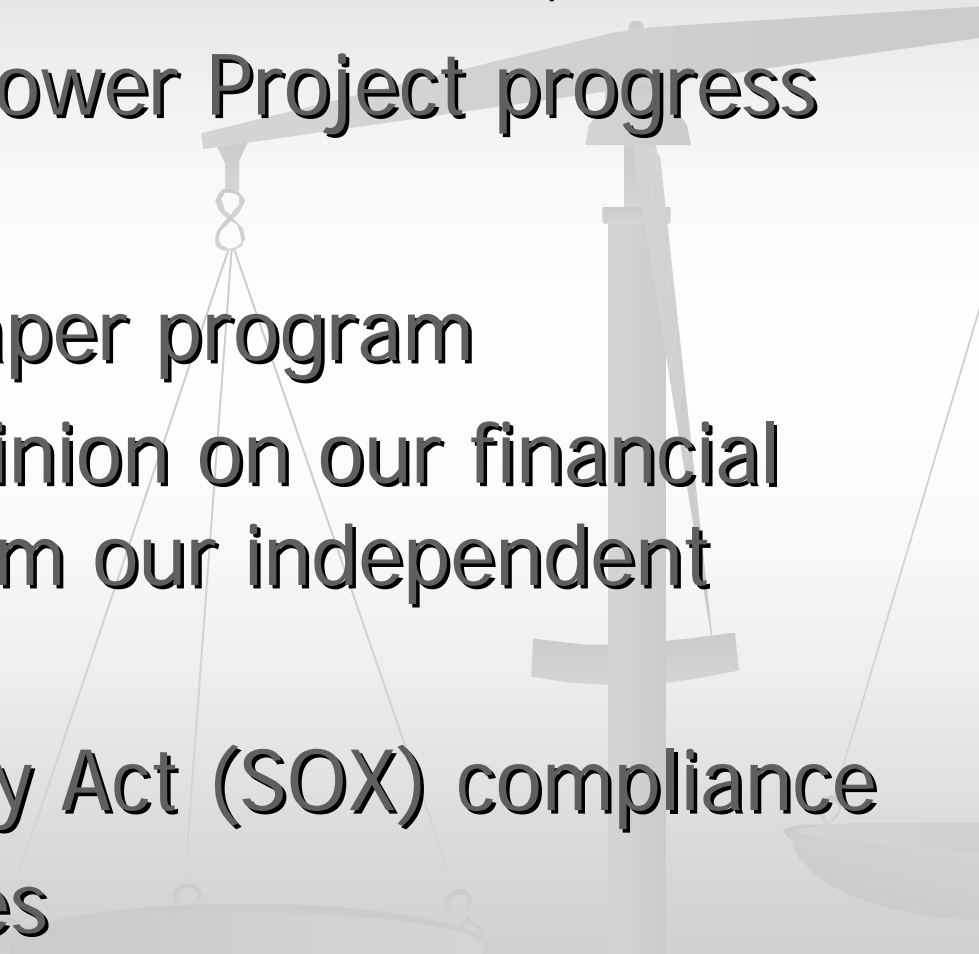
- Performance
- Margins
- Southcentral Power Project (SPP)
- Rate Case
- Summary



PERFORMANCE

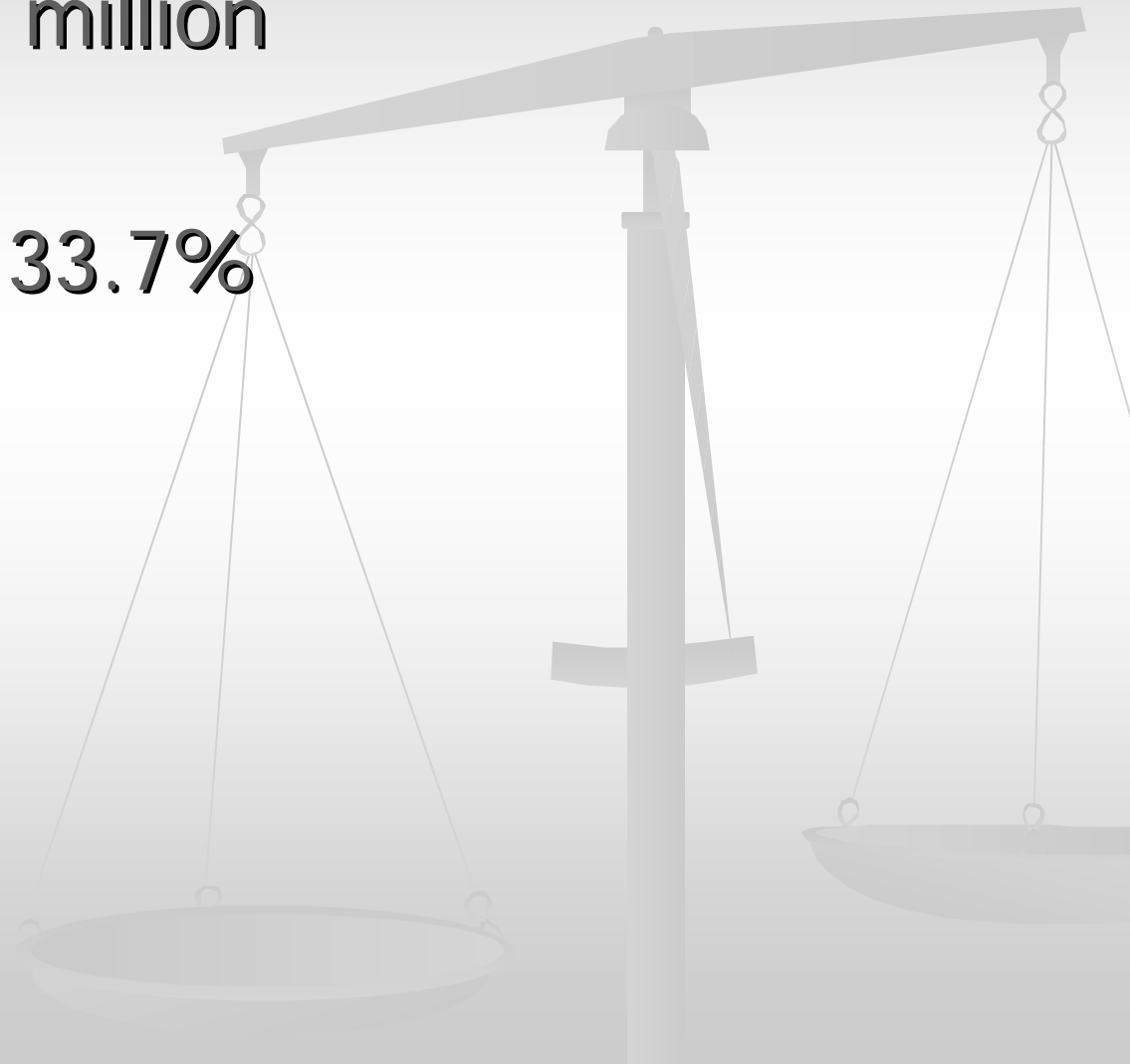


ACCOMPLISHMENTS

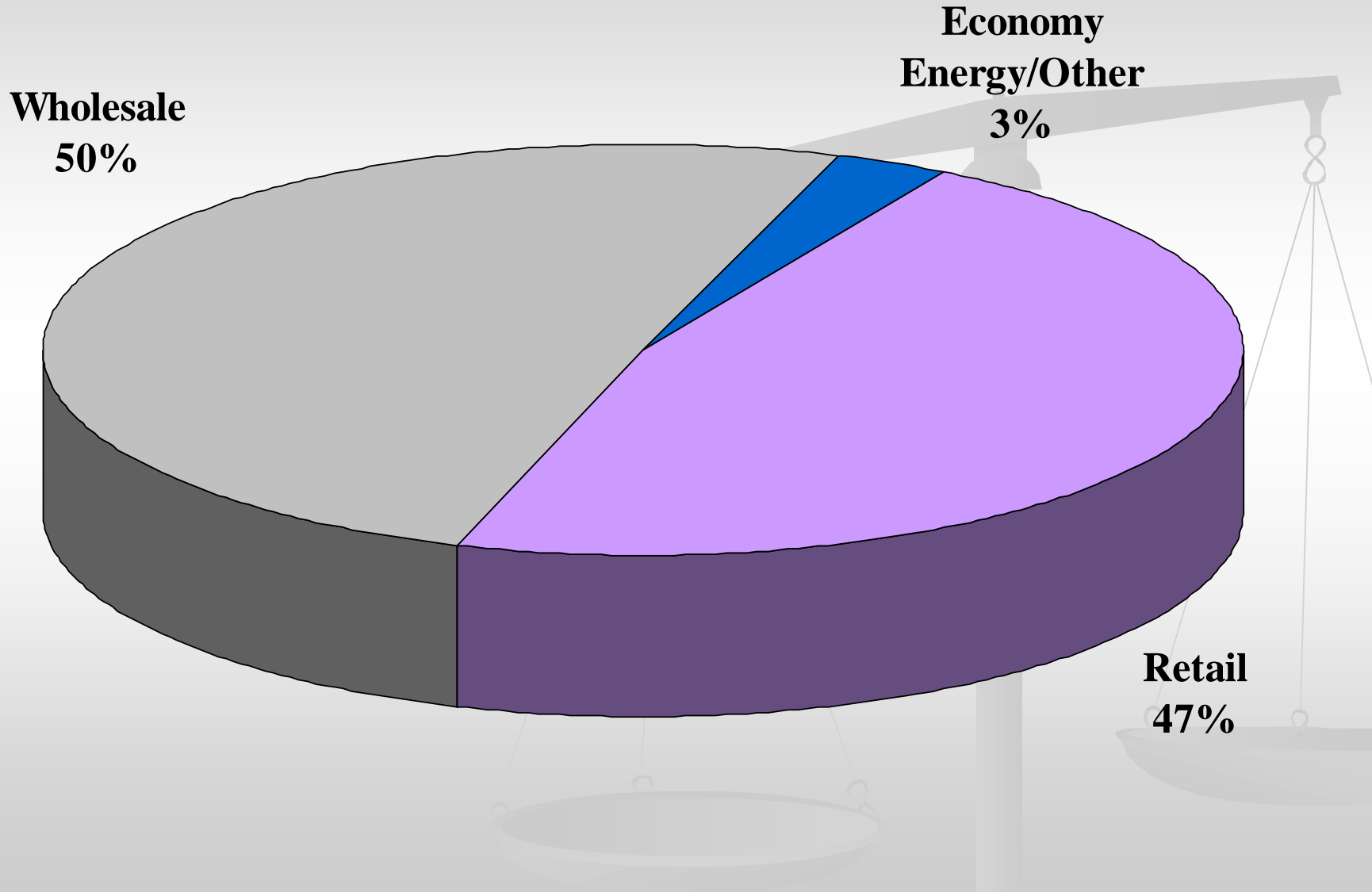
- Capital credit retirements of \$3.4 million
 - Southcentral Power Project progress
 - Fuel Supply
 - Commercial Paper program
 - Unqualified opinion on our financial statements from our independent auditor
 - Sarbanes-Oxley Act (SOX) compliance
 - Rating Agencies
- 

2009 OPERATING RESULTS

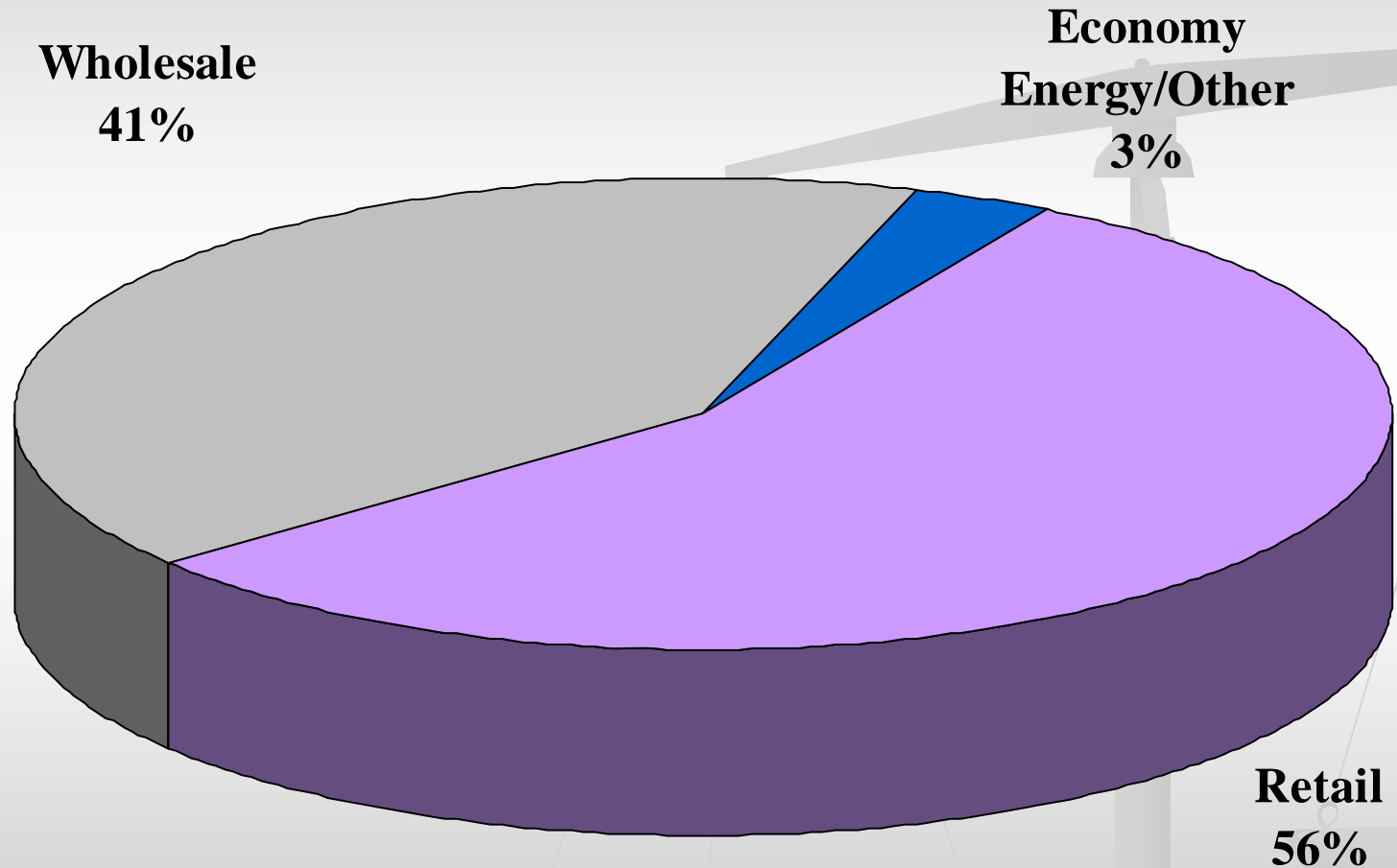
- Margins - \$5.7 million
- MFI/I - 1.27
- Equity Ratio - 33.7%



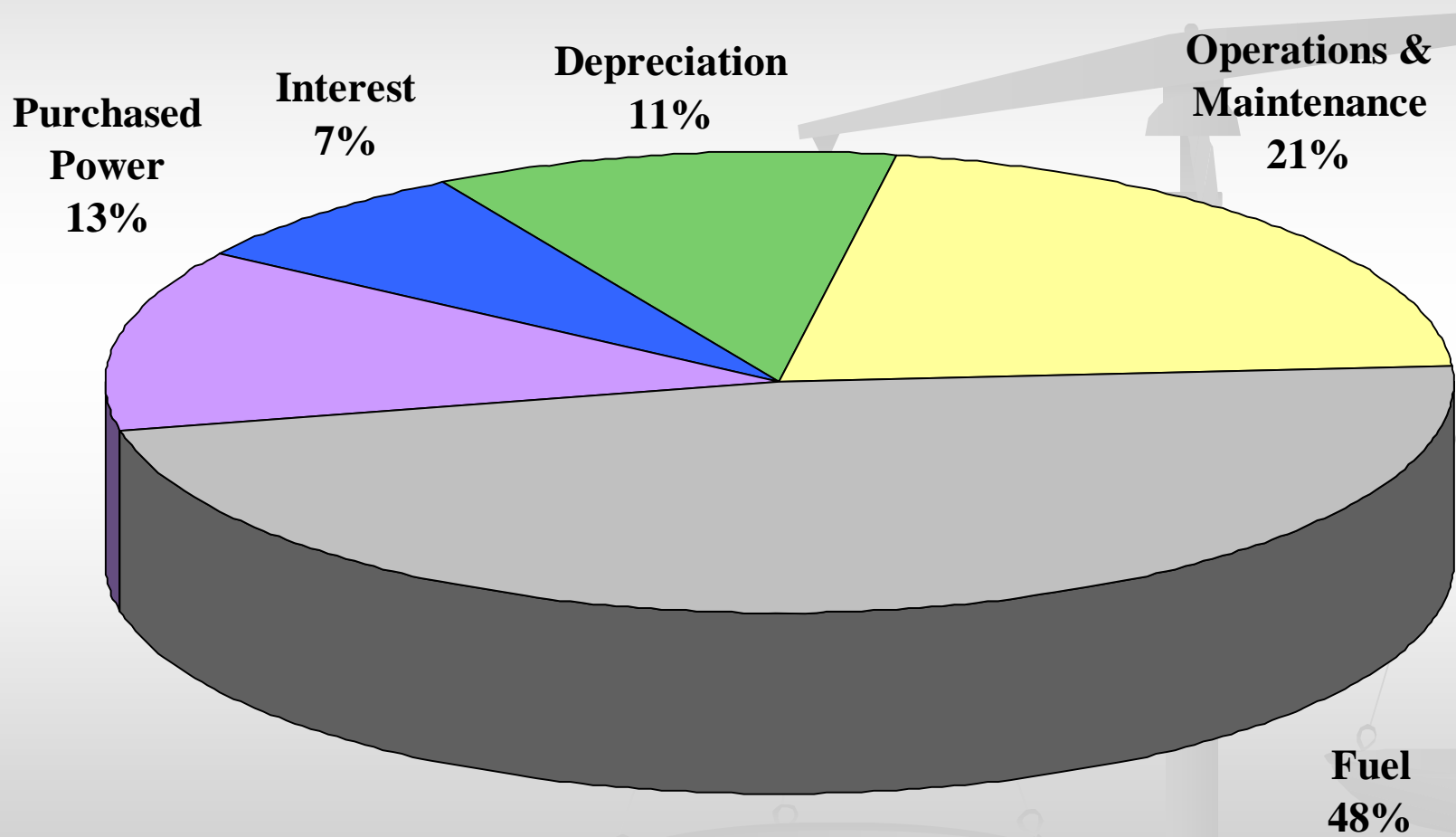
2009 POWER SALES



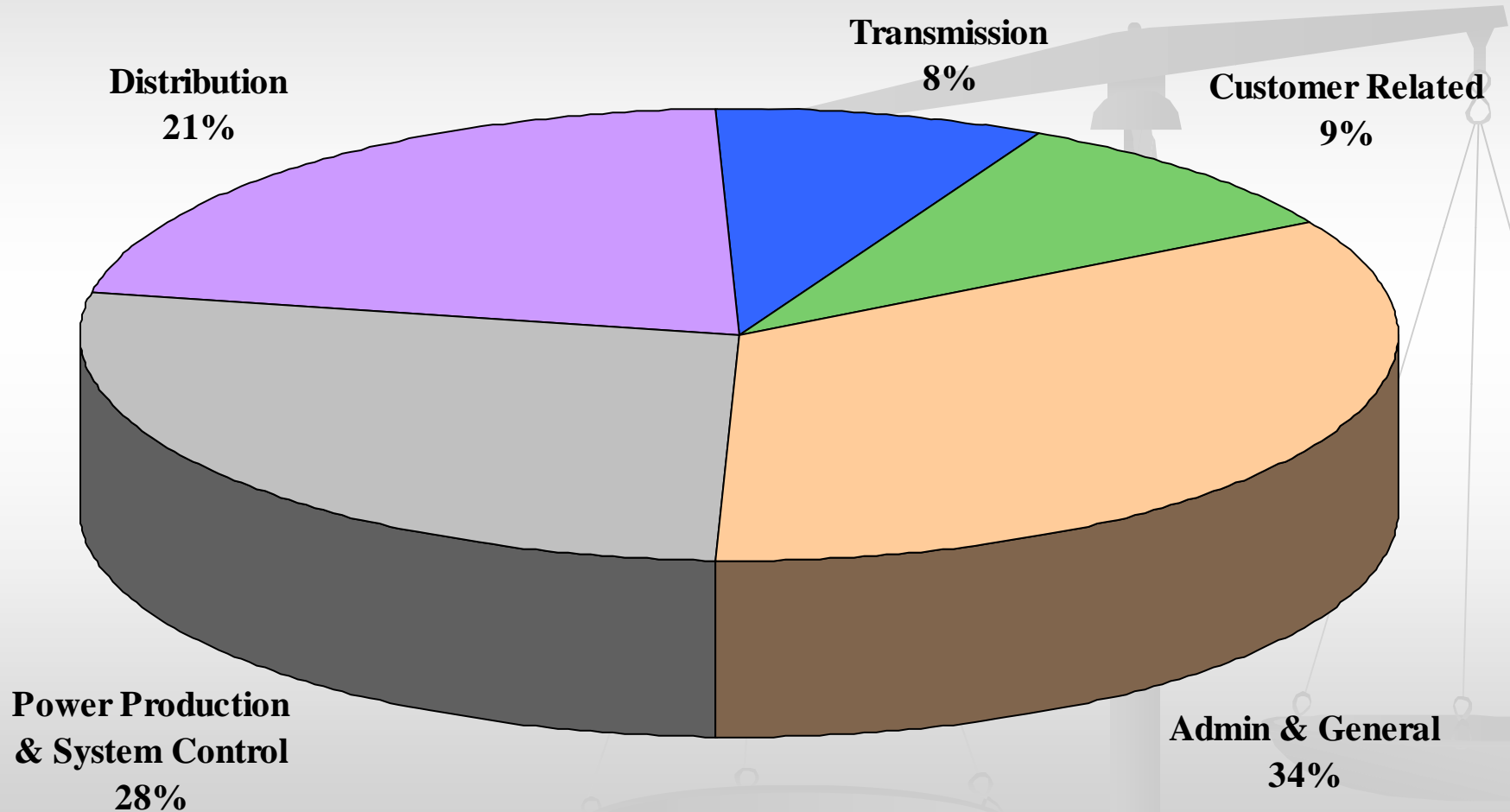
2009 OPERATING REVENUES



2009 TOTAL COST OF ELECTRIC SERVICE



2009 CONTROLLABLE COSTS



MARGINS



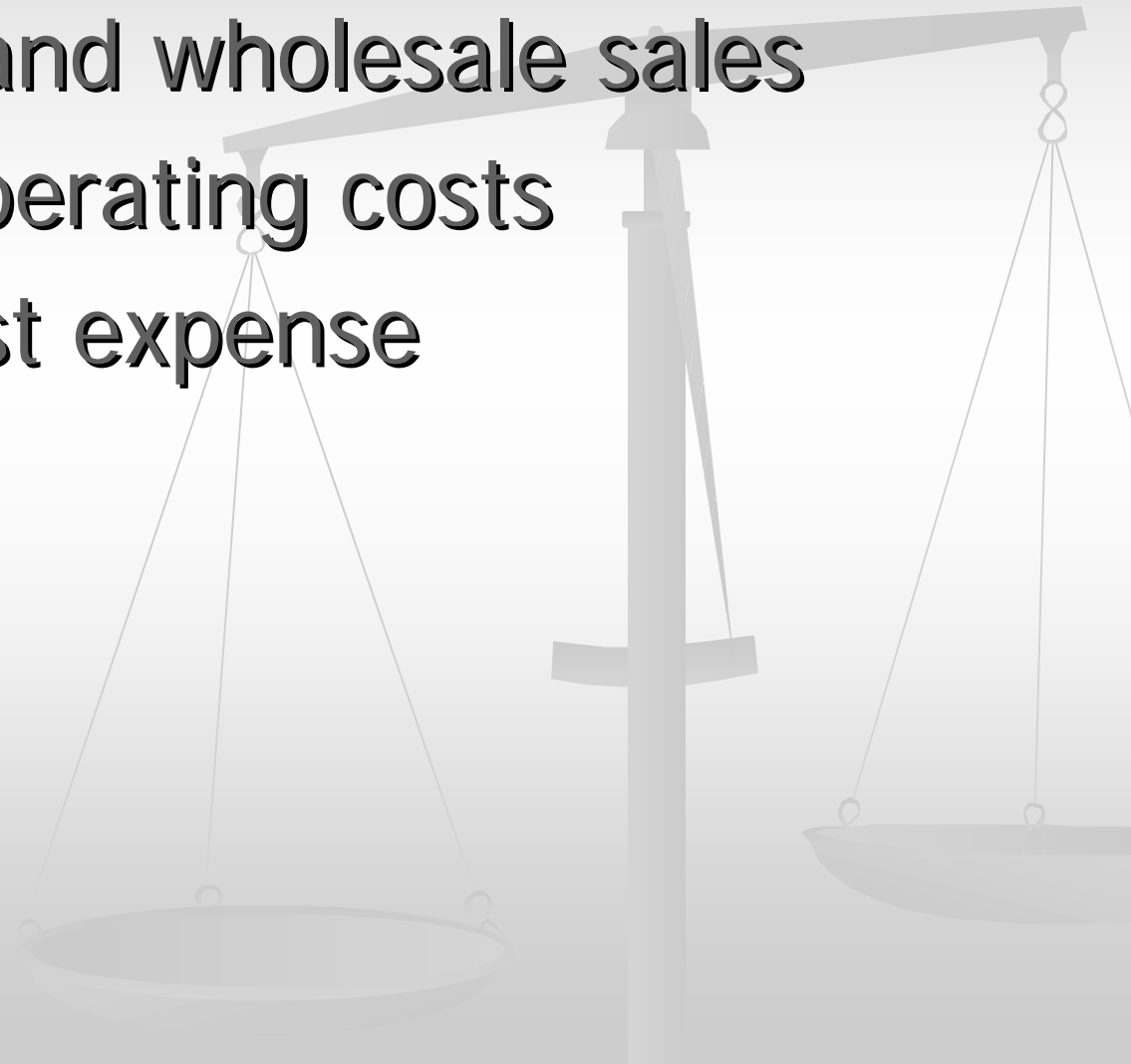
2009 BUDGET VERSUS ACTUAL MARGINS

- Budget \$5.8 Million
- Actual \$5.7 Million



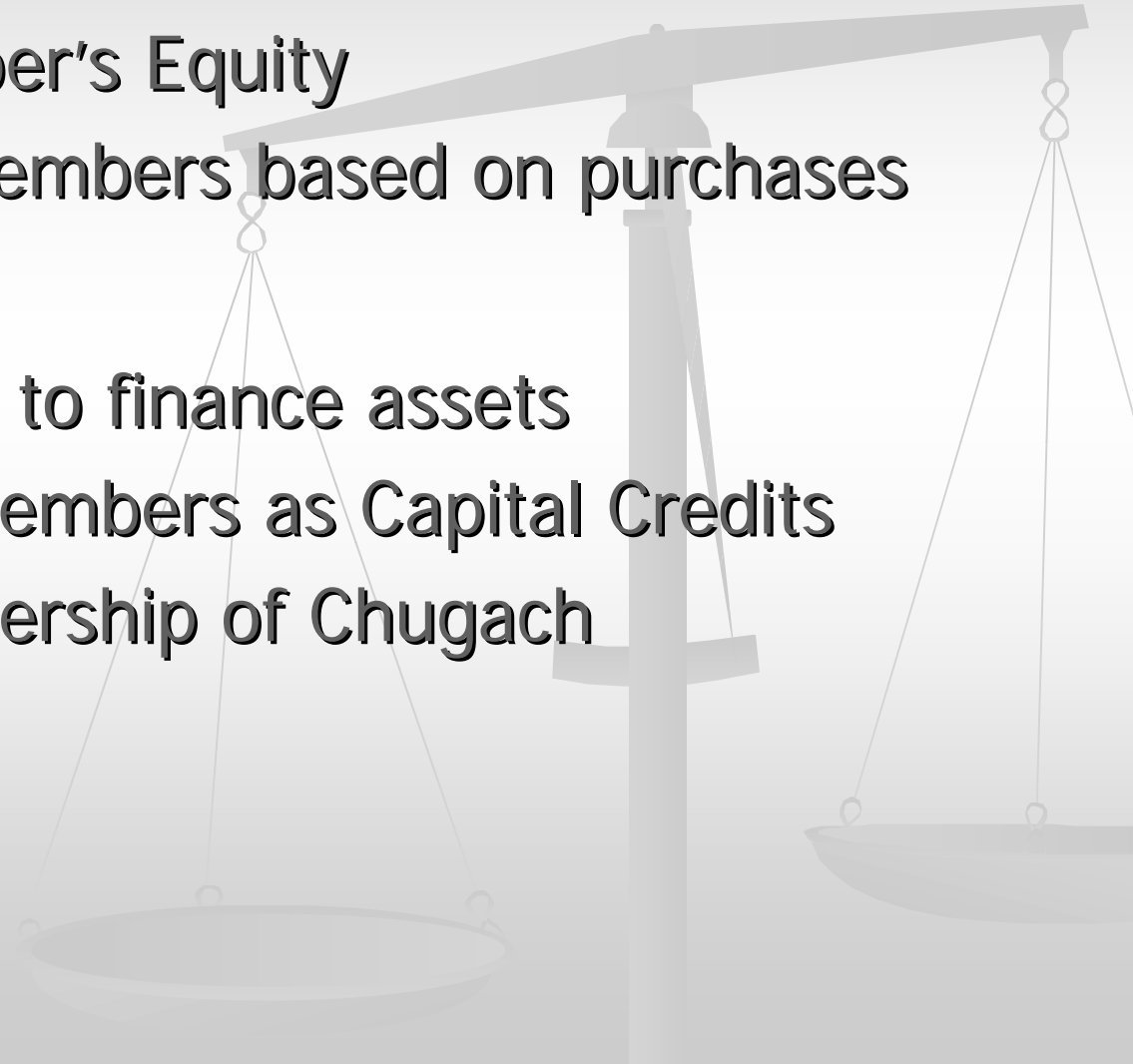
IMPACTS ON 2009 MARGINS

- Lower retail and wholesale sales
- Decreased operating costs
- Lower interest expense



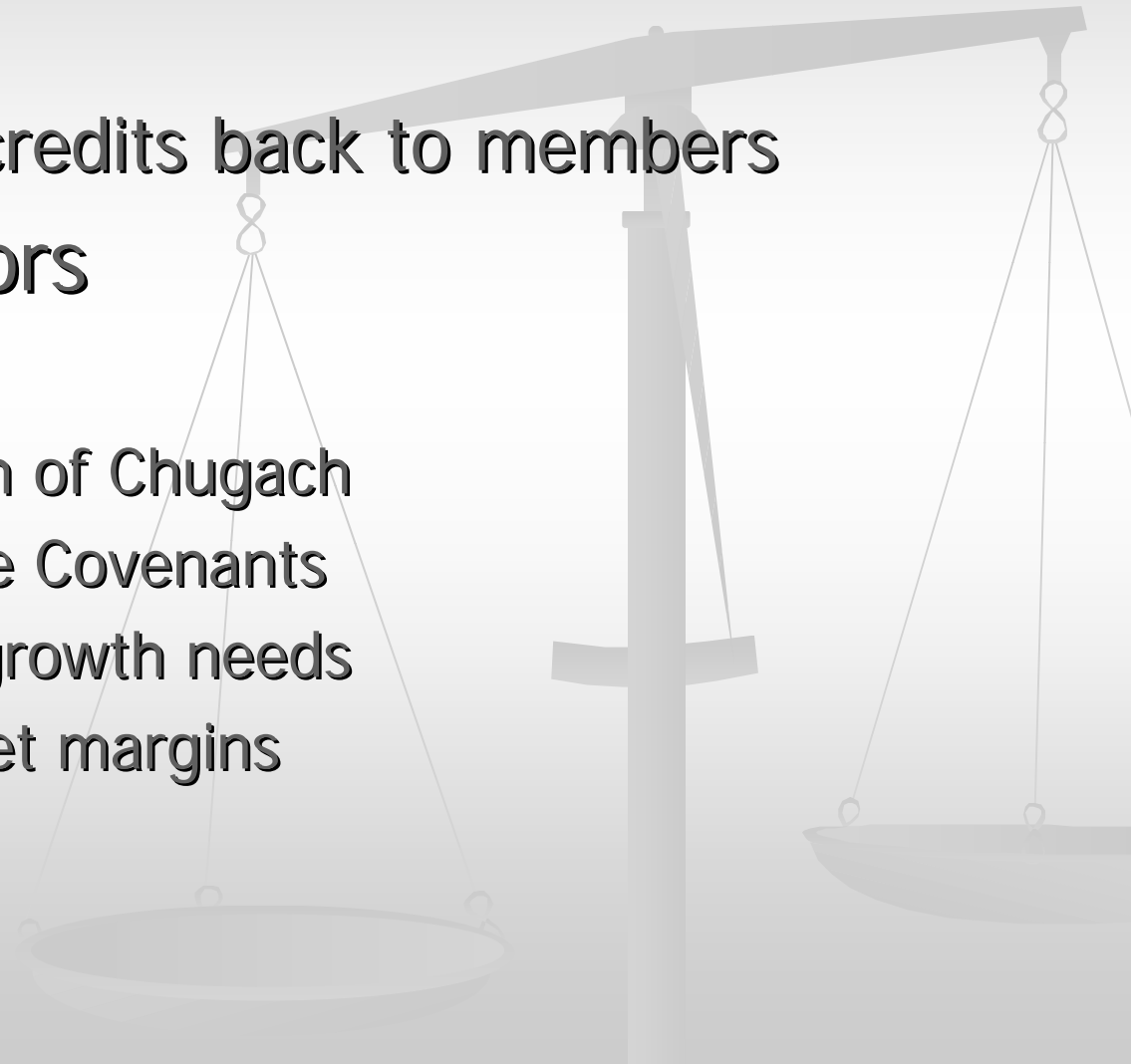
HOW MARGINS BECOME EQUITY

- Year-end Margins
 - Become Member's Equity
 - Assigned to members based on purchases
- Equity
 - Held and used to finance assets
 - Returned to members as Capital Credits
 - Members' ownership of Chugach

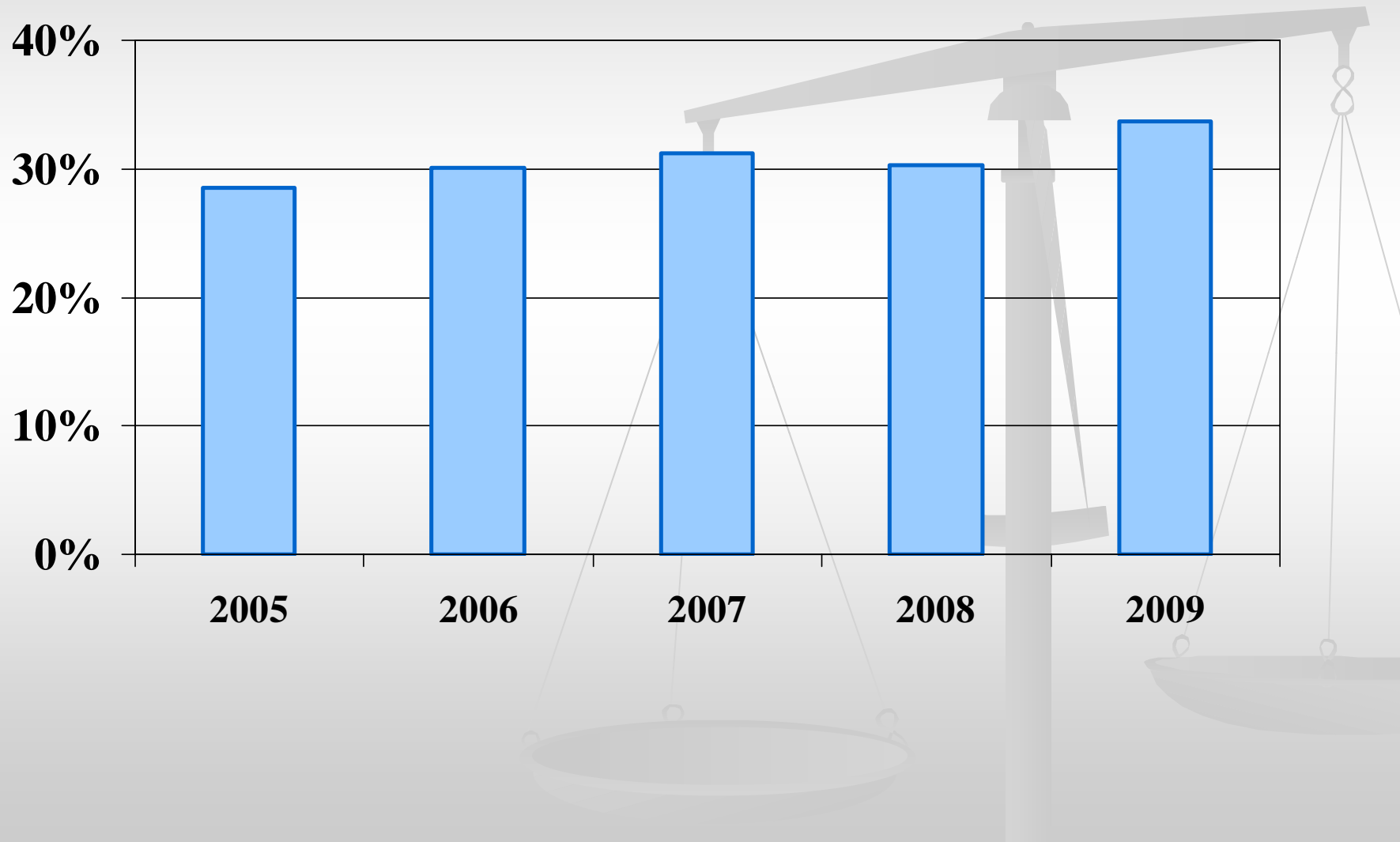


WHAT HAPPENS TO EQUITY?

- Chugach's goal
 - Return capital credits back to members
- Board of Directors
 - Reviews:
 - Financial health of Chugach
 - Bond Indenture Covenants
 - Future equity growth needs
 - Current year net margins



EQUITY RATIO FOR LAST 5 YEARS



DEBT OVERVIEW

- **\$362.9 Million in Total Debt**
 - \$271.5 million fixed interest rate
 - \$270 million is non-Amortizing debt
 - Matures in 2011 and 2012 (issued in 2001 and 2002)
 - \$39.9 million variable interest rate
 - Amortizing debt
 - \$51.5 million commercial paper
 - **Southcentral Power Project Financing**
 - Commercial Paper – rated A1/P2
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SOUTHCENTRAL POWER PROJECT



SOUTHCENTRAL POWER PROJECT

- ML&P Agreement
- Equipment Purchase
- Land Purchase
- Owner's Engineer Contract
- Financing
 - Commercial Paper

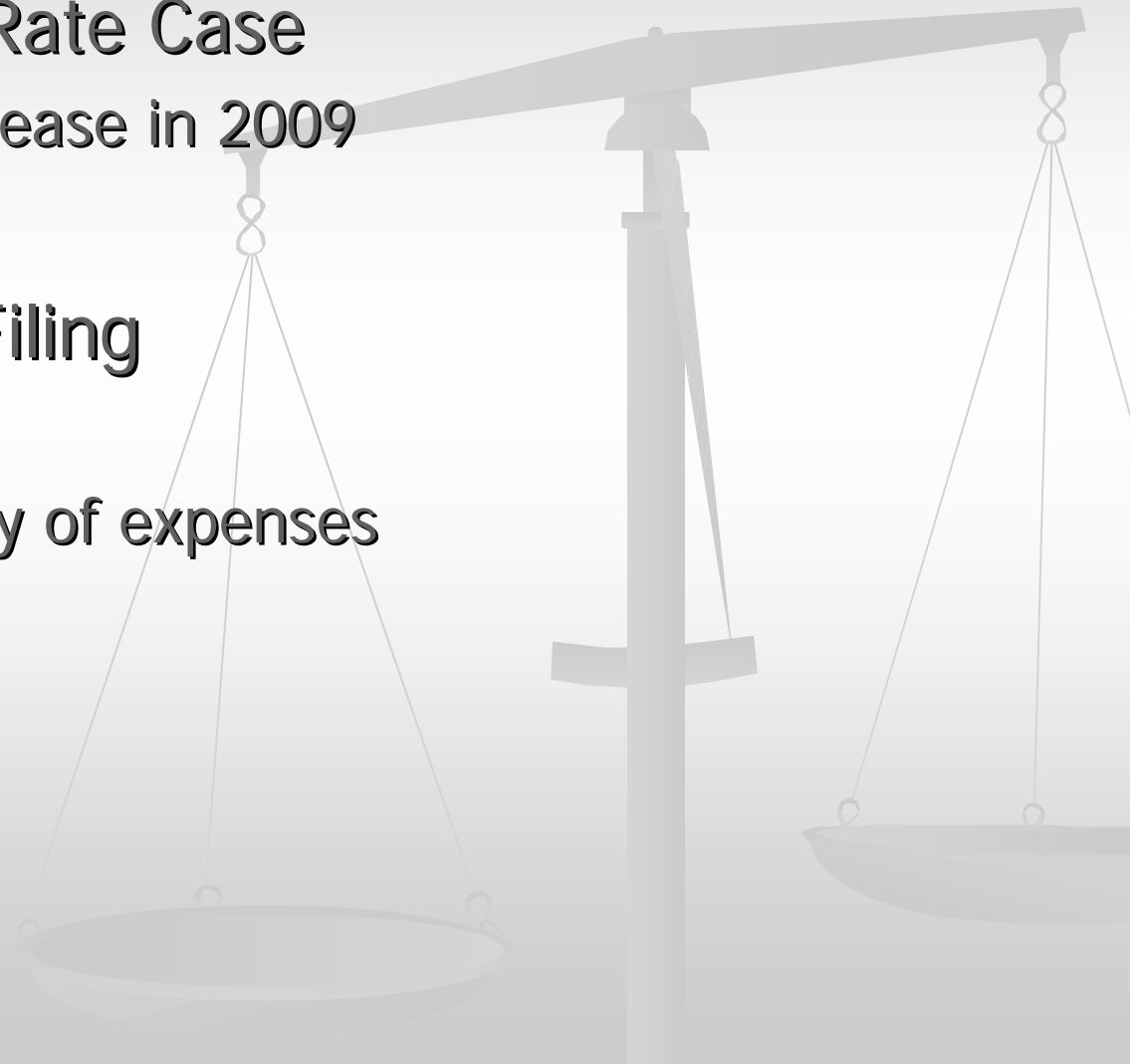


RATE CASE



REGULATORY ACTIVITY

- 2008 Test Year Rate Case
 - Interim rate increase in 2009
- Simplified Rate Filing
 - Rate stability
 - Timelier recovery of expenses



SUMMARY

- 2009
 - Southcentral Power Project progress
 - Fuel Supply
 - Commercial Paper Financing
 - 2010 and beyond
 - Improve the bottom line (simplified rate filings)
 - Many challenges down the road
 - Finalize GVEA firm sales contract
 - Revenue sustainability
 - 2010 regulatory activity
 - Long-term debt financings
 - Greater Railbelt Energy and Transmission Corporation (GRETC)
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