Chugach Electric Association's

November 2005

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Finance Committee endorses reducing 2005 expenses

Reductions will help offset rising fuel costs

ment head reviewed his or her expenses for

items that they could, with certainty, project to



Alan Christopherson

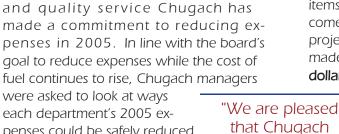


Secretary Dave Cottrell









Without reducing reliability, safety

penses could be safely reduced to allow for cost savings.

With the completion of the third quarter and the busy summer construction season coming to a close, Chugach

department managers have a good idea of what expense items could be reduced for 2005. Reductions in expenses, coupled with revenues slightly above budgeted levels, will improve the bottom line and provide increased margins that can fund future capital credit retirements.

Among the steps already taken was a freeze on travel and new hires. Each depart-

come in lower than budgeted for 2005. New projections of remaining expenditures were made resulting in cost savings of over a million dollars.

management and

staff have found

ways to reduce

expenditures."

At the Oct. 26 Finance Committee meeting, staff presented the proposed reductions to the 2005 budget. The board endorsed the 2005 proposed cost reductions and encouraged management to continue its efforts to further improve efficiencies.

Chair Alan Christopherson said, "The Chugach board has a responsibility to the cooperative's membership to keep a close eye on costs. We must all work to maintain the lowest costs possible without jeopardizing delivery of safe, reliable power. We are pleased that Chuqach management and staff have found ways to reduce expenditures. In light of the ever-increasing cost of fuel we need to ensure that we save money in other areas to help offset the higher fuel prices. Any expense savings is a major step in cost containment."

n December's Outlet we will discuss the 2006 budget and the impact of rising fuel costs as well as the amount of the members' capital credit retirement.

Utilities restart study to lower generation and transmission costs

The Railbelt utilities have taken steps to restart, after a one-year suspension, a previous investigation into the feasibility of forming a Railbelt generation and transmission (G&T) entity. The objective is to strive to achieve lower costs, and more reliable power production and transmission of energy. Chugach, Matanuska, Homer and Golden Valley Electric associations and City of Seward Electric participated in the first joint meeting in October.

The first collaborative task will be to mathematically model an integrated utility G&T. The second task is to identify obstacles and look for ways to overcome them. Findings are expected in early 2006. By working together, the utilities will develop more information for decision-making regarding previously identified options to save costs which otherwise would be paid in customer rates.

Board activities

- October meeting 2005 Voted Alan Christopherson as Chairman.
- Agreement on Railbelt energy fund with HEA, MEA, AIDEA
 Breakdown of relations on this issue with neighboring utilities and the state repaired.
 Chugach to receive \$12.5 million for needed sub-transmission project if passed by next legislature.
- Chugach Board passes motion that the "JAA Board operate under open meetings principals to the maximum extent possible." That means, open to the general public, not just utility board members and also that it be made a state statute change, not a policy, bylaw or agreement change of the JAA. If this entity achieves its promise, tens of billions in electric rates will flow through it over its 30-to-50 year life. Its governing board must be accountable and available for public observation of its activities.

Board of Director meeting minutes and director contact www.chugachelectric.com

 Joint board meeting of Railbelt utilities discussed Joint Action Agency, Fire Island Wind Project, Integrated Resource Planning.

Volunteers needed

Chugach is looking for members interested in serving on its 2006 Bylaws, Election and Nominating committees.

Members interested in applying for an appointment should submit an application and a resume. Applications for the committees must be submitted by 5 p.m. on Monday, Nov. 21. For more information and to obtain a committee application call Chugach's Public Relations Department at 762-4736, or visit Chugach's web site at www. chugachelectric.com.



Safety tips

- Do not handle electric equipment in wet areas.
- Do not turn electricity back on if you smell gas.
- Report downed power lines and broken gas lines immediately.



SIT BACK, RELAX, IT'S AUTOMATIC

563-7494

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Main number

(800) 478-7494 Toll free Customer service 563-7366 762-4678 Customer service fax Business and commercial 762-7876 563-5060 Credit Power theft hotline 762-4731 Danger tree hotline 762-7227 Regulatory Commission of Alaska (800) 390-2782 276-6222 To report a power outage

In Anchorage 762-7888 Outside Anchorage (800) 478-7494

Residential service costs

Customer charge \$8.42/month
Energy charge 9.282¢
Fuel adjustment 2.046¢
Regulatory cost charge
Total per kilowatt-hour 11.3713¢

A residential customer using 700 kilowatt hours of energy would pay \$89.47 per month, that includes the 2 percent underground compliance component.

Corporate Mission

Through superior service, safely provide reliable and competitively priced energy.

Hours

Member Service lobby: 5601 Electron Drive Monday - Friday 8 a.m. - 6 p.m.

Member Service phone:

Monday - Friday 8 a.m. - 9 p.m.

Main office: Monday - Friday 8 a.m. - 5 p.m.

The Chugach Outlet

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