



CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA

AUDIT AND FINANCE COMMITTEE MEETING

AGENDA

Harold Hollis, Chair

Sam Cason, Director  
Sisi Cooper, Director  
Rachel Morse, Director  
Bettina Chastain, Director

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**August 24, 2022**

**4:00 p.m.**

**Chugach Board Room**

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- I. CALL TO ORDER (4:00 p.m.)
  - A. Roll Call
- II. APPROVAL OF THE AGENDA\*
- III. APPROVAL OF THE MINUTES\*
  - A. May 18, 2022 (Cacy)
- IV. PERSONS TO BE HEARD
  - A. Member Comments
- V. NEW BUSINESS\* (scheduled) (4:10 p.m.)
  - A. Election of Audit and Finance Committee Vice Chair\* (Committee)
- VI. CEO REPORTS AND CORRESPONDENCE (4:15 p.m.)
  - A. BRU Quarterly Investment Reviews (APCM/Highers)
  - B. 2<sup>nd</sup> Quarter 2022 Capital Tracking Report (Sims/Griffin)
  - C. 2<sup>nd</sup> Quarter 2022 Operating Budget Status Report (Sims/Griffin)
  - D. 2<sup>nd</sup> Quarter 2022 Contract Status Report (Vecera)
  - E. 2<sup>nd</sup> Quarter 2022 Financial Information and Variance Report (Griffin)
- VII. EXECUTIVE SESSION\* (scheduled) (4:45 p.m.)
  - A. IRS Form 990 (Sims/Griffin)
  - B. 2<sup>nd</sup> Quarter 2022 Financial Report (Sims/Griffin)
  - C. Internal Controls Update (Griffin)
- VIII. NEW BUSINESS (none)
- IX. DIRECTOR COMMENTS (6:15 p.m.)
- X. ADJOURNMENT\* (6:30 p.m.)

\* Denotes Action Items

\*\* Denotes Possible Action Items

8/16/2022 11:00:52 AM

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**May 18, 2022**  
**Wednesday**  
**4:00 p.m.**

**AUDIT AND FINANCE COMMITTEE MEETING**

Recording Secretary: Sandra Cacy

**I. CALL TO ORDER**

Chair Hollis called the Audit and Finance Committee meeting to order at 4:04 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Committee Members Present:*

Harold Hollis, Chair

Sam Cason, Vice Chair

James Henderson, Director (*joined via teleconference at 4:04 p.m.*)

Mark Wiggin, Director (*via teleconference*)

Rachel Morse, Director (*arrived during Executive Session*)

*Board Members Present:*

Bettina Chastain, Director (*via teleconference*)

Erin Whitney, Director (*joined via teleconference during Executive Session*)

*Guests and Staff Attendance*

*Present:*

Sherri Highers

Julie Hasquet

Curtis Sims

Arthur Miller

Andrew Laughlin

Jessie Anderson

Karen Griffin

Matthew Clarkson

*Via Teleconference:*

Connie Owens

Ashton Doyle

Bill Lierman, APCM

Arden Quezon

Vinay Sharma, APCM

Brandy Niclai, APCM

Nathan Golab

**II. APPROVAL OF THE AGENDA**

Director Wiggin moved and Director Cason seconded the motion to approve the agenda. The motion passed unanimously.

*Director Henderson joined via teleconference at 4:04 p.m.*

*Director Morse was not present at the time of the vote.*

### **III. APPROVAL OF THE MINUTES**

Director Cason moved and Director Wiggin seconded the motion to approve the March 30, 2022, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

*Director Morse was not present at the time of the vote.*

### **IV. PERSONS TO BE HEARD**

- A. *Member Comments*  
None.

### **V. CEO REPORTS AND CORRESPONDENCE**

- A. *1<sup>st</sup> Quarter 2022 Capital Tracking Report (Sims/Griffin)*  
The 1<sup>st</sup> Quarter 2022 Capital Tracking Report was provided in the meeting packet.
- B. *1<sup>st</sup> Quarter 2022 Operating Budget Status Report (Sims/Griffin)*  
The 1<sup>st</sup> Quarter 2022 Operating Budget Status Report was provided in the meeting packet.
- C. *1<sup>st</sup> Quarter 2022 Contract Status Report (Vecera)*  
The 1<sup>st</sup> Quarter 2022 Contract Status Report was provided in the meeting packet.

Arthur Miller, Acting Chief Executive Officer (CEO), gave a summary of the CEO Reports and Correspondence items. Mr. Miller and Andrew Laughlin, Acting Chief Operating Officer (COO), responded to questions from the Committee.

### **VI. NEW BUSINESS**

- A. *BRU Quarterly Update and BRU Reserve Strategy Options*  
Bill Lierman, CFA, Chief Investment Officer, Fixed Income, and Brandy Niclai, CFA, Chief Investment Officer, Multi-Asset Strategies with Alaska Permanent Capital Management gave a BRU Quarterly update and discussed the BRU Reserve Strategy Options and responded to questions from the Committee.

Arthur Miller, Acting CEO and Sherri Highers, Chief Executive Officer (CFO) and Executive VP, Finance and Administration responded to questions from the Committee.

Director Cason moved and Director Wiggin seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the Fixed Income Only Solution option, as discussed and recommended by management. The motion passed unanimously.

*Director Morse was not present at the time of the vote.*

- B. *1<sup>st</sup> Quarter 2022 Financial Information and Variance Report (Griffin)*  
Sherri Highers, CFO and Executive VP, Finance and Administration, Karen Griffin, VP, Finance and Accounting, and Curtis Sims, Senior Manager, Budget Finance Reporting discussed the 2021 Year-End Financial Information and responded to questions from the Committee.
- C. *Annual Review of Board Policy 207 – Audit and Finance Committee*  
The Committee reviewed and discussed Board Policy 207 – Audit and Finance Committee and there were no recommended changes.

**VII. EXECUTIVE SESSION**

- A. *1<sup>st</sup> Quarter 2022 Financial Statement Review*
- B. *CEO Transition*

At 4:53 p.m., Director Cason moved and Director Wiggin seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1), the Board of Directors' Audit and Finance Committee go into executive session to discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The motion passed unanimously.

*Director Morse was not present at the time of the vote.*

*Director Whitney joined via teleconference during Executive Session.*

*Director Morse arrived during Executive Session.*

*The meeting reconvened in open session; time was not noted.*

**VIII. NEW BUSINESS**

None.

**IX. DIRECTOR COMMENTS**

None.

**X. ADJOURNMENT**

At 7:26 p.m., Director Cason moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.

# CHUGACH ELECTRIC ARO INVESTMENT FUND

INVESTMENT REVIEW  
*for the period ending June 30, 2022*

## *Agenda*

- 1. Market Review*
- 2. Portfolio Review*
- 3. Appendix*

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# Account Summary as of June 30, 2022

Chugach Electric ARO

|   |               |     |
|---|---------------|-----|
| Account Inception                                   | October 2020  |     |
| Initial Contribution                                | \$ 17,175,687 |     |
| Subsequent Contributions                            | \$ 2,514,554  |     |
| Current Market Value                                | \$ 19,005,191 |     |
| Annualized Account Return<br><i>Since Inception</i> | -1.75%        |     |
| Strategic Asset Allocation                          | Risk Assets   | 52% |
|   | Risk Control  | 27% |
|   | Alternatives  | 21% |

Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year.

# Account Summary as of June 30, 2022

Chugach Electric ARO

|  |               |
|--|---------------|
| Contributions to Date*                                     | \$ 19,690,241 |
| Current Market Value                                       | \$ 19,005,191 |
| Anticipated Contributions                                  | \$ 10,065,354 |
| Total Liability<br><i>Due 1<sup>st</sup> Semester 2037</i> | \$ 56,851,237 |
| Funded Status  | 51.13%        |

Anticipated Contributions based on deposit schedule provided by Chugach Electric Association. Contributions to Date calculated as the initial contribution plus subsequent deposits. Funded Status calculated as current market value plus anticipated contributions of approximately \$10.07MM divided by the ARO liability of \$56.85MM. \*As of 6/30/2022, actual contributions have been approximately 73% of the anticipated contributions since inception.

# Market Review

Market Review

Portfolio Review

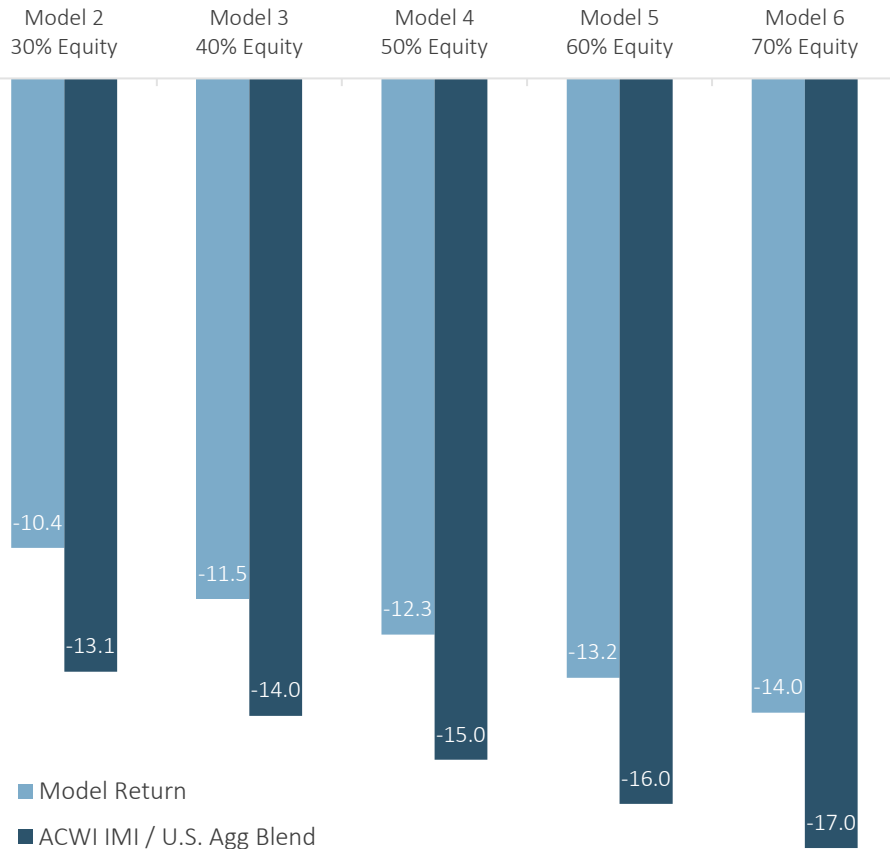
Appendix



# APCM's Investment Process Prepares Clients for the Future

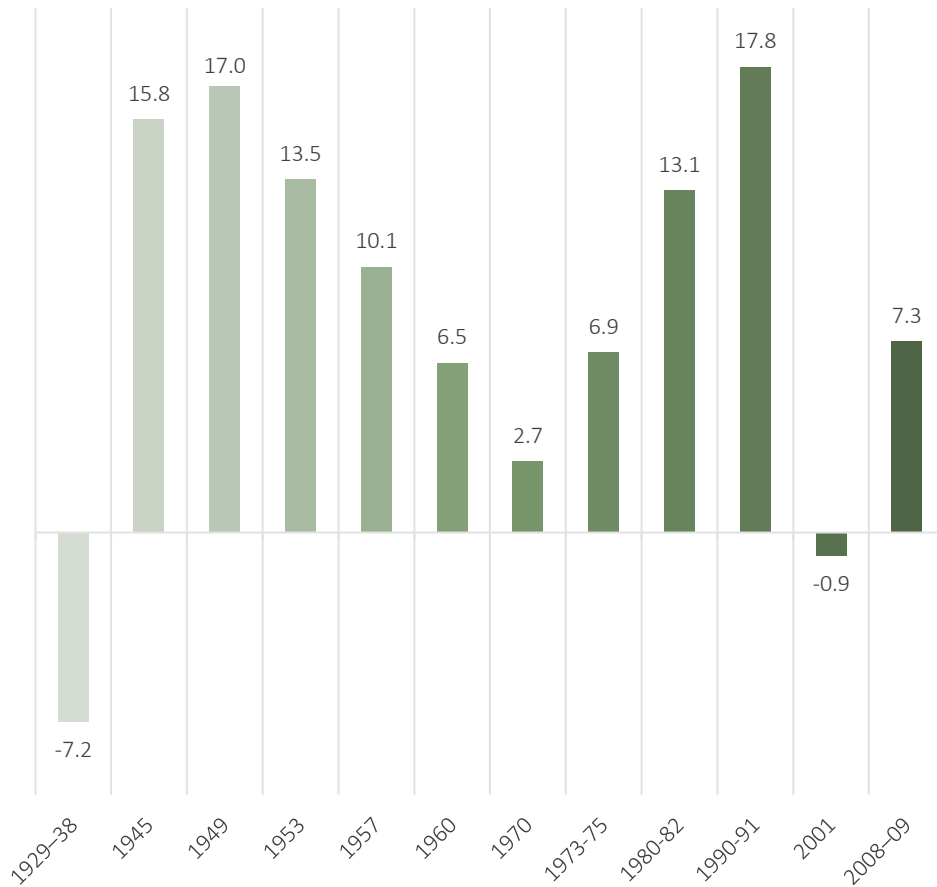
RECENT STRATEGIC ALLOCATION CHANGES INSTITUTED TO ADDRESS APCM'S EXPECTED MARKET ENVIRONMENT HAVE PROVEN BENEFICIAL THROUGH JUNE 2022

YTD Performance (%)  
As Of June 30, 2022



HISTORY HAS SHOWN THAT EVEN WHEN BUYING EQUITY NEAR PRE-RECESSION HIGHS AND EXPERIENCING THE MAXIMUM DRAWDOWN, LONG RUN RETURNS AVERAGE 8.5%

Pre-Recession Peak – Subsequent 10 Year Total Return  
S&P 500 Annualized (%)



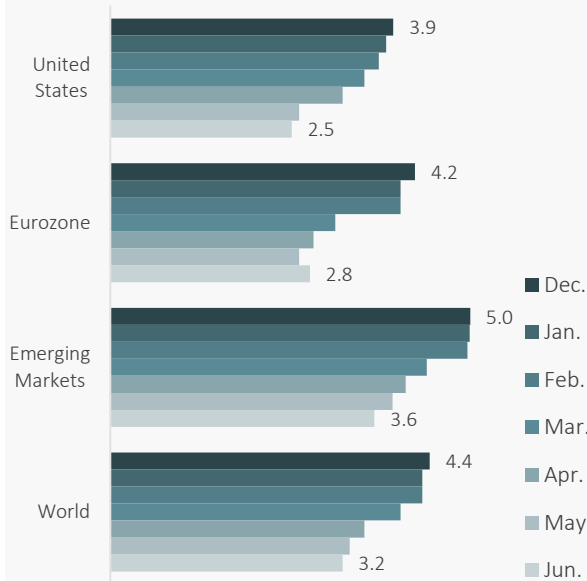
Data: Bloomberg, Model Return data utilizing representative accounts.

# 2022 Developments and Risks Ahead

## GROWTH SLOWING

- Real GDP growth expectations have fallen over the year across the globe as inflation and COVID lock downs affected supply and demand
- Robust labor markets are keeping 2022 recession risks low, but monetary policy intervention increases recession risks in 2023

### 2022 Growth Estimates



## CONDITIONS RESTRICTIVE

- Policy changes are already influencing economic growth as financial conditions, which describe whether economic conditions encourage (accommodative) or discourage (restrictive) growth, have moved into restrictive territory
- Leading data indicates that demand is already cooling, which is what the Fed needs to meet its inflation goals

## TAME INFLATION EXPECTATIONS

- Longer term inflation expectations remain well anchored
- Inflation pressures should rollover given slower GDP growth, improving supply chain dynamics, and tight financial conditions
- Continued Fed hikes may accelerate the slowdown as would further supply chain improvements

## GEOPOLITICAL RISKS

- Russia's invasion has exacerbated inflation for food and energy, particularly for Europe
- An escalation or continuation of hostilities could negatively impact Europe's outlook from here, especially if sanctions are expanded
- China's zero-COVID policy remains a significant risk to supply chain speed as an additional outbreak would curtail production

## INFLATION DRIVEN RISKS

- Inflation remains persistent and doesn't follow the expected trajectory due to sustained supply chain pressures and steady consumer demand given low unemployment levels
- Central banks would then be forced to an even more restrictive policy path extending volatile market conditions and increasing recession risks

Data: Bloomberg Composite Estimates 2022 GDP Growth Expectations

| Asset Class                    | Tactical Asset Allocation | Implementation and Rationale  |
|--------------------------------|---------------------------|---|
| U.S. Large Cap                 | Neutral                   | Within U.S. Equity, we are tilting towards companies have little competition and are expected to pass along the costs associated with higher inflation. (MOAT) Additionally, we are tilted towards less volatile stocks. (SPLV)   |
| Developed International Equity | Neutral                   | Tilted towards lower volatility stocks (EFAV) as well as companies who exhibit strong balance sheets and fundamentals (IQLT).   |
| Commodities                    | Neutral                   | We continue to hold Natural Resource producing companies as a part of the commodities allocation. However, this tilt was cut in half in order to dampen the overall equity correlation within the portfolios.   |
| Alternative Beta               | Overweight                | Alternative beta has provided a low-volatility alternative to traditional risk control assets that has performed better as rates have risen. Within Alt Beta, APCM has added the fund CCOR as core exposure to the alternative beta asset class. CCOR utilizes a combination of several strategies in aiming to produce capital appreciation while reducing risk exposure across market conditions. |
| US Fixed Income                | Neutral                   | Higher interest rates and duration beginning to offer downside protection in a recessionary scenario.   |
| 1-5 G/C                        | Underweight               | Increased volatility during the FED's tightening cycle makes longer term bonds relatively more attractive.  |
| High Yield Fixed Income        | Underweight               | Reduced exposure to weaker balance sheets as economic growth slows and financial conditions tighten.  |
| Cash                           | Overweight                | Reduce portfolio volatility and increased capital preservation given heightened market volatility.  |

# Portfolio Review

*Chugach Electric ARO Investment Fund*

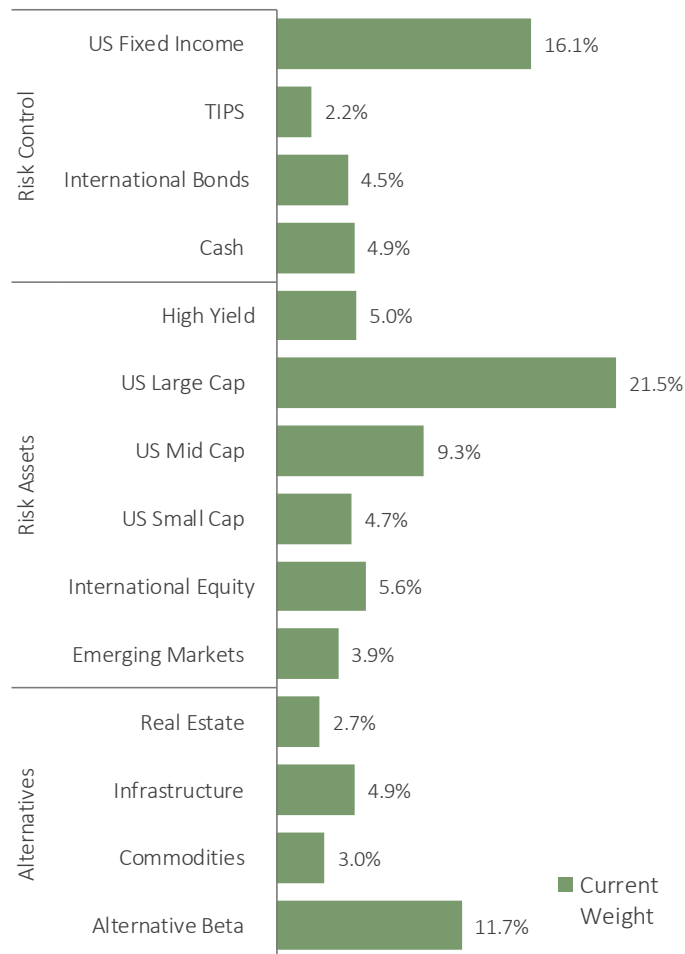
Market Review

Portfolio Review

Appendix

# Asset Allocation as of June 30, 2022

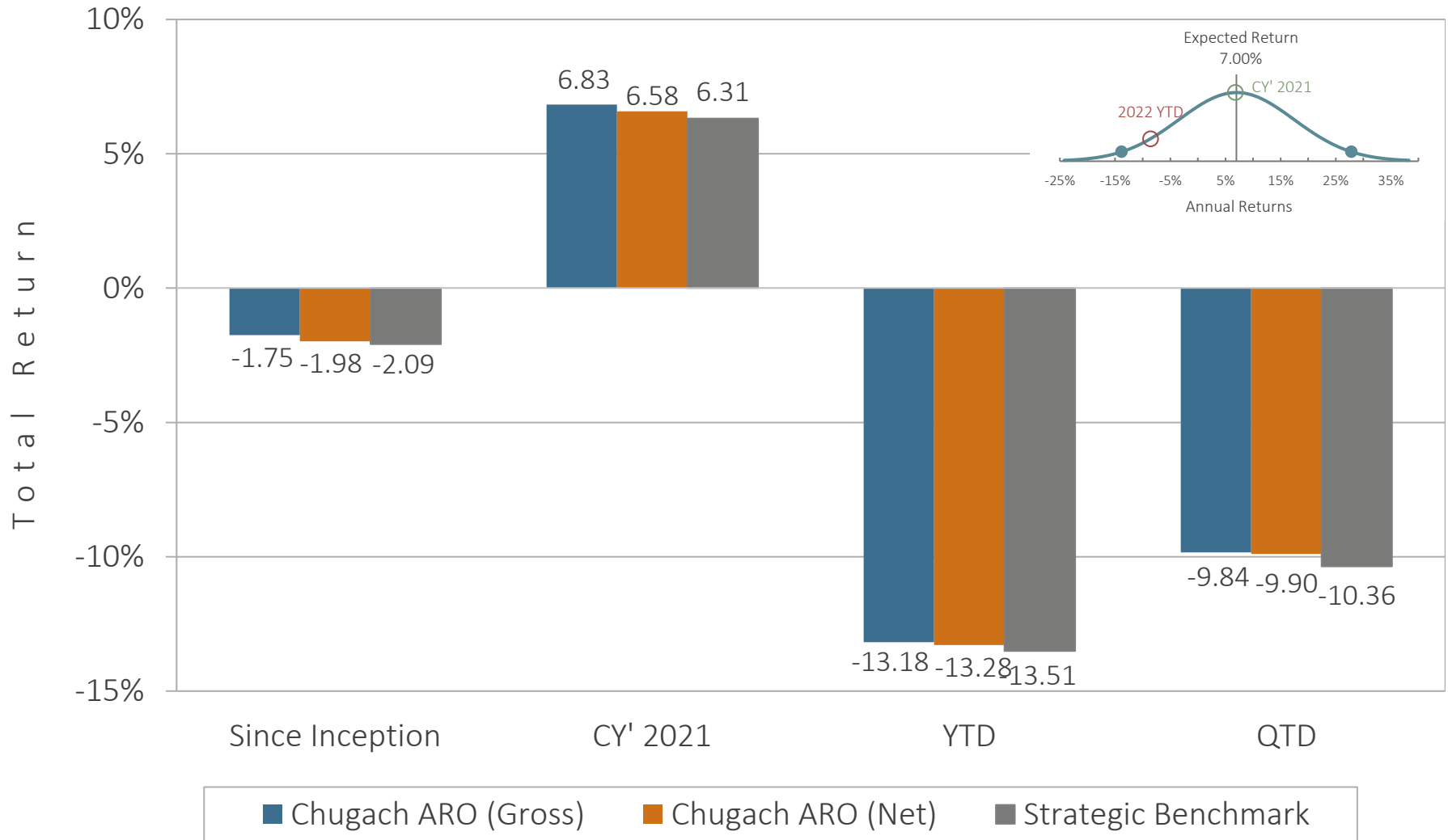
## Chugach Electric ARO Investment Fund



| Asset Class          | Strategic Weight | Overweight / Underweight | Range    |
|----------------------|------------------|--------------------------|----------|
| <b>Risk Control</b>  | <b>27%</b>       | <b>0.7%</b>              |          |
| US Fixed Income      | 18%              | -1.9%                    | 8 - 28%  |
| TIPS                 | 2%               | 0.2%                     | 0 - 10%  |
| International Bonds  | 5%               | -0.5%                    | 0 - 10%  |
| Cash                 | 2%               | 2.9%                     | 0 - 10%  |
| <b>Risk Assets</b>   | <b>52%</b>       | <b>-2.0%</b>             |          |
| High Yield           | 5%               | 0.0%                     | 0 - 10%  |
| US Large Cap         | 22%              | -0.5%                    | 12 - 32% |
| US Mid Cap           | 10%              | -0.7%                    | 5 - 15%  |
| US Small Cap         | 5%               | -0.3%                    | 0 - 10%  |
| International Equity | 6%               | -0.4%                    | 0 - 12%  |
| Emerging Markets     | 4%               | -0.1%                    | 0 - 8%   |
| <b>Alternatives</b>  | <b>21%</b>       | <b>1.3%</b>              |          |
| Real Estate          | 3%               | -0.3%                    | 0 - 6%   |
| Infrastructure       | 5%               | -0.1%                    | 0 - 10%  |
| Commodities          | 3%               | 0.0%                     | 0 - 6%   |
| Alternative Beta     | 10%              | 1.7%                     | 0 - 15%  |

# Combined Account Performance as of June 30, 2022

## Chugach Electric ARO Investment Fund



Expected risk and return data from Windham Portfolio Advisor. Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year. Inception performance begins on October 31, 2020.

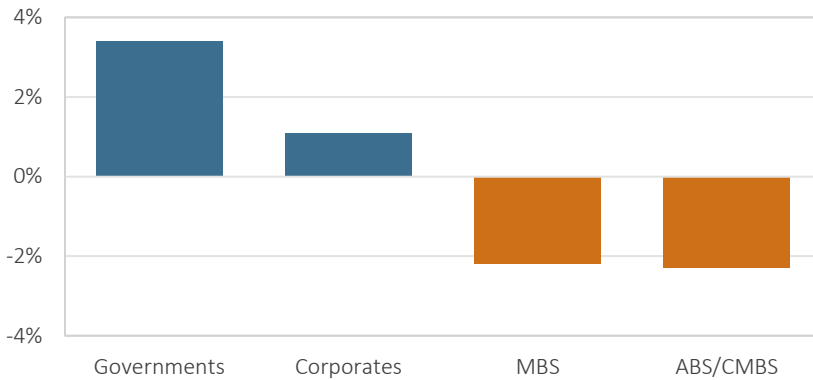
- Actively managed U.S. Fixed Income return for the 2<sup>nd</sup> quarter was **-4.71%** vs. **-4.69%** for the benchmark.
- Fixed income performance can be decomposed into three primary sources of return: **sector allocation, interest rate changes, and security selection.**
  - An overweight allocation to Corporate and Agency securities contributed to relative underperformance. This was primarily driven by widening credit spreads and rising interest rates.
  - An underweight position to duration in Treasuries and MBS were relative contributors to outperformance. This was driven by interest rates increasing during the quarter.

U.S. Fixed Income Summary Statistics as of June 30, 2022

|                    | ARO Investment Fund | Bloomberg Aggregate |
|--------------------|---------------------|---------------------|
| Market Value       | \$ 3,059,083        | —                   |
| Yield to Maturity  | 3.79%               | 3.72%               |
| Effective Duration | 6.14                | 6.44                |

Source: Bloomberg and Axys

## Sector Under/Overweight

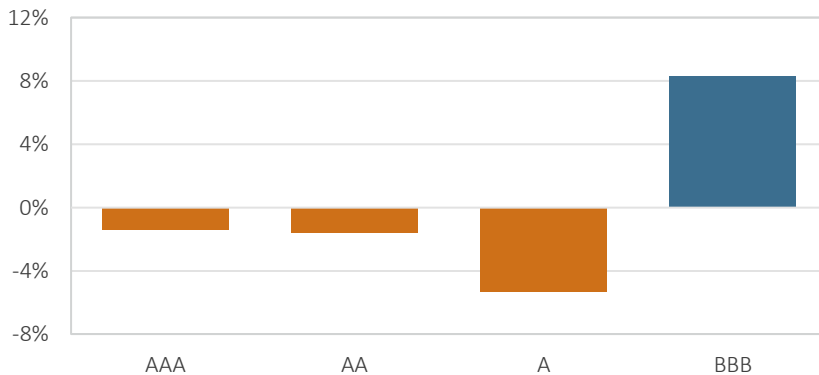


## Bond Sector Comparison

|                     | Chugach     | Bloomberg Agg |
|---------------------|-------------|---------------|
| <b>Governments*</b> | 48.5%       | 45.1%         |
| <b>Corporates</b>   | 25.9%       | 24.8%         |
| <b>MBS</b>          | 25.6%       | 27.8%         |
| <b>ABS/CMBS</b>     | 0.0%        | 2.3%          |
| <b>Total</b>        | <b>100%</b> | <b>100%</b>   |

\* Includes Municipal Debt

## Quality Under/Overweight



## Credit Quality Comparison

|              | Chugach     | Bloomberg Agg |
|--------------|-------------|---------------|
| <b>AAA</b>   | 73.3%       | 74.7%         |
| <b>AA</b>    | 0.0%        | 1.6%          |
| <b>A</b>     | 5.3%        | 10.6%         |
| <b>BBB</b>   | 21.4%       | 13.1%         |
| <b>Total</b> | <b>100%</b> | <b>100%</b>   |

Source: Bloomberg



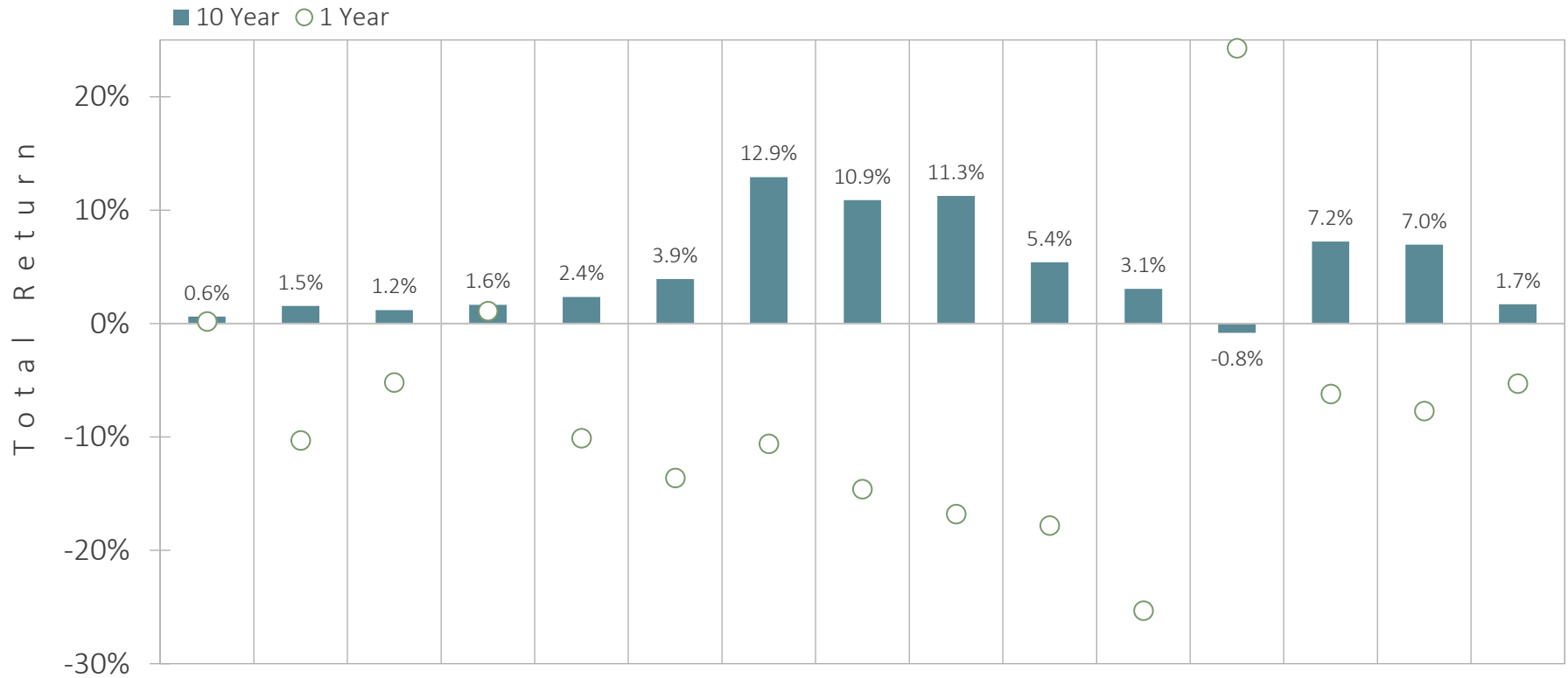
# Appendix

Market Review

Portfolio Review

Appendix

# Asset Class Returns *as of June 30, 2022*



|         | RISK CONTROL |                   |                 |      |                    |                 | RISK ASSETS    |              |                |              |                  | ALTERNATIVES |             |        |           |
|---------|--------------|-------------------|-----------------|------|--------------------|-----------------|----------------|--------------|----------------|--------------|------------------|--------------|-------------|--------|-----------|
|         | FIXED INCOME |                   |                 |      |                    |                 | EQUITIES       |              |                |              |                  | ALTERNATIVES |             |        |           |
|         | Cash         | U.S. Fixed Income | 1-5 Gov. Credit | TIPS | Intl. Fixed Income | HY Fixed Income | U.S. Large Cap | U.S. Mid Cap | U.S. Small Cap | Dev. Ex-U.S. | Emerging Markets | Comm.        | Real Estate | Infra. | Alt. Beta |
| YTD     | 0.2          | -10.3             | -4.6            | -1.4 | -10.0              | -14.8           | -20.0          | -19.5        | -18.9          | -19.6        | -17.6            | 18.4         | -20.2       | -9.3   | -5.5      |
| 1 Year  | 0.2          | -10.3             | -5.2            | 1.1  | -10.1              | -13.6           | -10.6          | -14.6        | -16.8          | -17.8        | -25.3            | 24.3         | -6.2        | -7.7   | -5.3      |
| 3 Year  | 0.6          | -0.9              | 0.1             | 3.5  | -2.1               | -0.7            | 10.6           | 6.9          | 7.3            | 1.1          | 0.6              | 14.3         | 4.0         | 2.8    | 1.4       |
| 5 Year  | 1.1          | 0.9               | 1.1             | 3.0  | 0.9                | 1.6             | 11.3           | 7.0          | 7.2            | 2.2          | 2.2              | 8.4          | 5.3         | 4.5    | 1.4       |
| 10 Year | 0.6          | 1.5               | 1.2             | 1.6  | 2.3                | 3.9             | 12.9           | 10.9         | 11.3           | 5.4          | 3.1              | -0.8         | 7.2         | 6.9    | 1.7       |

Data: Bloomberg. Asset class performance is represented by the stated index return. Returns annualized for periods greater than one year.

# Portfolio Appraisal

## CHUGACH ELECTRIC ASSOCIATION INC

### June 30, 2022



| Quantity                | Security  | Average Cost | Total Average Cost | Price  | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|-------------------------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| <b>AGENCIES</b>         |   |              |                    |        |              |             |               |                  |                   |
| 125,000                 | FEDERAL HOME LOAN BANK<br>0.600% Due 08-27-25           | 99.90        | 124,875            | 92.12  | 115,151      | 0.61        | 750           | 258              | 3.24              |
| 125,000                 | FHLB<br>1.625% Due 03-12-27                             | 104.27       | 130,335            | 93.55  | 116,935      | 0.62        | 2,031         | 615              | 3.11              |
| 125,000                 | FEDERAL FARM CREDIT BANK<br>2.125% Due 03-05-35         | 103.99       | 129,987            | 84.92  | 106,156      | 0.56        | 2,656         | 856              | 3.62              |
|                         | Accrued Interest  |              |                    |        | 1,729        | 0.01        |               |                  |                   |
|                         |   |              | 385,197            |        | 339,972      | 1.79        |               | 1,729            |                   |
| <b>ALTERNATIVE BETA</b> |   |              |                    |        |              |             |               |                  |                   |
| 181,523                 | BLCKRCK SYST MULTI-STR-INST                             | 10.51        | 1,907,826          | 10.09  | 1,831,572    | 9.64        | NA            |                  |                   |
| 13,647                  | IQ HEDGE MULTI-STRAT TRACKER                            | 32.33        | 441,266            | 28.69  | 391,532      | 2.06        | NA            |                  |                   |
|                         |   |              | 2,349,092          |        | 2,223,104    | 11.70       |               |                  |                   |
| <b>CORPORATE BONDS</b>  |   |              |                    |        |              |             |               |                  |                   |
| 25,000                  | KELLOGG CO<br>2.750% Due 03-01-23                       | 100.17       | 25,043             | 99.54  | 24,886       | 0.13        | 687           | 229              | 3.44              |
| 25,000                  | MORGAN STANLEY IND FINANCIAL SRV<br>3.875% Due 04-29-24 | 100.03       | 25,008             | 100.13 | 25,032       | 0.13        | 969           | 167              | 3.80              |
| 25,000                  | HCP INC<br>3.400% Due 02-01-25                          | 102.12       | 25,529             | 98.36  | 24,591       | 0.13        | 850           | 354              | 4.07              |
| 25,000                  | CITIGROUP INC<br>3.700% Due 01-12-26                    | 97.05        | 24,263             | 97.99  | 24,497       | 0.13        | 925           | 434              | 4.32              |
| 30,000                  | DARDEN RESTAURANTS INC<br>3.850% Due 05-01-27           | 110.59       | 33,176             | 96.17  | 28,850       | 0.15        | 1,155         | 192              | 4.75              |
| 25,000                  | CAPITAL ONE FINANCIAL CO<br>3.650% Due 05-11-27         | 110.46       | 27,616             | 95.24  | 23,811       | 0.13        | 912           | 127              | 4.76              |
| 20,000                  | CANADIAN NATL RESOURCES<br>3.850% Due 06-01-27          | 109.11       | 21,822             | 95.83  | 19,167       | 0.10        | 770           | 64               | 4.81              |
| 25,000                  | SOUTHWEST AIRLINES CO<br>5.125% Due 06-15-27            | 117.61       | 29,403             | 100.92 | 25,231       | 0.13        | 1,281         | 57               | 4.91              |
| 25,000                  | BORGWARNER INC<br>2.650% Due 07-01-27                   | 107.15       | 26,787             | 90.84  | 22,710       | 0.12        | 662           | 331              | 4.73              |
| 25,000                  | ENBRIDGE INC<br>3.700% Due 07-15-27                     | 109.79       | 27,448             | 95.77  | 23,942       | 0.13        | 925           | 427              | 4.65              |
| 20,000                  | NATIONAL RETAIL PROP INC<br>4.300% Due 10-15-28         | 113.05       | 22,609             | 97.17  | 19,435       | 0.10        | 860           | 182              | 4.82              |
| 20,000                  | ESSEX PORTFOLIO LP<br>4.000% Due 03-01-29               | 111.75       | 22,350             | 95.46  | 19,092       | 0.10        | 800           | 267              | 4.80              |

# Portfolio Appraisal

## CHUGACH ELECTRIC ASSOCIATION INC

### June 30, 2022



| Quantity | Security  | Average Cost | Total Average Cost | Price  | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|----------|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 25,000   | CABOT CORP<br>4.000% Due 07-01-29               | 109.16       | 27,289             | 93.84  | 23,460       | 0.12        | 1,000         | 500              | 5.06              |
| 25,000   | INTEL CORP<br>3.900% Due 03-25-30               | 113.48       | 28,371             | 97.96  | 24,490       | 0.13        | 975           | 260              | 4.21              |
| 25,000   | CITIZENS FINANCIAL GROUP<br>3.250% Due 04-30-30 | 106.85       | 26,713             | 88.74  | 22,184       | 0.12        | 812           | 138              | 5.01              |
| 25,000   | KOHL'S CORPORATION<br>3.375% Due 05-01-31       | 99.80        | 24,950             | 86.73  | 21,681       | 0.11        | 844           | 141              | 5.27              |
| 20,000   | KIMCO REALTY CORP<br>3.200% Due 04-01-32        | 99.17        | 19,834             | 87.37  | 17,474       | 0.09        | 640           | 224              | 4.84              |
| 20,000   | CVS HEALTH CORP<br>4.875% Due 07-20-35          | 120.76       | 24,151             | 98.96  | 19,793       | 0.10        | 975           | 436              | 4.98              |
| 25,000   | ORACLE CORP<br>3.850% Due 07-15-36              | 104.24       | 26,061             | 80.35  | 20,088       | 0.11        | 962           | 444              | 5.93              |
| 25,000   | BANK OF AMERICA NA<br>6.000% Due 10-15-36       | 127.62       | 31,905             | 109.23 | 27,308       | 0.14        | 1,500         | 317              | 5.08              |
| 30,000   | JPMORGAN CHASE & CO<br>6.400% Due 05-15-38      | 123.61       | 37,084             | 113.20 | 33,959       | 0.18        | 1,920         | 245              | 5.17              |
| 25,000   | DOMINION ENERGY INC<br>7.000% Due 06-15-38      | 145.11       | 36,278             | 115.69 | 28,923       | 0.15        | 1,750         | 78               | 5.51              |
| 25,000   | SOUTHERN COPPER CORP<br>5.250% Due 11-08-42     | 123.17       | 30,793             | 97.68  | 24,419       | 0.13        | 1,312         | 193              | 5.44              |
| 25,000   | VIACOMCBS INC<br>5.850% Due 09-01-43            | 128.78       | 32,194             | 93.43  | 23,357       | 0.12        | 1,462         | 487              | 6.42              |
| 25,000   | PHILLIPS 66<br>4.875% Due 11-15-44              | 119.70       | 29,925             | 96.99  | 24,246       | 0.13        | 1,219         | 156              | 5.10              |
| 25,000   | ENTERPRISE PRODUCTS OPER<br>5.100% Due 02-15-45 | 120.79       | 30,198             | 94.06  | 23,514       | 0.12        | 1,275         | 482              | 5.56              |
| 25,000   | CARDINAL HEALTH<br>4.900% Due 09-15-45          | 111.47       | 27,867             | 90.60  | 22,651       | 0.12        | 1,225         | 361              | 5.63              |
| 25,000   | Sysco Corporation<br>4.450% Due 03-15-48        | 120.54       | 30,134             | 87.78  | 21,945       | 0.12        | 1,112         | 328              | 5.33              |
| 25,000   | AT&T INC<br>4.550% Due 03-09-49                 | 92.65        | 23,163             | 90.90  | 22,726       | 0.12        | 1,137         | 354              | 5.18              |
| 25,000   | ESSENTIAL UTILITIES INC<br>4.276% Due 05-01-49  | 115.73       | 28,933             | 87.58  | 21,894       | 0.12        | 1,069         | 178              | 5.13              |
| 45,000   | TELUS CORP<br>4.300% Due 06-15-49               | 121.45       | 54,654             | 89.19  | 40,138       | 0.21        | 1,935         | 86               | 5.04              |
| 25,000   | MAGELLAN MIDSTREAM PARTN<br>3.950% Due 03-01-50 | 109.07       | 27,267             | 78.87  | 19,718       | 0.10        | 987           | 329              | 5.43              |

# Portfolio Appraisal

## CHUGACH ELECTRIC ASSOCIATION INC

### June 30, 2022



| Quantity                                 | Security  | Average Cost | Total Average Cost | Price  | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|--|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 25,000                                   | VERIZON COMMUNICATIONS<br>4.000% Due 03-22-50<br>Accrued Interest | 109.34       | 27,334             | 86.42  | 21,604       | 0.11        | 1,000         | 275              | 4.90              |
|  |   |              |                    |        | 8,841        | 0.05        |               |                  |                   |
|  |   |              | 936,159            |        | 795,660      | 4.19        |               | 8,841            |                   |
| <b>COMMODITIES</b>                       |   |              |                    |        |              |             |               |                  |                   |
| 6,664                                    | FLEXSHARES GLOBAL UPSTREAM N                                      | 41.90        | 279,208            | 39.67  | 264,361      | 1.39        | NA            |                  |                   |
| 8,958                                    | INVESCO OPTIMUM YIELD DIVERSIFIED COMMODIT                        | 17.09        | 153,102            | 18.04  | 161,602      | 0.85        | NA            |                  |                   |
| 2,578                                    | ISHARES BB ROLL SELECT COMMODITY ETF                              | 56.74        | 146,276            | 58.24  | 150,143      | 0.79        | NA            |                  |                   |
|  |   |              | 578,585            |        | 576,106      | 3.03        |               |                  |                   |
| <b>DOMESTIC MID CAP EQUITY FUNDS/ETF</b> |   |              |                    |        |              |             |               |                  |                   |
| 7,831                                    | ISHARES CORE S&P MIDCAP 400 ETF                                   | 266.78       | 2,089,168          | 226.23 | 1,771,607    | 9.32        | NA            |                  |                   |
| <b>EMERGING MARKET FUNDS/ETF</b>         |   |              |                    |        |              |             |               |                  |                   |
| 14,979                                   | ISHARES ETF CORE MSCI EMERGING MKTS                               | 61.10        | 915,290            | 49.06  | 734,870      | 3.87        | NA            |                  |                   |
| <b>DOMESTIC FIXED INCOME FUNDS/ETF</b>   |   |              |                    |        |              |             |               |                  |                   |
| 8,371                                    | VANGUARD SHORT-TERM TIPS ETF                                      | 49.81        | 416,951            | 50.12  | 419,555      | 2.21        |               |                  |                   |
| <b>FNMA &amp; FHLMC</b>                  |   |              |                    |        |              |             |               |                  |                   |
| 20,489                                   | FNMA POOL MA3588<br>3.500% Due 02-01-34                           | 101.48       | 20,793             | 100.02 | 20,492       | 0.11        | 717           | 60               | 3.05              |
| 28,373                                   | FR SB8503 Mtge<br>2.000% Due 08-01-35                             | 102.81       | 29,171             | 93.51  | 26,532       | 0.14        | 567           | 9                | 3.05              |
| 25,833                                   | FR SB8116 Mtge<br>2.500% Due 08-01-36                             | 104.27       | 26,935             | 95.60  | 24,697       | 0.13        | 646           | 11               | 3.05              |
| 44,904                                   | FNCL POOL 995373<br>4.500% Due 02-01-39                           | 106.72       | 47,921             | 103.20 | 46,341       | 0.24        | 2,021         | 168              | 3.40              |
| 28,485                                   | FN MA4475 Mtge<br>2.500% Due 11-01-41                             | 103.58       | 29,504             | 92.03  | 26,216       | 0.14        | 712           | 12               | 3.43              |
| 26,836                                   | FG G60661<br>4.000% Due 07-01-46                                  | 103.41       | 27,753             | 100.55 | 26,984       | 0.14        | 1,073         | 89               | 3.60              |
| 42,329                                   | FNCL POOL AS7949<br>4.000% Due 09-01-46                           | 105.20       | 44,531             | 100.51 | 42,544       | 0.22        | 1,693         | 141              | 3.59              |
| 54,140                                   | FN AS8483<br>3.000% Due 12-01-46                                  | 102.95       | 55,738             | 95.05  | 51,458       | 0.27        | 1,624         | 135              | 3.36              |
| 68,899                                   | FNCL POOL BM2001<br>3.500% Due 12-01-46                           | 103.03       | 70,987             | 97.80  | 67,381       | 0.35        | 2,411         | 201              | 3.42              |

# Portfolio Appraisal

## CHUGACH ELECTRIC ASSOCIATION INC

### June 30, 2022



| Quantity                                    | Security                                      | Average Cost | Total Average Cost | Price  | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|---|---|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| 33,136                                      | FG G61893<br>3.000% Due 07-01-47              | 101.14       | 33,514             | 94.73  | 31,390       | 0.17        | 994           | 83               | 3.36              |
| 61,844                                      | FGLMC POOL Q51967<br>3.500% Due 11-01-47      | 97.84        | 60,506             | 97.87  | 60,525       | 0.32        | 2,165         | 180              | 3.45              |
| 35,475                                      | FNMA POOL MA3210<br>3.500% Due 12-01-47       | 99.05        | 35,139             | 97.57  | 34,615       | 0.18        | 1,242         | 103              | 3.45              |
| 29,297                                      | FN MA3305<br>3.500% Due 03-01-48              | 103.02       | 30,181             | 97.73  | 28,632       | 0.15        | 1,025         | 85               | 3.46              |
| 7,465                                       | FANNIE MAE POOL MA3384<br>4.000% Due 06-01-48 | 102.03       | 7,617              | 100.29 | 7,487        | 0.04        | 299           | 25               | 3.65              |
| 19,568                                      | FNMA POOL MA3496<br>4.500% Due 10-01-48       | 103.57       | 20,267             | 100.89 | 19,743       | 0.10        | 881           | 73               | 3.82              |
| 29,788                                      | FN MA3834<br>3.000% Due 11-01-49              | 101.90       | 30,354             | 93.33  | 27,801       | 0.15        | 894           | 74               | 3.46              |
| 31,995                                      | FN MA3871<br>3.000% Due 12-01-49              | 101.91       | 32,605             | 93.21  | 29,823       | 0.16        | 960           | 80               | 3.46              |
| 54,029                                      | FANNIE MAE POOL<br>2.500% Due 05-01-50        | 104.98       | 56,722             | 90.70  | 49,004       | 0.26        | 1,351         | 113              | 3.40              |
| 112,555                                     | FR QC4235 Mtge<br>2.500% Due 07-01-51         | 102.31       | 115,157            | 90.07  | 101,377      | 0.53        | 2,814         | 47               | 3.39              |
| 28,812                                      | FANNIE MAE POOL CB1783<br>2.500% Due 10-01-51 | 92.13        | 26,543             | 90.10  | 25,961       | 0.14        | 720           | 60               | 3.40              |
| 19,625                                      | FANNIE MAE POOL FS0822<br>2.000% Due 03-01-52 | 88.61        | 17,390             | 86.90  | 17,054       | 0.09        | 393           | 33               | 3.29              |
|   | Accrued Interest                              |              |                    |        | 1,784        | 0.01        |               |                  |                   |
|   |   |              | 819,329            |        | 767,840      | 4.04        |               | 1,784            |                   |
| <b>INTERNATIONAL FIXED INCOME FUNDS/ETF</b> |   |              |                    |        |              |             |               |                  |                   |
| 17,181                                      | VANGUARD TOTAL INTL BOND ETF                  | 57.31        | 984,674            | 49.54  | 851,147      | 4.48        | NA            |                  |                   |
| <b>HIGH YIELD FIXED INCOME</b>              |   |              |                    |        |              |             |               |                  |                   |
| 1,882                                       | SPDR PORTFOLIO HIGH YIELD BO                  | 24.74        | 46,569             | 22.45  | 42,251       | 0.22        |               |                  |                   |
| 179,466                                     | VANGUARD HI YLD CORP-ADM                      | 6.00         | 1,076,882          | 5.09   | 913,483      | 4.81        | 0             |                  |                   |
|   |   |              | 1,123,452          |        | 955,734      | 5.03        |               |                  |                   |
| <b>INTERNATIONAL EQUITY FUNDS/ETF</b>       |   |              |                    |        |              |             |               |                  |                   |
| 1,455                                       | ISHARES EDGE MSCI MIN VOL EAFE ETF            | 72.68        | 105,742            | 63.31  | 92,116       | 0.48        | NA            |                  |                   |
| 10,549                                      | ISHARES ETF CORE MSCI EAFE                    | 70.90        | 747,975            | 58.85  | 620,809      | 3.27        | NA            |                  |                   |
| 11,367                                      | ISHARES MSCI INTERNATIONAL QUALITY            | 37.28        | 423,750            | 30.93  | 351,581      | 1.85        | NA            |                  |                   |
|   |   |              | 1,277,467          |        | 1,064,506    | 5.60        |               |                  |                   |

# Portfolio Appraisal

## CHUGACH ELECTRIC ASSOCIATION INC

### June 30, 2022



| Quantity                                   | Security   | Average Cost | Total Average Cost | Price  | Market Value | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|--|--|--------------|--------------------|--------|--------------|-------------|---------------|------------------|-------------------|
| <b>MUNICIPAL BONDS</b>                     |  |              |                    |        |              |             |               |                  |                   |
| 30,000                                     | SAN FRANCISCO CALIF CITY & CNTY ARPTS COMMN INTL ARPT REV<br>3.345% Due 05-01-51<br>Accrued Interest | 100.00       | 30,000             | 78.90  | 23,671       | 0.12        | 1,003         | 167              | 4.69              |
|  |  |              |                    |        | 167          | 0.00        |               |                  |                   |
|  |  |              | 30,000             |        | 23,838       | 0.13        |               | 167              |                   |
| <b>DOMESTIC LARGE CAP EQUITY FUNDS/ETF</b> |  |              |                    |        |              |             |               |                  |                   |
| 3,147                                      | INVESCO S&P 500 LOW VOLATILITY   | 65.78        | 207,019            | 62.00  | 195,114      | 1.03        | NA            |                  |                   |
| 9,340                                      | SPDR S&P 500 ETF   | 349.29       | 3,262,360          | 377.25 | 3,523,515    | 18.54       | NA            |                  |                   |
| 5,625                                      | VANECK MORNINGSTAR WIDE MOAT   | 75.61        | 425,301            | 63.73  | 358,481      | 1.89        | NA            |                  |                   |
|  |  |              | 3,894,680          |        | 4,077,110    | 21.45       |               |                  |                   |
| <b>REAL ESTATE &amp; INFRASTRUCTURE</b>    |  |              |                    |        |              |             |               |                  |                   |
| 18,108                                     | FLEXSHAR STX GLOBAL BROAD INF ETF  | 59.60        | 1,079,165          | 51.68  | 935,821      | 4.92        | NA            |                  |                   |
| 5,855                                      | JPMORGAN BETABUILDERS MSCI US REIT ETF   | 79.74        | 466,887            | 87.83  | 514,245      | 2.71        | NA            |                  |                   |
|  |  |              | 1,546,052          |        | 1,450,066    | 7.63        |               |                  |                   |
| <b>DOMESTIC SMALL CAP EQUITY FUNDS/ETF</b> |  |              |                    |        |              |             |               |                  |                   |
| 9,699                                      | ISHARES S&P SMALLCAP 600 INDEX ETF   | 105.47       | 1,022,937          | 92.41  | 896,285      | 4.72        | NA            |                  |                   |
| <b>U.S. TREASURY</b>                       |  |              |                    |        |              |             |               |                  |                   |
| 100,000                                    | US TREASURY NOTE<br>0.125% Due 01-31-23  | 99.91        | 99,906             | 98.59  | 98,590       | 0.52        | 125           | 52               | 2.57              |
| 100,000                                    | US TREASURY NOTES<br>1.500% Due 03-31-23   | 97.03        | 97,027             | 99.05  | 99,051       | 0.52        | 1,500         | 379              | 2.78              |
| 45,000                                     | US TREASURY NOTES<br>2.875% Due 09-30-23   | 99.54        | 44,794             | 99.90  | 44,956       | 0.24        | 1,294         | 325              | 2.95              |
| 30,000                                     | US TREASURY NOTES<br>0.250% Due 11-15-23   | 99.56        | 29,868             | 96.37  | 28,910       | 0.15        | 75            | 10               | 2.97              |
| 100,000                                    | US TREASURY NOTES<br>0.125% Due 01-15-24   | 99.70        | 99,695             | 95.72  | 95,723       | 0.50        | 125           | 58               | 2.98              |
| 5,000                                      | US TREASURY NOTE<br>0.875% Due 01-31-24  | 98.65        | 4,932              | 96.77  | 4,838        | 0.03        | 44            | 18               | 2.98              |
| 55,000                                     | US TREASURY NOTES<br>2.250% Due 10-31-24   | 100.12       | 55,064             | 98.32  | 54,076       | 0.28        | 1,237         | 208              | 3.00              |
| 100,000                                    | US TREASURY NOTES<br>2.125% Due 11-30-24   | 98.37        | 98,367             | 97.93  | 97,934       | 0.52        | 2,125         | 180              | 3.02              |

# Portfolio Appraisal

**CHUGACH ELECTRIC ASSOCIATION INC**  
*June 30, 2022*



| Quantity                         | Security                                 | Average Cost | Total Average Cost | Price | Market Value      | Pct. Assets | Annual Income | Accrued Interest | Yield to Maturity |
|----------------------------------|--|--------------|--------------------|-------|-------------------|-------------|---------------|------------------|-------------------|
| 85,000                           | US TREASURY NOTE<br>1.125% Due 01-15-25  | 99.41        | 84,495             | 95.37 | 81,062            | 0.43        | 956           | 441              | 3.03              |
| 35,000                           | US TREASURY NOTES<br>0.375% Due 11-30-25 | 97.46        | 34,113             | 91.34 | 31,968            | 0.17        | 131           | 11               | 3.06              |
| 15,000                           | US TREASURY NOTES<br>0.875% Due 09-30-26 | 99.53        | 14,929             | 91.33 | 13,699            | 0.07        | 131           | 33               | 3.07              |
| 75,000                           | US TREASURY NOTES<br>2.250% Due 02-15-27 | 96.97        | 72,727             | 96.42 | 72,313            | 0.38        | 1,687         | 634              | 3.09              |
| 10,000                           | US TREASURY NOTES<br>2.250% Due 08-15-27 | 100.94       | 10,094             | 96.05 | 9,605             | 0.05        | 225           | 85               | 3.09              |
| 80,000                           | US TREASURY NOTES<br>1.250% Due 03-31-28 | 99.53        | 79,628             | 90.34 | 72,275            | 0.38        | 1,000         | 253              | 3.10              |
| 45,000                           | US TREASURY NOTES<br>1.250% Due 04-30-28 | 95.40        | 42,932             | 90.20 | 40,590            | 0.21        | 562           | 95               | 3.10              |
| 100,000                          | US TREASURY NOTES<br>1.250% Due 06-30-28 | 101.50       | 101,504            | 89.96 | 89,957            | 0.47        | 1,250         | 3                | 3.10              |
| 15,000                           | US TREASURY NOTES<br>0.625% Due 05-15-30 | 82.33        | 12,349             | 83.38 | 12,507            | 0.07        | 94            | 12               | 3.01              |
| 40,000                           | US TREASURY NOTE<br>1.375% Due 11-15-31  | 94.75        | 37,900             | 86.73 | 34,694            | 0.18        | 550           | 70               | 3.01              |
| 10,000                           | US TREASURY NOTE<br>2.375% Due 02-15-42  | 100.48       | 10,048             | 84.80 | 8,480             | 0.04        | 237           | 89               | 3.45              |
| 10,000                           | US TREASURY NOTES<br>2.750% Due 08-15-42 | 110.86       | 11,086             | 89.72 | 8,972             | 0.05        | 275           | 103              | 3.46              |
| 75,000                           | US TREASURY NOTES<br>2.750% Due 08-15-47 | 102.09       | 76,564             | 89.42 | 67,066            | 0.35        | 2,062         | 775              | 3.38              |
| 45,000                           | US TREASURY NOTES<br>2.250% Due 08-15-49 | 102.04       | 45,918             | 82.05 | 36,923            | 0.19        | 1,012         | 380              | 3.25              |
| 20,000                           | US TREASURY NOTE<br>1.875% Due 11-15-51  | 95.26        | 19,052             | 75.03 | 15,006            | 0.08        | 375           | 48               | 3.19              |
| 10,000                           | US TREASURY NOTE<br>2.250% Due 02-15-52  | 99.50        | 9,950              | 82.30 | 8,230             | 0.04        | 225           | 85               | 3.18              |
|                                  | Accrued Interest                         |              |                    |       | 4,347             | 0.02        |               |                  |                   |
|                                  |  |              | 1,192,944          |       | 1,131,773         | 5.96        |               | 4,347            |                   |
| <b>CASH AND CASH EQUIVALENTS</b> |  |              |                    |       |                   |             |               |                  |                   |
|                                  | DIVIDEND ACCRUAL                         |              | 18,757             |       | 18,757            | 0.10        |               |                  |                   |
|                                  | WFB LARGE BALANCE PUBLIC INSTL DEP       |              | 907,262            |       | 907,262           | 4.77        |               |                  |                   |
|                                  |  |              | 926,019            |       | 926,019           | 4.87        |               |                  |                   |
| <b>TOTAL PORTFOLIO</b>           |  |              | <b>20,487,997</b>  |       | <b>19,005,191</b> | <b>100</b>  | <b>84,854</b> | <b>16,869</b>    |                   |





# PERFORMANCE HISTORY

## GROSS OF FEES

### CHUGACH ELECTRIC ASSOCIATION INC

| Time Period          | Percent Return |        |              |                     |                           |                          |                         |                      |                           |                            |              |                 |                        |                            |             |                   |                          |
|----------------------|----------------|--------|--------------|---------------------|---------------------------|--------------------------|-------------------------|----------------------|---------------------------|----------------------------|--------------|-----------------|------------------------|----------------------------|-------------|-------------------|--------------------------|
|                      | Per Period     |        |              |                     |                           |                          |                         |                      |                           |                            |              |                 |                        |                            |             |                   |                          |
|                      | Total Account  | Blend  | Fixed Income | BLOOMBERG AGG BENCH | Domestic Large Cap Equity | S&P 500 LARGE CAPS BENCH | Domestic Mid Cap Equity | S&P 400 MIDCAP BENCH | Domestic Small Cap Equity | S & P 600 SMALL CAPS BENCH | Int'l Equity | MSCI EAFE Index | Emerging Market Equity | MSCI EMERGING MARKET BENCH | Real Estate | S&P US REIT BENCH | Diversified Alternatives |
| 06-30-21 to 07-31-21 | 1.38           | 1.35   | 1.12         | 1.12                | 2.43                      | 2.38                     | 0.36                    | 0.34                 | -2.41                     | -2.39                      | 0.92         | 0.75            | -5.64                  | -6.73                      | 4.91        | 4.87              | 0.00                     |
| 07-31-21 to 08-31-21 | 0.48           | 0.50   | -0.19        | -0.19               | 2.91                      | 3.04                     | 2.00                    | 1.95                 | 1.91                      | 2.02                       | 1.62         | 1.76            | 1.41                   | 2.62                       | 1.81        | 1.87              | 0.00                     |
| 08-31-21 to 09-30-21 | -2.84          | -2.84  | -0.71        | -0.87               | -3.99                     | -4.65                    | -4.59                   | -3.97                | -2.83                     | -2.43                      | -3.96        | -2.90           | -4.85                  | -3.97                      | -5.66       | -5.48             | 3.37                     |
| 09-30-21 to 10-31-21 | 3.08           | 3.01   | -0.08        | -0.03               | 4.89                      | 7.01                     | 5.92                    | 5.89                 | 3.54                      | 3.43                       | 3.04         | 2.46            | 1.08                   | 0.99                       | 5.00        | 7.74              | 2.57                     |
| 10-31-21 to 11-30-21 | -1.44          | -1.49  | 0.10         | 0.30                | -0.48                     | -0.69                    | -3.02                   | -2.94                | -2.44                     | -2.29                      | -4.62        | -4.65           | -3.70                  | -4.08                      | -2.82       | -0.67             | -6.81                    |
| 11-30-21 to 12-31-21 | 2.87           | 2.82   | 0.05         | -0.26               | 3.64                      | 4.48                     | 5.11                    | 5.08                 | 4.48                      | 4.53                       | 4.21         | 5.12            | 1.85                   | 1.88                       | 6.06        | 8.77              | 3.08                     |
| 12-31-21 to 01-31-22 | -3.43          | -3.39  | -1.95        | -2.15               | -3.94                     | -5.17                    | -7.26                   | -7.21                | -7.34                     | -7.27                      | -4.25        | -4.83           | -0.35                  | -1.89                      | -3.90       | -6.92             | 5.52                     |
| 01-31-22 to 02-28-22 | -1.14          | -1.03  | -0.97        | -1.12               | -2.39                     | -2.99                    | 1.21                    | 1.11                 | 1.37                      | 1.40                       | -3.08        | -1.77           | -3.94                  | -2.99                      | -1.69       | -3.18             | 6.55                     |
| 02-28-22 to 03-31-22 | 0.88           | 0.91   | -2.12        | -2.78               | 2.29                      | 3.71                     | 1.30                    | 1.38                 | 0.32                      | 0.37                       | 0.05         | 0.64            | -2.94                  | -2.26                      | 4.55        | 6.54              | 7.90                     |
| 03-31-22 to 04-30-22 | -5.12          | -5.01  | -3.27        | -3.79               | -6.19                     | -8.72                    | -7.13                   | -7.11                | -7.67                     | -7.81                      | -6.69        | -6.47           | -6.83                  | -5.56                      | -5.01       | -4.43             | 0.30                     |
| 04-30-22 to 05-31-22 | 0.65           | 0.32   | 0.42         | 0.64                | 0.58                      | 0.18                     | 0.77                    | 0.75                 | 1.87                      | 1.86                       | 1.14         | 0.75            | 0.63                   | 0.44                       | -0.63       | -6.15             | 4.30                     |
| 05-31-22 to 06-30-22 | -5.59          | -5.93  | -2.49        | -1.57               | -5.95                     | -8.25                    | -9.62                   | -9.62                | -8.46                     | -8.55                      | -8.16        | -9.28           | -5.55                  | -6.65                      | -6.74       | -7.33             | -11.48                   |
| <b>Date to Date</b>  |                |        |              |                     |                           |                          |                         |                      |                           |                            |              |                 |                        |                            |             |                   |                          |
| 06-30-21 to 06-30-22 | -10.19         | -10.69 | -9.72        | -10.29              | -6.81                     | -10.62                   | -15.19                  | -14.64               | -17.25                    | -16.81                     | -18.82       | -17.77          | -25.74                 | -25.28                     | -5.18       | -6.20             | 14.40                    |

**CHUGACH ELECTRIC ASSOCIATION  
CAPITAL PROJECT TRACKING REPORT  
As of June 30, 2022**

| CIP Ref #                             | Project Name <sup>1</sup>  | Project Manager | BOD Project Approval Date | Estimate     |                       |                  | Actuals          |                        |                                 | Variance                                  |      | Project Completion | Comments   |
|---------------------------------------|--|-----------------|---------------------------|--------------|-----------------------|------------------|------------------|------------------------|---------------------------------|---|------|--------------------|--|
|                                       |  |                 |                           | Estimate     | Revisions to Estimate | Revised Estimate | Spending to Date | Forecast to Completion | Total Estimated Completion Cost | Total Estimated Cost vs. Revised Estimate |      |                    |  |
|                                       |  |                 |                           |              |                       |                  |                  |                        |                                 | Amount                                    | %    |                    |  |
| <b>SYSTEM IMPROVEMENT PROJECTS</b>    |  |                 |                           |              |                       |                  |                  |                        |                                 |   |      |                    |  |
| <b>Reliability</b>                    |  |                 |                           |              |                       |                  |                  |                        |                                 |   |      |                    |  |
| 02.0142                               | Daves Creek 352 Reliability Improvements Phase I<br>E1913922                         | Miller, Mike    | 5/26/2021                 | \$1,600,000  | \$0                   | \$1,600,000      | \$1,541,966      | \$58,034               | \$1,600,000                     | \$0                                       | 100% | 95%                | The project is currently in closeout.  |
| 03.0485                               | O'Malley OH/UG: Rockridge Drive to Hillside Drive <sup>4</sup><br>E1813812, E1913870 | Willis          | 4/28/2021                 | \$4,100,000  | \$0                   | \$4,100,000      | \$2,751,058      | \$1,348,942            | \$4,100,000                     | \$0                                       | 100% | 75%                | The project was bid and awarded to LineWorks in October. Construction is on going with substantial completion extended to October of 2022. This project is partially reimbursable through ADOT.  |
| 03.0810                               | Jewel Lake Road OH/UG: Strawberry Road to W. 84th Ave <sup>2</sup><br>E2013957       | Miller, Mike    | 2/16/2022                 | \$3,300,000  | \$0                   | \$3,300,000      | \$297,776        | \$3,002,224            | \$3,300,000                     | \$0                                       | 100% | 5%                 | Contract was awarded to Sturgeon for construction in June. Sturgeon was provided with an NTP and construction started at the end of June and is scheduled to be completed by mid-October.  |
| 05.0300                               | Campbell Lake Substation Rebuild<br>E1920057, E2114076, C2130007                     | Miller, Mike    | 2/16/2022                 | \$7,400,000  | \$0                   | \$7,400,000      | \$543,801        | \$6,856,199            | \$7,400,000                     | \$0                                       | 100% | 7%                 | Design responsibility has moved from an in-house effort to EPS. A new baseline schedule has been developed with construction now slated for January of 2024. Switchgear procurement is planned for July 2022, with delivery projected in May 2024. Estimated energization date is October 2024.  |
| 12.1027                               | Battery Energy Storage System - BESS<br>E1720056, E1720057, P2031027                 | Laughlin        | 12/15/2021                | \$58,500,000 | \$0                   | \$58,500,000     | \$1,219,716      | \$57,280,284           | \$58,500,000                    | \$0                                       | 100% | 2%                 | The civil site work has been completed by Roger Hickel Contracting. The BESS procurement vendor proposals were received on June 30 and proposal evaluations are expected to be completed by August 1.  |
| 20.0252<br>20.0196                    | PS Replacement<br>I2140001<br>I2140018<br>CIS - Upgrade<br>I2140007                  | Travis, Joshua  | 1/19/2022                 | \$16,973,000 | \$0                   | \$16,973,000     | \$683,925        | \$16,289,075           | \$16,973,000                    | \$0                                       | 100% | 2%                 | The Cayenta contract and statement of work has been finalized for signature. Initial reviews with counsel on the invoice cloud payment processor contract have been completed. Backfill efforts for staff continue to move forward. The project planning team has met numerous times refining critical path and the overall project timeline.  |
| <b>Retirements &amp; Replacements</b> |  |                 |                           |              |                       |                  |                  |                        |                                 |   |      |                    |  |
| 10.0207                               | East Cable Terminal Reactor Replacement<br>E2120054                                  | Moe, Jesse      | 11/22/2021                | \$3,200,000  | \$0                   | \$3,200,000      | \$149,352        | \$3,050,648            | \$3,200,000                     | \$0                                       | 100% | 40%                | Design is now scheduled for completion in late 2022. The project will go out to bid to an OELCC contractor Q1/2023. Construction will begin in May 2023 and is now expected to be completed by August 2023. The procurement contract for the HICO reactor has been completed, with delivery expected in Q1/ 2023. The reactor design approval process is ongoing and the design for the reactor replacement is about 65% to date. Remaining work has been postponed until next spring.   |
| 10.0240                               | Retire INSS 138kV Facilities<br>E1720055   | Moe, Jesse      | 1/24/2018                 | \$2,700,000  | \$0                   | \$2,700,000      | \$2,300,233      | \$0                    | \$2,300,233                     | (\$399,767)                               | 85%  | 99%                | The retirement portion of this project has been completed by the OELCC Time and Materials Contractor brought on the summer of 2020 for COVID mitigation. Due to high commodity pricing associated with the affects of COVID on supply chains, the moving of transformers to new foundations will be addressed in a future project. This portion of the project is currently in close-out.  |
| 20.0033<br>20.0035                    | Fuel Tank Replacement and Storm Drain Reconstruction<br>A2040003, A2040004           | Prior           | 2/24/2021                 | \$1,173,654  | \$0                   | \$1,173,654      | \$1,343,892      | \$40,000               | \$1,383,892                     | \$210,238                                 | 118% | 99%                | Fuel tanks and storm drains are installed. Construction took place over the Summer/Fall/Winter of 2021/2022 and is now anticipated to be completed by August 15, 2022. The project costs are higher than expected due to additional electrical work because of inaccurate electrical drawings. Additionally, we encountered unexpected contaminated soil and an additional storm drain replacement, as well as unanticipated environmental charges. Project is complete, but we are waiting on the final invoice and drawings/red lines. |

CHUGACH ELECTRIC ASSOCIATION  
CAPITAL PROJECT TRACKING REPORT  
As of June 30, 2022

| CIP Ref #              | Project Name <sup>1</sup>                                  | Project Manager | BOD Project Approval Date              | Estimate    |                       |                  | Actuals          |                        |                                 | Variance                                  |      | Project Completion | Comments  |
|------------------------|--|-----------------|--|-------------|-----------------------|------------------|------------------|------------------------|---------------------------------|---|------|--------------------|---|
|                        |  |                 |  | Estimate    | Revisions to Estimate | Revised Estimate | Spending to Date | Forecast to Completion | Total Estimated Completion Cost | Total Estimated Cost vs. Revised Estimate |      |                    |   |
|                        |  |                 |  |             |                       |                  |                  |                        |                                 | Amount                                    | %    |                    |   |
| <b>Agency Mandated</b> |  |                 |  |             |                       |                  |                  |                        |                                 |   |      |                    |   |
| 20.0304                | Eklutna Fish & Wildlife <sup>5</sup><br>P1990277, P2000898 | Brodie          | 11/26/2019<br>12/16/2020<br>12/15/2021 | \$4,315,889 | \$0                   | \$4,315,889      | \$2,222,590      | \$2,500,781            | \$4,723,371                     | \$407,482                                 | 109% | 55%                | Eklutna F&W is a multi-year project with final completion of the program in late 2024. The 2022 budget was the second year of a 2-year study program on the Eklutna River, Lake, and plant facilities. Year 1 Study Reports have been finalized and distributed to the project Technical Working Groups. The 2022 study plan (Year 2) has been drafted and approved. The field work and data collection effort for the study year 2 will be conducted May through November of 2022. |

<sup>1</sup> Report tracks projects with costs exceeding \$1M.


<sup>2</sup> Projects funded by the Undergrounding Ordinance.

<sup>3</sup> Represents Chugach's portion.

<sup>4</sup> Projects funded by a combination of the Undergrounding Ordinance and DOT.

<sup>5</sup> Represents Chugach's portion of this project. Estimate is based on the approved capital budgets for 2020-2021 and the budget included in the 2022-2026 CIP reviewed by the BOD on 12/15/2021.



**TO:** Sherri L. Highers, Chief Financial Officer  
**THROUGH:** Karen Griffin, Vice President, Finance & Accounting   
**FROM:** Curtis Sims, Sr. Manager, Budget & Financial Reporting  
**DATE:** June 30, 2022  
**SUBJECT:** *2<sup>nd</sup> Quarter 2022 Operating Budget Status Report*

The Operating Budget Status Report on page 2 reflects the budget adjustment for the second quarter and is outlined below.

- To move budgeted hours for Sr. VP Power Production from 92000.000.5001 to 54600.000.5001


The foregoing budget adjustment resulted in a margin net increase of \$0 on the 2022 Operating Budget.

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**2nd QUARTER 2022**

| CATEGORY   | 2022 Q1<br>AMENDED<br>BUDGET | 2022 Q2<br>BUDGET<br>REVISIONS | 2022 Q2<br>AMENDED<br>BUDGET |
|--|------------------------------|--------------------------------|------------------------------|
| <b>Operating Revenue and Patronage Capital</b>   | <b>\$ 345,060,581</b>        | <b>\$ -</b>                    | <b>\$ 345,060,581</b>        |
| Fuel and Purchased Power Expense                 | 102,741,756                  | -                              | 102,741,756                  |
| Power Production Expense                         | 36,526,615                   | 393,051                        | 36,919,666                   |
| Transmission Expense                             | 11,473,532                   | -                              | 11,473,532                   |
| Distribution Expense                             | 28,908,401                   | -                              | 28,908,401                   |
| Customer Expense                                 | 11,510,953                   | -                              | 11,510,953                   |
| Administrative, General & Other                  | 46,129,487                   | (393,051)                      | 45,736,436                   |
| Depreciation and Amortization Expense            | 61,413,835                   | -                              | 61,413,835                   |
| Interest Expense, Net                            | 38,424,734                   | -                              | 38,424,734                   |
| <b>Total Cost of Electric Service</b>            | <b>\$ 337,129,313</b>        | <b>\$ -</b>                    | <b>\$ 337,129,313</b>        |
| <b>Patronage Capital &amp; Operating Margins</b> | <b>\$ 7,931,268</b>          | <b>\$ -</b>                    | <b>\$ 7,931,268</b>          |
| Non-Operating Margins - Interest                 | 291,144                      | -                              | 291,144                      |
| Allowance for Funds Used During Construction     | 301,074                      | -                              | 301,074                      |
| Non-Operating Margins - Other                    | (145,180)                    | -                              | (145,180)                    |
| <b>Patronage Capital or Margins</b>              | <b>\$ 8,378,306</b>          | <b>\$ -</b>                    | <b>\$ 8,378,306</b>          |
| MFI/I  | 1.20                         |                                | 1.20                         |
| TIER   | 1.21                         |                                | 1.21                         |



## BUDGET REVISION REQUEST

|   |   |                                     |
|---|---|-------------------------------------|
| 1.  | Division: Production  | Department: 5001 Sr VP Power Supply |
| 2.  | Add: [ ]  | Delete: [ ]      Transfer: [X]      |
| 3.  | Full year amount (rounded to dollars):  | \$ 0 (net)                          |
| 4.  | Monthly amounts (rounded to dollars - should total to line 3 above)   |                                     |
|   | January \$ 0  | May \$ 0      September \$ 0        |
|   | February \$ 0   | June \$ 0      October \$ 0         |
|   | March \$ 0  | July \$ 0      November \$ 0        |
|   | April \$ 0  | August \$ 0      December \$ 0      |
| 5.  | General Ledger Account Number (from): 92000<br>General Ledger Account Number (to): 54600  |                                     |
| 6.  | General Ledger Account Name (from): ADMIN & GENERAL SALARIES<br>General Ledger Account Name (to): PROD – OPERATION SUPER&ENG                          |                                     |
| 7.  | Explanation: To move budgeted hours for Sr. VP Power Production from 92000.000.5001 to 54600.000.5001 per email request from Sherri Highers.          |                                     |
| 8.  | Requested by: Curtis Sims   | Date: 6/13/2022                     |
| 9.  | <\$25,000<br>Approved by: <br>Division Director/Department Manager | Date: 6/13/22                       |
| 10.   | \$25,000 - \$250,000<br>Approved by: _____<br>Executive Manager   | Date: _____                         |
| 11.   | \$250,000 - \$1,000,000<br>Approved by: _____<br>Chief Executive Officer  | Date: _____                         |
| 12.   | >\$1,000,000<br>Approved by: _____<br>Board of Directors  | Date: _____                         |
| <b>Obtain necessary approval signatures, forward to the Manager of Budget &amp; Financial Reporting</b> |   |                                     |

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**1st QUARTER 2022**

| CATEGORY   | 2022<br>APPROVED<br>BUDGET | 2022 Q1<br>BUDGET<br>REVISIONS | 2022 Q1<br>AMENDED<br>BUDGET |
|--|----------------------------|--------------------------------|------------------------------|
| <b>Operating Revenue and Patronage Capital</b>   | <b>\$ 353,756,696</b>      | <b>\$ (8,696,115)</b>          | <b>\$ 345,060,581</b>        |
| Fuel and Purchased Power Expense                 | 105,281,462                | (2,539,706)                    | 102,741,756                  |
| Power Production Expense                         | 36,526,615                 | -                              | 36,526,615                   |
| Transmission Expense                             | 11,473,532                 | -                              | 11,473,532                   |
| Distribution Expense                             | 28,908,401                 | -                              | 28,908,401                   |
| Customer Expense                                 | 11,510,953                 | -                              | 11,510,953                   |
| Administrative, General & Other                  | 52,462,820                 | (6,333,333)                    | 46,129,487                   |
| Depreciation and Amortization Expense            | 61,413,835                 | -                              | 61,413,835                   |
| Interest Expense, Net                            | 38,424,734                 | -                              | 38,424,734                   |
| <b>Total Cost of Electric Service</b>            | <b>\$ 346,002,352</b>      | <b>\$ (8,873,039)</b>          | <b>\$ 337,129,313</b>        |
| <b>Patronage Capital &amp; Operating Margins</b> | <b>\$ 7,754,344</b>        | <b>\$ 176,924</b>              | <b>\$ 7,931,268</b>          |
| Non-Operating Margins - Interest                 | 291,144                    | -                              | 291,144                      |
| Allowance for Funds Used During Construction     | 301,074                    | -                              | 301,074                      |
| Non-Operating Margins - Other                    | (145,180)                  | -                              | (145,180)                    |
| <b>Patronage Capital or Margins</b>              | <b>\$ 8,201,382</b>        | <b>\$ 176,924</b>              | <b>\$ 8,378,306</b>          |
| MFI/I  | 1.20                       |                                | 1.20                         |
| TIER   | 1.20                       |                                | 1.21                         |

# CHUGACH ELECTRIC ASSOCIATION, INC.

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June 2022 YTD Financial Information  
August 24, 2022





# June 2022 YTD Financial Information

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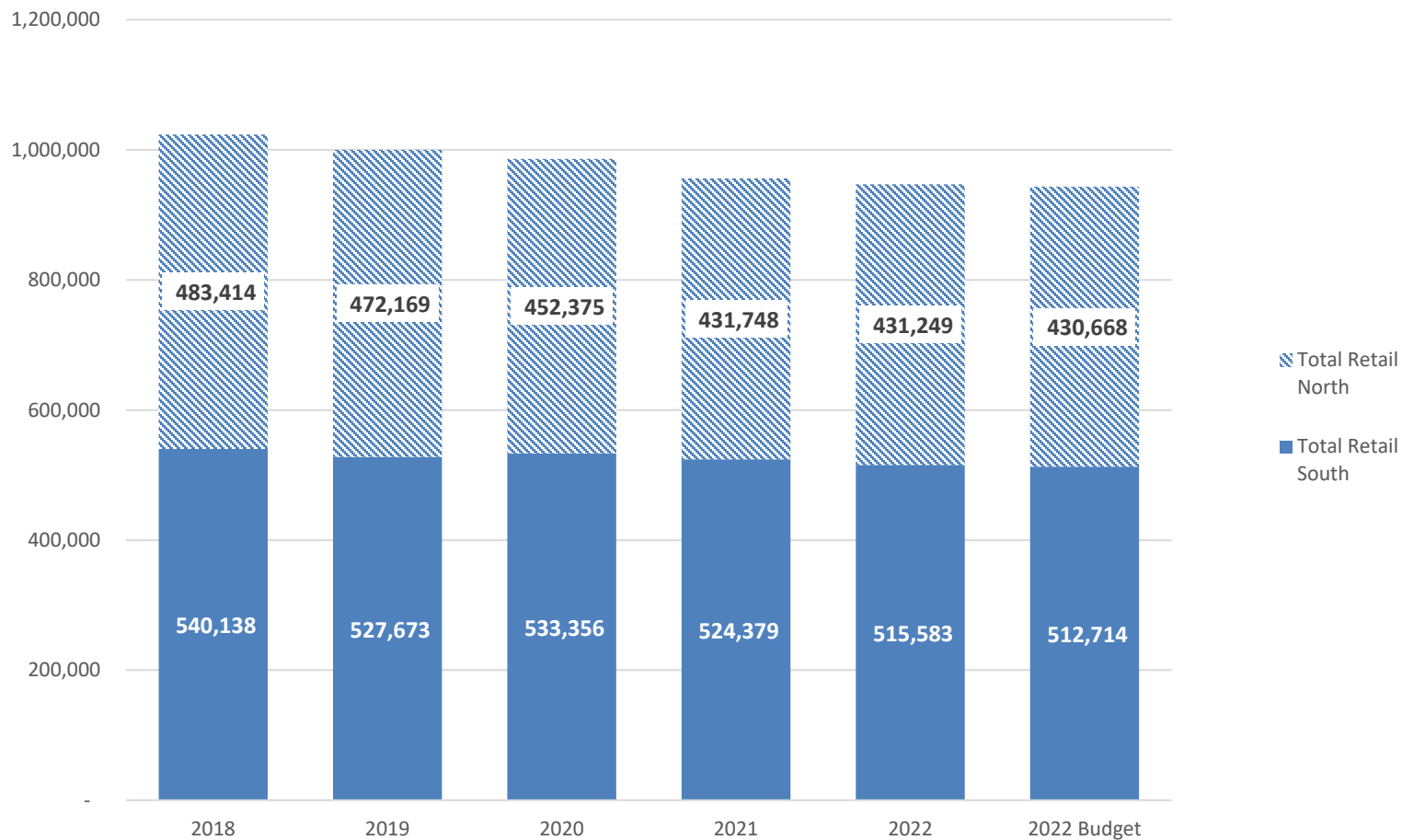
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- ▶ MWH Sales
- ▶ Statement of Operations
- ▶ Balance Sheet
- ▶ Statements of Cash Flows

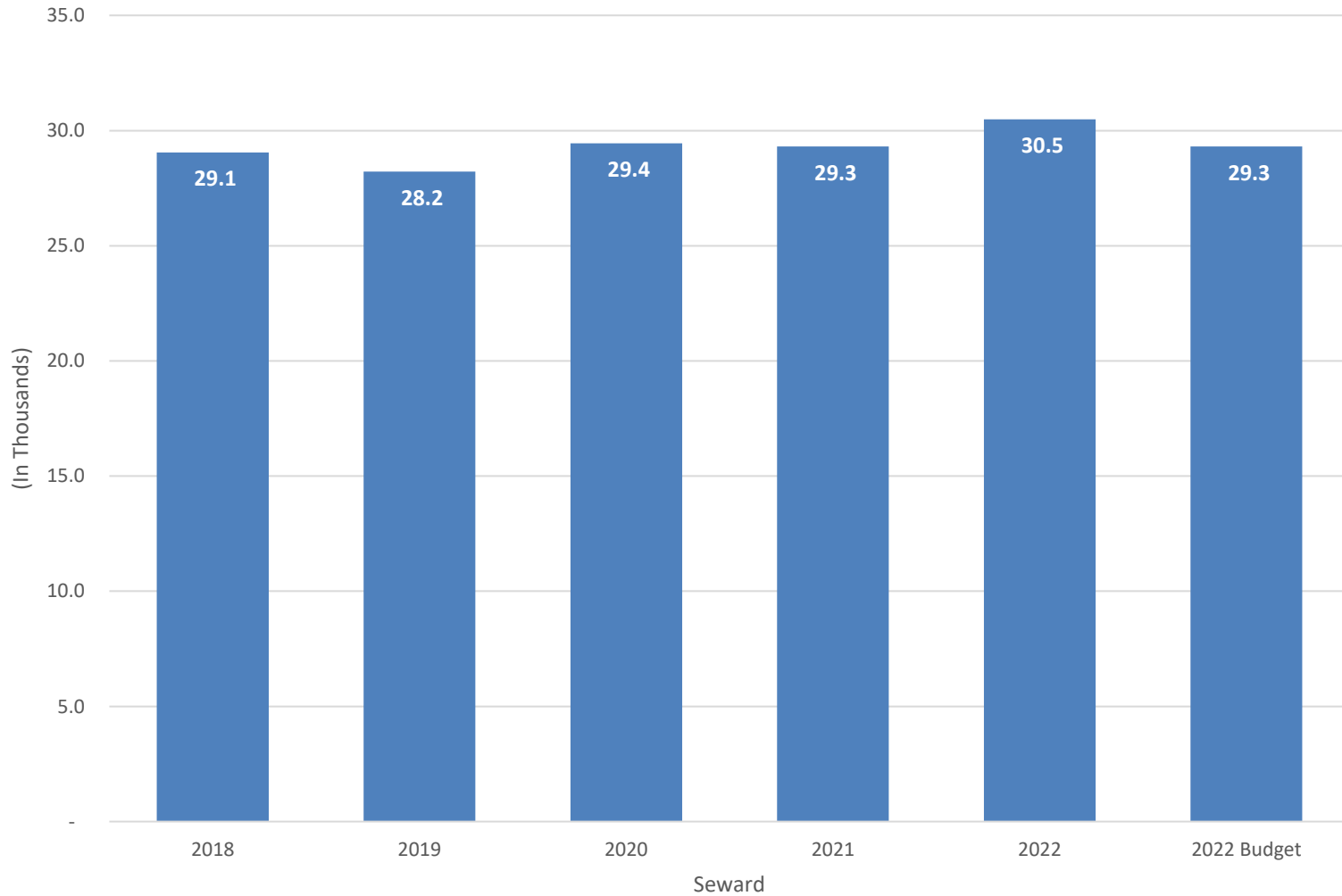
# June 2022 YTD Financial Information

## Retail MWh Sales Comparison



# June 2022 YTD Financial Information

## 5 Year Seward MWh Sales Comparison



# June 2022 YTD Financial Information

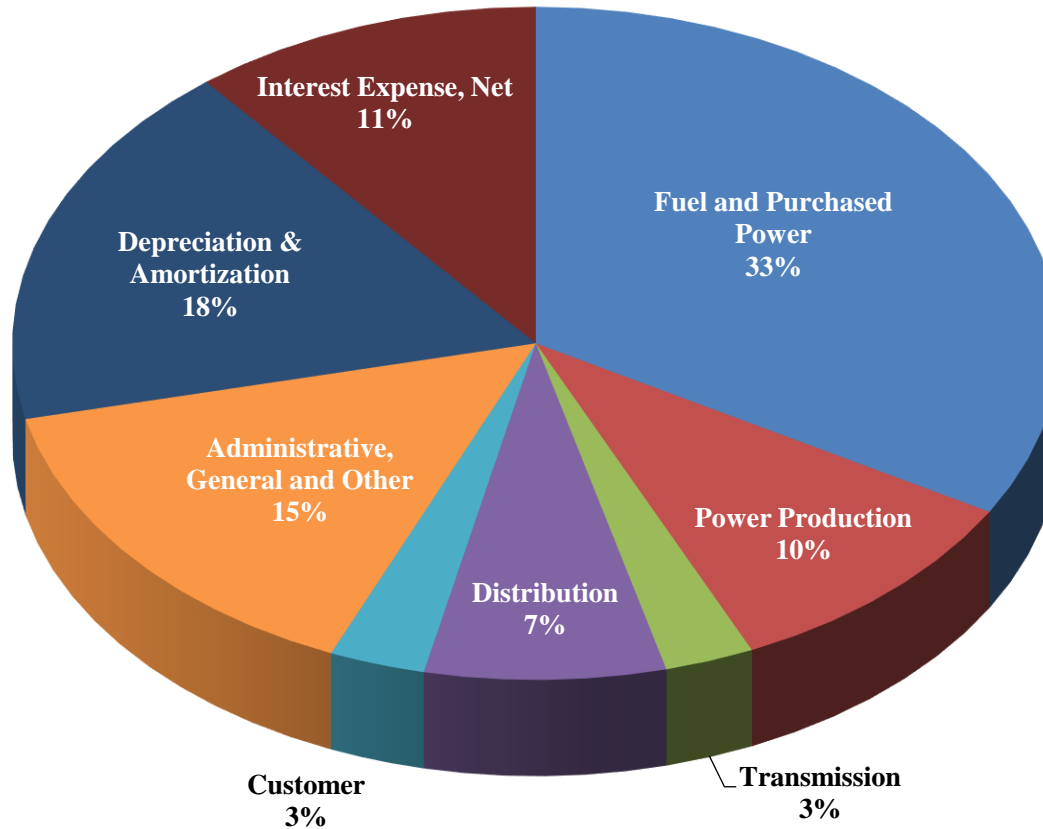
## Comparative Statement of Operations



| CATEGORY   | ACTUAL                | BUDGET <sup>1</sup>   | VARIANCE            |
|--|-----------------------|-----------------------|---------------------|
| <b>Operating Revenue &amp; Patronage Capital</b>                             | <b>\$ 182,977,995</b> | <b>\$ 174,166,039</b> | <b>\$ 8,811,956</b> |
| Fuel and Purchased Power   | 59,763,559            | 54,045,451            | 5,718,108           |
| Power Production   | 17,724,354            | 18,456,541            | (732,187)           |
| Transmission   | 4,941,108             | 5,746,075             | (804,967)           |
| Distribution   | 13,327,931            | 14,100,787            | (772,856)           |
| Customer   | 5,302,619             | 5,722,770             | (420,151)           |
| Administrative, General and Other  | 26,876,793            | 26,371,002            | 505,791             |
| Depreciation & Amortization  | 31,824,996            | 30,635,078            | 1,189,918           |
| Interest Expense, Net  | 19,454,438            | 19,370,886            | 83,552              |
| <b>Total Cost of Electric Service</b>  | <b>\$ 179,215,798</b> | <b>\$ 174,448,590</b> | <b>\$ 4,767,208</b> |
| <b>Patronage Capital &amp; Operating Margins</b>                             | <b>\$ 3,762,197</b>   | <b>\$ (282,551)</b>   | <b>\$ 4,044,748</b> |
| Non-Operating Margins - Interest   | 190,684               | 145,572               | 45,112              |
| Allowance for Funds Used During Construction                                 | 41,170                | 135,702               | (94,532)            |
| Non-Operating Margins - Other  | (73,126)              | (72,592)              | (534)               |
| <b>Patronage Capital or Margins</b>  | <b>\$ 3,920,925</b>   | <b>\$ (73,869)</b>    | <b>\$ 3,994,794</b> |
| <b>Adj. Patronage Capital or Margins<sup>2</sup></b>                         | <b>\$ 8,356,387</b>   | <b>\$ 4,361,593</b>   | <b>\$ 3,994,794</b> |
| MFI/I  | 1.19                  | 1.00                  |                     |
| TIER   | 1.19                  | 1.00                  |                     |
| <sup>1</sup> Amended budget  |                       |                       |                     |
| <sup>2</sup> Results if adjusted by secondary regulatory asset & Eklutna PPA |                       |                       |                     |

# June 2022 YTD Financial Information

## Total Operating and Interest Expense



# June 2022 YTD Financial Information

## Comparative Balance Sheet, Assets & Other Debits



| ASSETS & OTHER DEBITS                           | 6/30/2022               | 12/31/2021              | CHANGE                 |
|---|-------------------------|-------------------------|------------------------|
| Electric Plant in Service                       | 2,102,434,040           | 2,085,567,712           | 16,866,328             |
| Construction Work in Progress                   | 33,833,064              | 34,253,304              | (420,240)              |
| <b>Total Utility Plant</b>                      | <b>\$ 2,136,267,104</b> | <b>\$ 2,119,821,016</b> | <b>16,446,088</b>      |
| Accum. Prov. for Depreciation/Amortization      | (672,532,232)           | (640,729,478)           | (31,802,754)           |
| <b>Net Utility Plant</b>                        | <b>\$ 1,463,734,872</b> | <b>\$ 1,479,091,538</b> | <b>(15,356,666)</b>    |
| Nonutility Property - Net                       | 76,889                  | 76,889                  | 0                      |
| Financing & Operating Lease Right-of-Use Assets | 4,157,955               | 4,126,967               | 30,988                 |
| Investment in Assoc. Organizations              | 6,996,666               | 7,280,936               | (284,270)              |
| Special Funds                                   | 40,007,461              | 43,016,636              | (3,009,175)            |
| Restricted Cash Equivalents & Other             | 64,310                  | 64,310                  | 0                      |
| Long-term Prepayments                           | 252,423                 | 291,846                 | (39,423)               |
| <b>Total Other Property &amp; Investments</b>   | <b>\$ 51,555,704</b>    | <b>\$ 54,857,584</b>    | <b>(3,301,880)</b>     |
| Cash & Restricted Cash                          | 28,169,200              | 37,590,723              | (9,421,523)            |
| Special Deposits and Marketable Securities      | 58,300                  | 58,300                  | 0                      |
| Accounts Receivable - Net                       | 41,400,101              | 47,186,182              | (5,786,081)            |
| Materials and Supplies, Fuel Stock              | 58,559,972              | 59,371,225              | (811,253)              |
| Prepayments                                     | 4,535,004               | 4,917,095               | (382,091)              |
| Other Current & Accrued Assets                  | 7,413,971               | 942,497                 | 6,471,474              |
| <b>Total Current &amp; Accrued Assets</b>       | <b>\$ 140,136,548</b>   | <b>\$ 150,066,022</b>   | <b>(9,929,474)</b>     |
| Deferred Debits                                 | 109,882,864             | 112,348,138             | (2,465,274)            |
| <b>Total Assets &amp; Other Debits</b>          | <b>\$ 1,765,309,988</b> | <b>\$ 1,796,363,282</b> | <b>\$ (31,053,294)</b> |

# June 2022 YTD Financial Information

## Comparative Balance Sheet, Liabilities & Other Credits

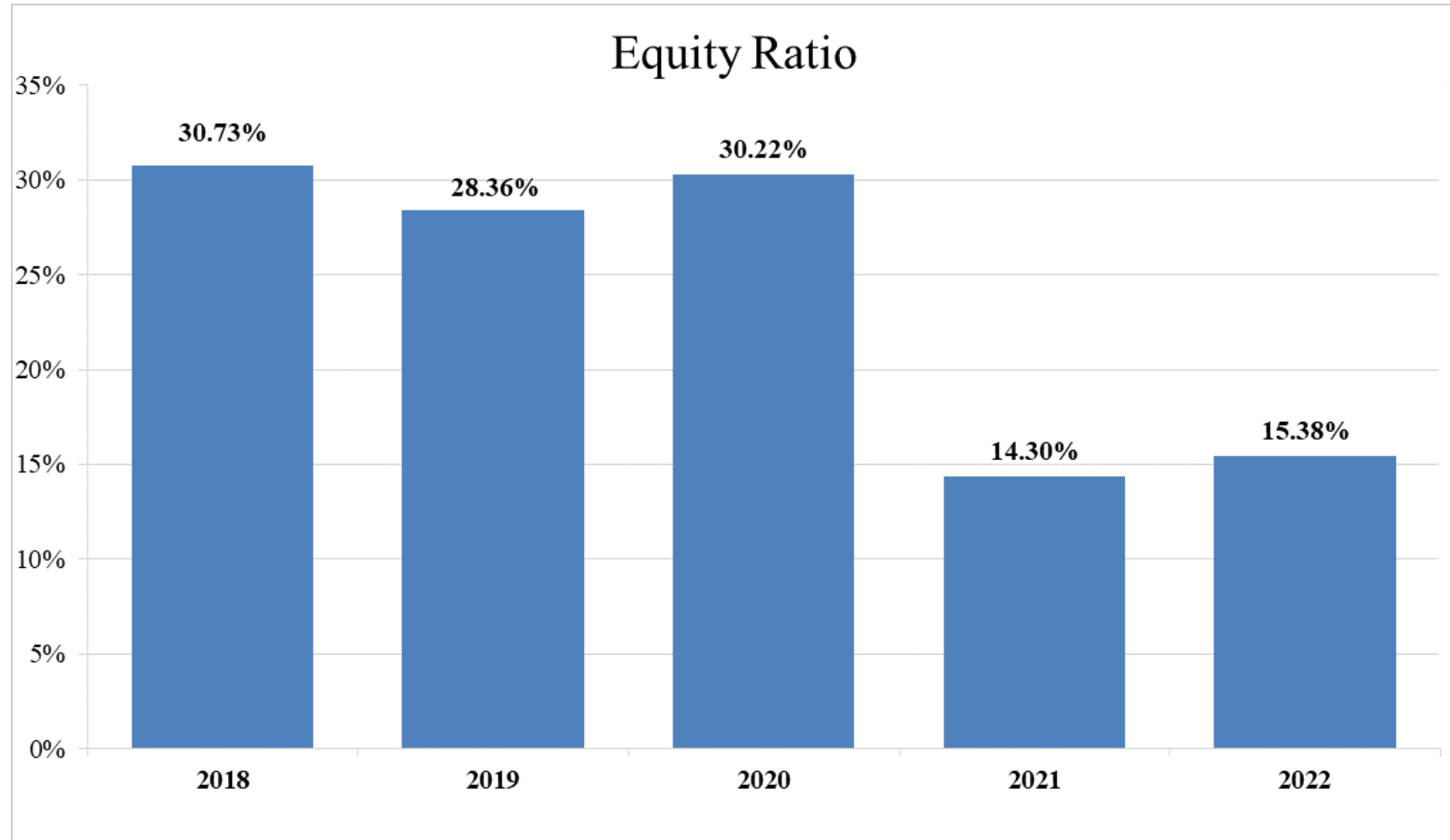


| LIABILITIES & OTHER CREDITS                    | 6/30/2022               | 12/31/2021              | CHANGE                 |
|--|-------------------------|-------------------------|------------------------|
| Memberships                                    | 1,967,276               | 1,949,262               | 18,014                 |
| Pat. Capital, Margins & Equities               | 207,879,895             | 204,051,676             | 3,828,219              |
| <b>Total Margins &amp; Equities</b>            | <b>\$ 209,847,171</b>   | <b>\$ 206,000,938</b>   | <b>\$ 3,846,233</b>    |
| Long-Term Debt - Bonds                         | 1,139,549,996           | 1,173,366,663           | (33,816,667)           |
| Long-Term Debt - Other                         | 20,976,000              | 23,028,000              | (2,052,000)            |
| Unamortized Debt Issuance Costs                | (6,019,081)             | (6,072,373)             | 53,292                 |
| Operating Lease Liabilities                    | 3,695,159               | 3,835,282               | (140,123)              |
| Finance Lease Liabilities                      | 202,748                 | 13,667                  | 189,081                |
| <b>Total Long-Term Debt</b>                    | <b>\$ 1,158,404,822</b> | <b>\$ 1,194,171,239</b> | <b>\$ (35,766,417)</b> |
| Notes Payable                                  | 67,177,695              | 64,473,838              | 2,703,857              |
| Accounts Payable                               | 17,786,874              | 14,878,065              | 2,908,809              |
| Consumer Deposits                              | 5,035,742               | 5,663,067               | (627,325)              |
| Other Current & Accrued Liabilities            | 59,580,110              | 52,236,502              | 7,343,608              |
| <b>Total Current &amp; Accrued Liabilities</b> | <b>\$ 149,580,421</b>   | <b>\$ 137,251,472</b>   | <b>\$ 12,328,949</b>   |
| Deferred Compensation                          | 1,513,363               | 2,115,229               | (601,866)              |
| Other Liabilities, Non-Current                 | 948,319                 | 741,387                 | 206,932                |
| Deferred Liabilities                           | 15,092,235              | 24,724,119              | (9,631,884)            |
| BRU Regulatory Liability                       | 102,485,625             | 107,364,906             | (4,879,281)            |
| Cost of Removal Obligation                     | 127,438,032             | 123,993,992             | 3,444,040              |
| <b>Total Liabilities &amp; Other Credits</b>   | <b>\$ 1,765,309,988</b> | <b>\$ 1,796,363,282</b> | <b>\$ (31,053,294)</b> |

## 5 Year Equity Ratio

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# June 2022 YTD Financial Information

## Statements of Cash Flows



|  | June 30, 2022          | June 30, 2021          |
|--|------------------------|------------------------|
| <b>1. Cash flows from operating activities:</b>  | <b>\$ 3,920,925</b>    | <b>\$ 1,792,699</b>    |
| Assignable margins   |                        |                        |
| Adjustments to reconcile assignment margins to net cash provided (used) by operating activities: |                        |                        |
| Depreciation and amortization  | 38,090,115             | 36,635,518             |
| Allowance for funds used during construction   | (41,170)               | (58,854)               |
| Other non-cash charges   | 5,144,082              | 5,384,911              |
| (Increase) decrease in assets  | 2,606,574              | (2,859,201)            |
| Increase (decrease) in liabilities   | (7,086,528)            | (14,846,261)           |
| <b>Net cash provided by operating activities:</b>  | <b>\$ 42,633,998</b>   | <b>\$ 26,048,812</b>   |
| <b>2. Cash flows from investing activities:</b>  |                        |                        |
| Return of capital from investment in associated organizations                                    | 285,149                | 308,646                |
| Investment in special funds  | 2,407,309              | (12,151,404)           |
| Proceeds from capital grants   | 238,604                | 109,650                |
| Extension and replacement of plant   | (25,305,668)           | (11,218,172)           |
| <b>Net cash used in investing activities:</b>  | <b>\$ (22,374,606)</b> | <b>\$ (22,951,280)</b> |
| <b>3. Cash flows from financing activities:</b>  |                        |                        |
| Payments for debt issue costs  | 0                      | (7,734)                |
| Net increase (decrease) in short-term obligations  | (2,000,000)            | 2,000,000              |
| Net increase (decrease) in long-term obligations   | (31,140,667)           | (31,140,667)           |
| Net increase (decrease) in consumer advances/retired patronage/other                             | 3,459,752              | 3,072,066              |
| <b>Net cash provided by (used in) financing activities:</b>                                      | <b>\$ (29,680,915)</b> | <b>\$ (26,076,335)</b> |
| Net change in cash, cash equivalents & restricted cash   | (9,421,523)            | (22,978,803)           |
| <b>4. Cash, cash equivalents &amp; restricted cash at beginning of period</b>                    | <b>\$ 37,655,033</b>   | <b>\$ 60,456,418</b>   |
| <b>5. Cash, cash equivalents and restricted cash at end of period</b>                            | <b>\$ 28,233,510</b>   | <b>\$ 37,477,615</b>   |

Questions?

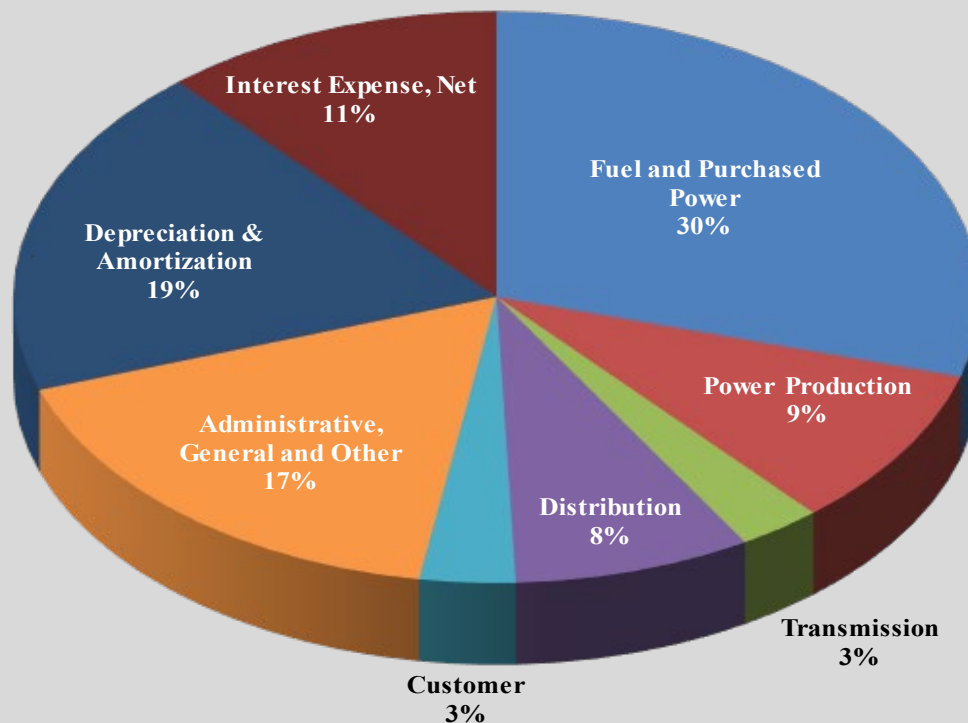
## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2022 MTD ACTUAL TO BUDGET

| CATEGORY   | ACTUAL               | BUDGET <sup>1</sup>   | VARIANCE            |
|--|----------------------|-----------------------|---------------------|
| <b>Operating Revenue &amp; Patronage Capital</b>     | <b>\$ 27,405,672</b> | <b>\$ 26,240,800</b>  | <b>\$ 1,164,872</b> |
| Fuel and Purchased Power                             | 8,250,424            | 8,164,966             | 85,458              |
| Power Production                                     | 2,549,283            | 3,323,136             | (773,853)           |
| Transmission   | 777,605              | 922,810               | (145,205)           |
| Distribution   | 2,225,848            | 2,309,356             | (83,508)            |
| Customer   | 893,582              | 951,227               | (57,645)            |
| Administrative, General and Other                    | 4,796,849            | 4,136,877             | 659,972             |
| Depreciation & Amortization                          | 5,266,960            | 5,096,240             | 170,720             |
| Interest Expense, Net                                | 3,201,261            | 3,181,765             | 19,496              |
| <b>Total Cost of Electric Service</b>                | <b>\$ 27,961,812</b> | <b>\$ 28,086,377</b>  | <b>\$ (124,565)</b> |
| <b>Patronage Capital &amp; Operating Margins</b>     | <b>\$ (556,140)</b>  | <b>\$ (1,845,577)</b> | <b>\$ 1,289,437</b> |
| Non-Operating Margins - Interest                     | 45,143               | 24,262                | 20,881              |
| Allowance for Funds Used During Construction         | 7,181                | 23,747                | (16,566)            |
| Non-Operating Margins - Other                        | 400                  | (12,098)              | 12,498              |
| <b>Patronage Capital or Margins</b>                  | <b>\$ (503,416)</b>  | <b>\$ (1,809,666)</b> | <b>\$ 1,306,250</b> |
| <b>Adj. Patronage Capital or Margins<sup>2</sup></b> | <b>\$ 235,828</b>    | <b>\$ (1,070,422)</b> | <b>\$ 1,306,250</b> |

<sup>1</sup>Amended budget

<sup>2</sup>Results if adjusted by secondary regulatory asset & Eklutna PPA

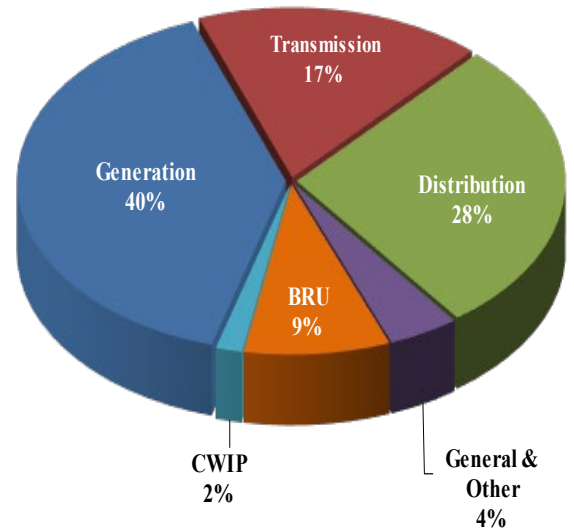
### Total Cost of Electric Service (MTD Actual)



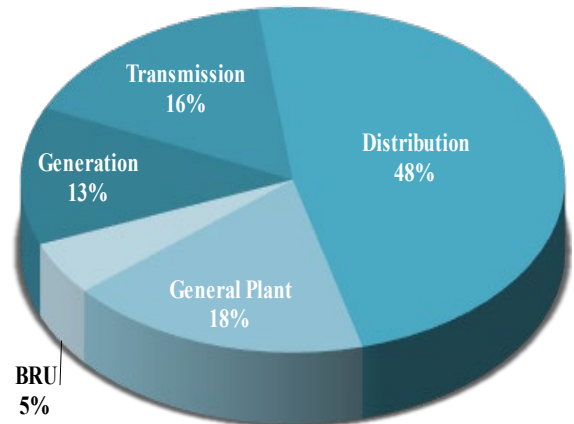
## BALANCE SHEET

| ASSETS & OTHER DEBITS                           | 6/30/2022               | 12/31/2021              |
|---|-------------------------|-------------------------|
| Electric Plant in Service                       | 2,102,434,040           | 2,085,567,712           |
| Construction Work in Progress                   | 33,833,064              | 34,253,304              |
| <b>Total Utility Plant</b>                      | <b>\$ 2,136,267,104</b> | <b>\$ 2,119,821,016</b> |
| Accum. Prov. for Depreciation/Amortization      | (672,532,232)           | (640,729,478)           |
| <b>Net Utility Plant</b>                        | <b>\$ 1,463,734,872</b> | <b>\$ 1,479,091,538</b> |
| Nonutility Property - Net                       | 76,889                  | 76,889                  |
| Financing & Operating Lease Right-of-Use Assets | 4,157,955               | 4,126,967               |
| Investment in Assoc. Organizations              | 6,996,666               | 7,280,936               |
| Special Funds                                   | 40,007,461              | 43,016,636              |
| Restricted Cash Equivalents & Other             | 64,310                  | 64,310                  |
| Long-term Prepayments                           | 252,423                 | 291,846                 |
| <b>Total Other Property &amp; Investments</b>   | <b>\$ 51,555,704</b>    | <b>\$ 54,857,584</b>    |
| Cash & Restricted Cash                          | 28,169,200              | 37,590,723              |
| Special Deposits and Marketable Securities      | 58,300                  | 58,300                  |
| Accounts Receivable - Net                       | 41,400,101              | 47,186,182              |
| Materials and Supplies, Fuel Stock              | 58,559,972              | 59,371,225              |
| Prepayments                                     | 4,535,004               | 4,917,095               |
| Other Current & Accrued Assets                  | 7,413,971               | 942,497                 |
| <b>Total Current &amp; Accrued Assets</b>       | <b>\$ 140,136,548</b>   | <b>\$ 150,066,022</b>   |
| Deferred Debits                                 | 109,882,864             | 112,348,138             |
| <b>Total Assets &amp; Other Debits</b>          | <b>\$ 1,765,309,988</b> | <b>\$ 1,796,363,282</b> |
| LIABILITIES & OTHER CREDITS                     | 6/30/2022               | 12/31/2021              |
| Memberships                                     | 1,967,276               | 1,949,262               |
| Pat. Capital, Margins & Equities                | 207,879,895             | 204,051,676             |
| <b>Total Margins &amp; Equities</b>             | <b>\$ 209,847,171</b>   | <b>\$ 206,000,938</b>   |
| Long-Term Debt - Bonds                          | 1,139,549,996           | 1,173,366,663           |
| Long-Term Debt - Other                          | 20,976,000              | 23,028,000              |
| Unamortized Debt Issuance Costs                 | (6,019,081)             | (6,072,373)             |
| Operating Lease Liabilities                     | 3,695,159               | 3,835,282               |
| Finance Lease Liabilities                       | 202,748                 | 13,667                  |
| <b>Total Long-Term Debt</b>                     | <b>\$ 1,158,404,822</b> | <b>\$ 1,194,171,239</b> |
| Notes Payable                                   | 67,177,695              | 64,473,838              |
| Accounts Payable                                | 17,786,874              | 14,878,065              |
| Consumer Deposits                               | 5,035,742               | 5,663,067               |
| Other Current & Accrued Liabilities             | 59,580,110              | 52,236,502              |
| <b>Total Current &amp; Accrued Liabilities</b>  | <b>\$ 149,580,421</b>   | <b>\$ 137,251,472</b>   |
| Deferred Compensation                           | 1,513,363               | 2,115,229               |
| Other Liabilities, Non-Current                  | 948,319                 | 741,387                 |
| Deferred Liabilities                            | 15,092,235              | 24,724,119              |
| BRU Regulatory Liability                        | 102,485,625             | 107,364,906             |
| Cost of Removal Obligation                      | 127,438,032             | 123,993,992             |
| <b>Total Liabilities &amp; Other Credits</b>    | <b>\$ 1,765,309,988</b> | <b>\$ 1,796,363,282</b> |

**Total Utility Plant**  
**\$2,136,267,104**



**Construction Work in Progress**  
**\$33,833,064**

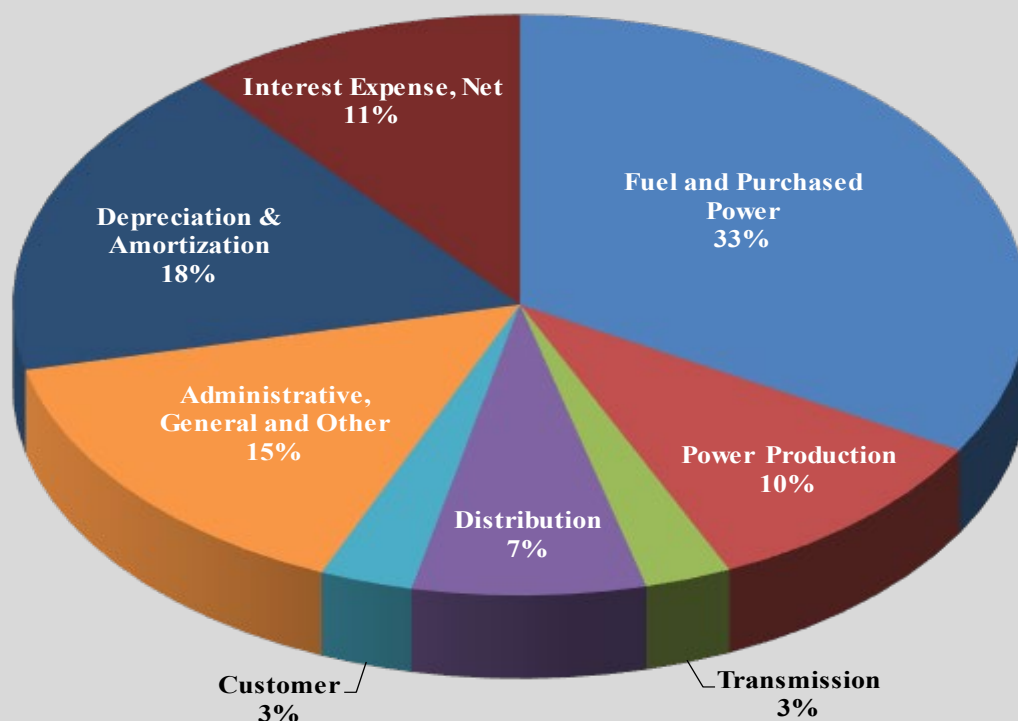


## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2022 YTD ACTUAL TO BUDGET

| CATEGORY   | ACTUAL                | BUDGET <sup>1</sup>   | VARIANCE            |
|--|-----------------------|-----------------------|---------------------|
| <b>Operating Revenue &amp; Patronage Capital</b>     | <b>\$ 182,977,995</b> | <b>\$ 174,166,039</b> | <b>\$ 8,811,956</b> |
| Fuel and Purchased Power                             | 59,763,559            | 54,045,451            | 5,718,108           |
| Power Production                                     | 17,724,354            | 18,456,541            | (732,187)           |
| Transmission   | 4,941,108             | 5,746,075             | (804,967)           |
| Distribution   | 13,327,931            | 14,100,787            | (772,856)           |
| Customer   | 5,302,619             | 5,722,770             | (420,151)           |
| Administrative, General and Other                    | 26,876,793            | 26,371,002            | 505,791             |
| Depreciation & Amortization                          | 31,824,996            | 30,635,078            | 1,189,918           |
| Interest Expense, Net                                | 19,454,438            | 19,370,886            | 83,552              |
| <b>Total Cost of Electric Service</b>                | <b>\$ 179,215,798</b> | <b>\$ 174,448,590</b> | <b>\$ 4,767,208</b> |
| <b>Patronage Capital &amp; Operating Margins</b>     | <b>\$ 3,762,197</b>   | <b>\$ (282,551)</b>   | <b>\$ 4,044,748</b> |
| Non-Operating Margins - Interest                     | 190,684               | 145,572               | 45,112              |
| Allowance for Funds Used During Construction         | 41,170                | 135,702               | (94,532)            |
| Non-Operating Margins - Other                        | (73,126)              | (72,592)              | (534)               |
| <b>Patronage Capital or Margins</b>                  | <b>\$ 3,920,925</b>   | <b>\$ (73,869)</b>    | <b>\$ 3,994,794</b> |
| <b>Adj. Patronage Capital or Margins<sup>2</sup></b> | <b>\$ 8,356,387</b>   | <b>\$ 4,361,593</b>   | <b>\$ 3,994,794</b> |

<sup>1</sup>Amended budget  
<sup>2</sup>Results if adjusted by secondary regulatory asset & Eklutna PPA

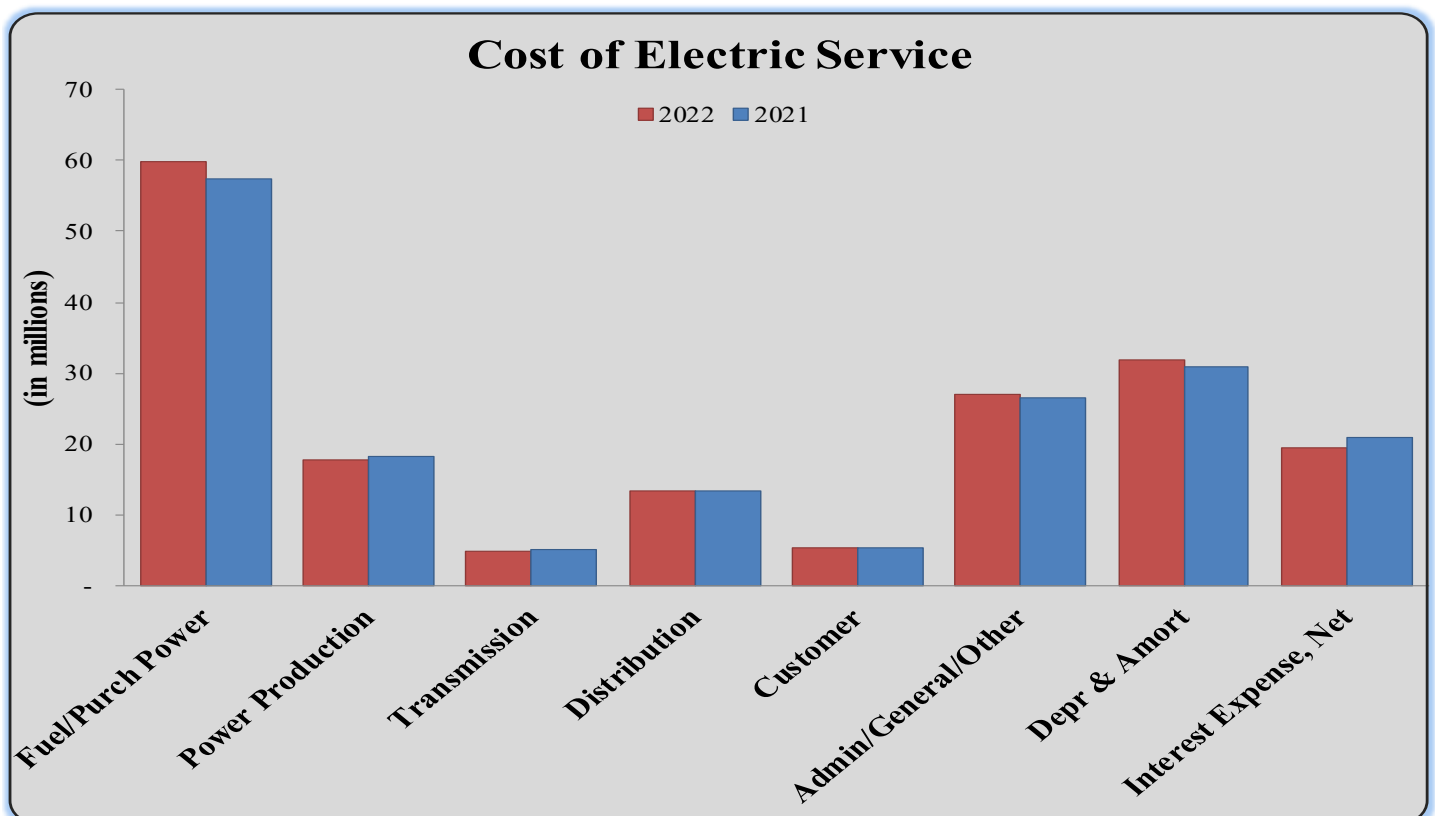
### Total Cost of Electric Service (YTD Actual)

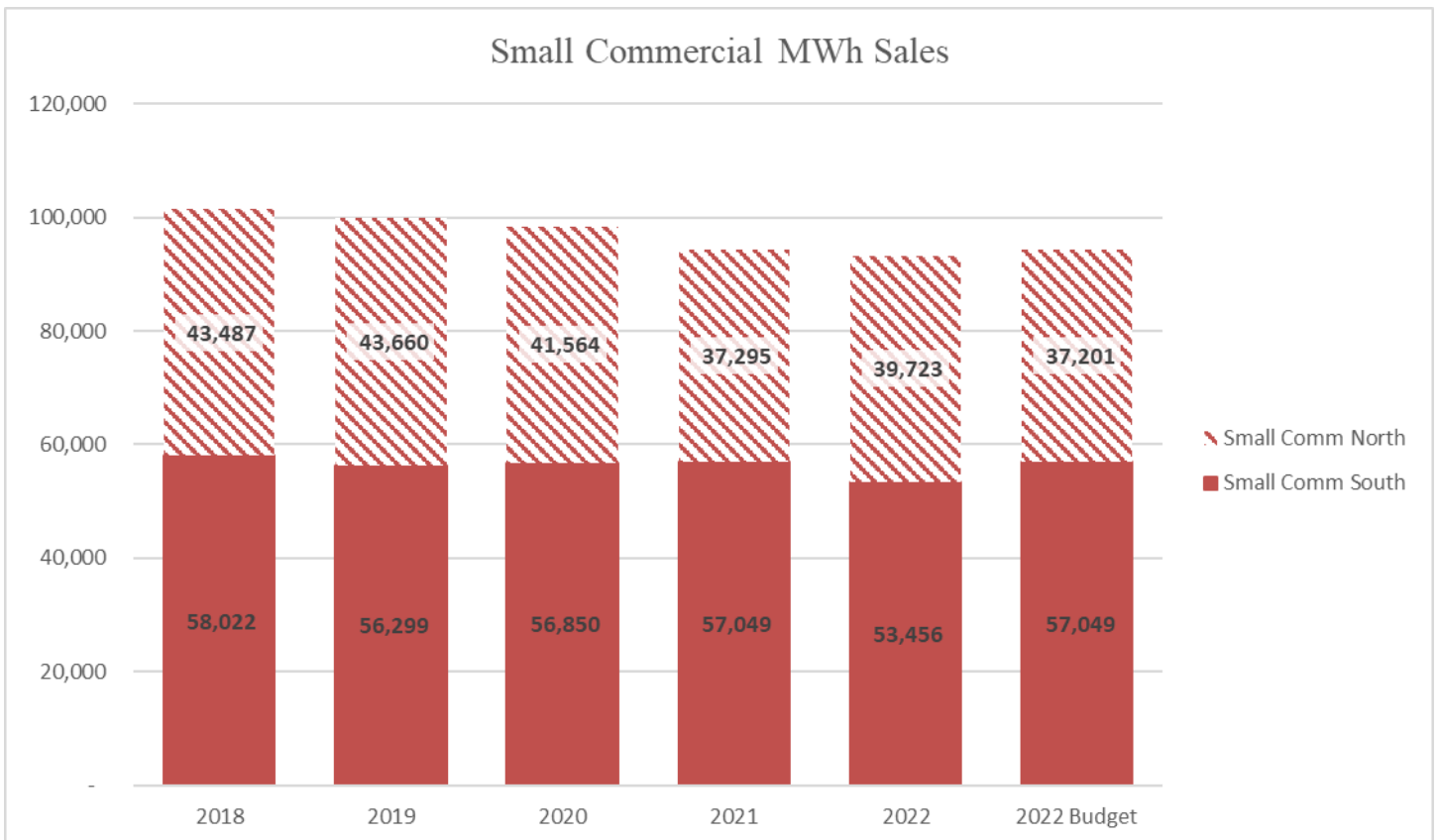
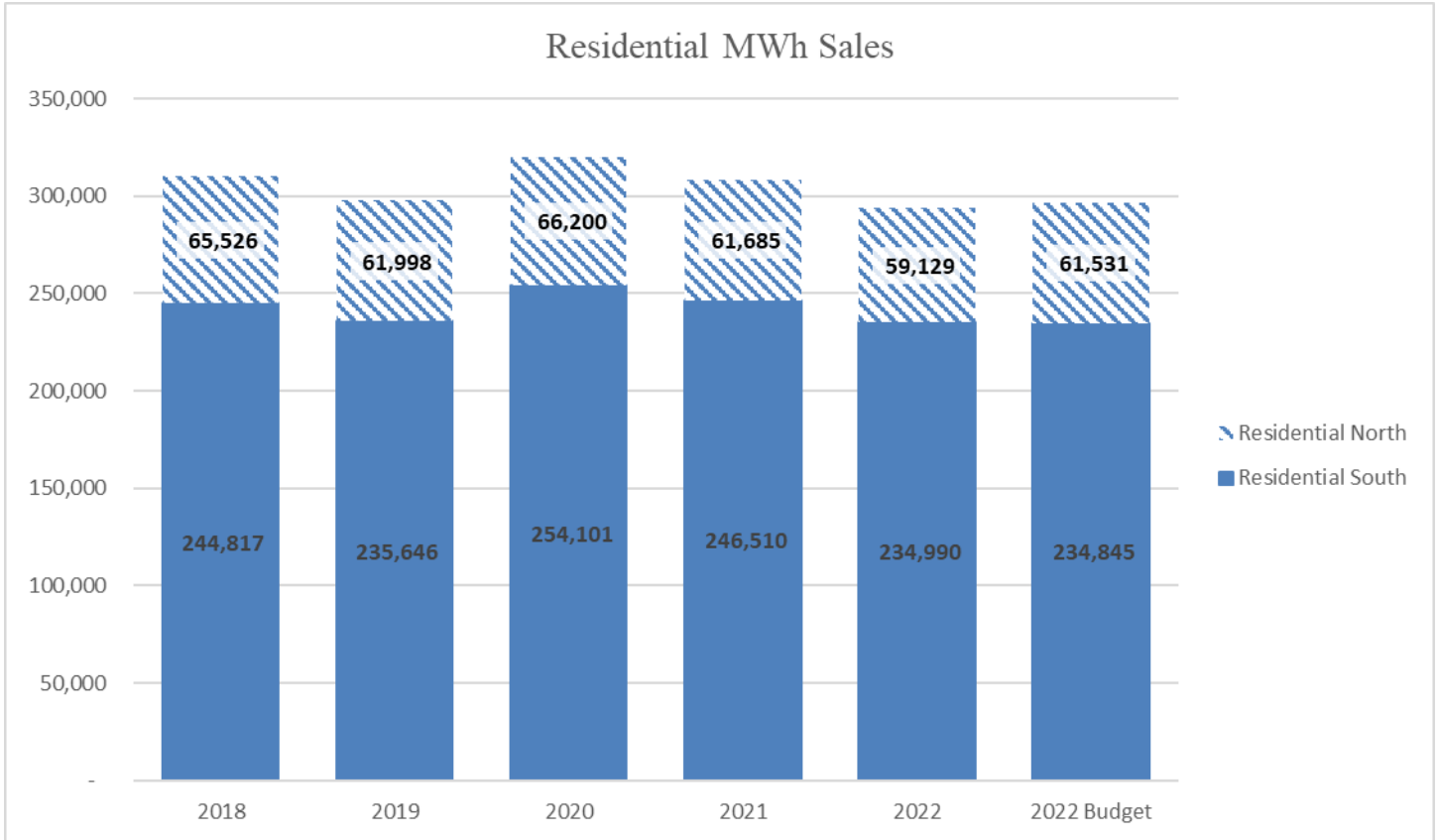


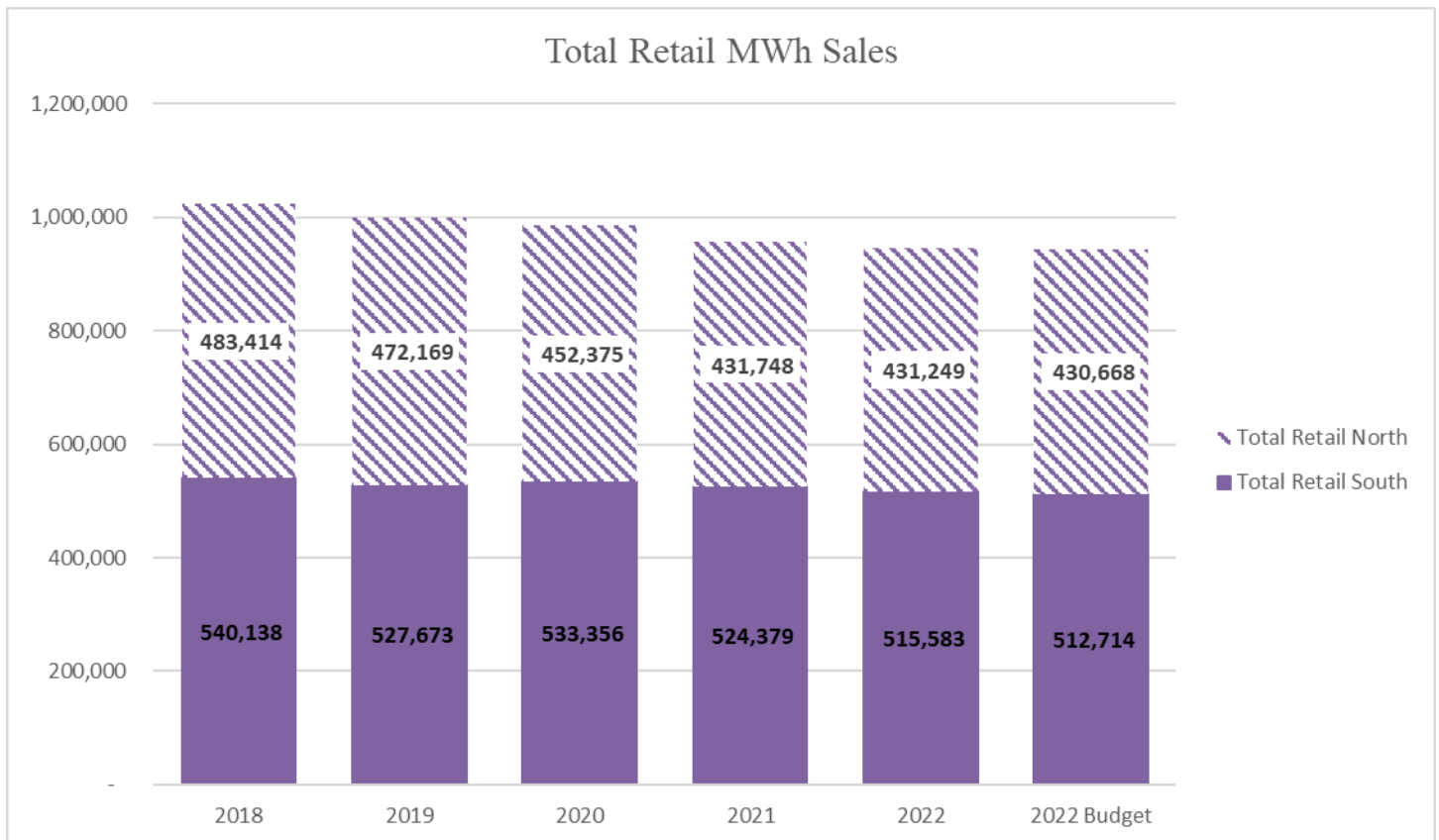
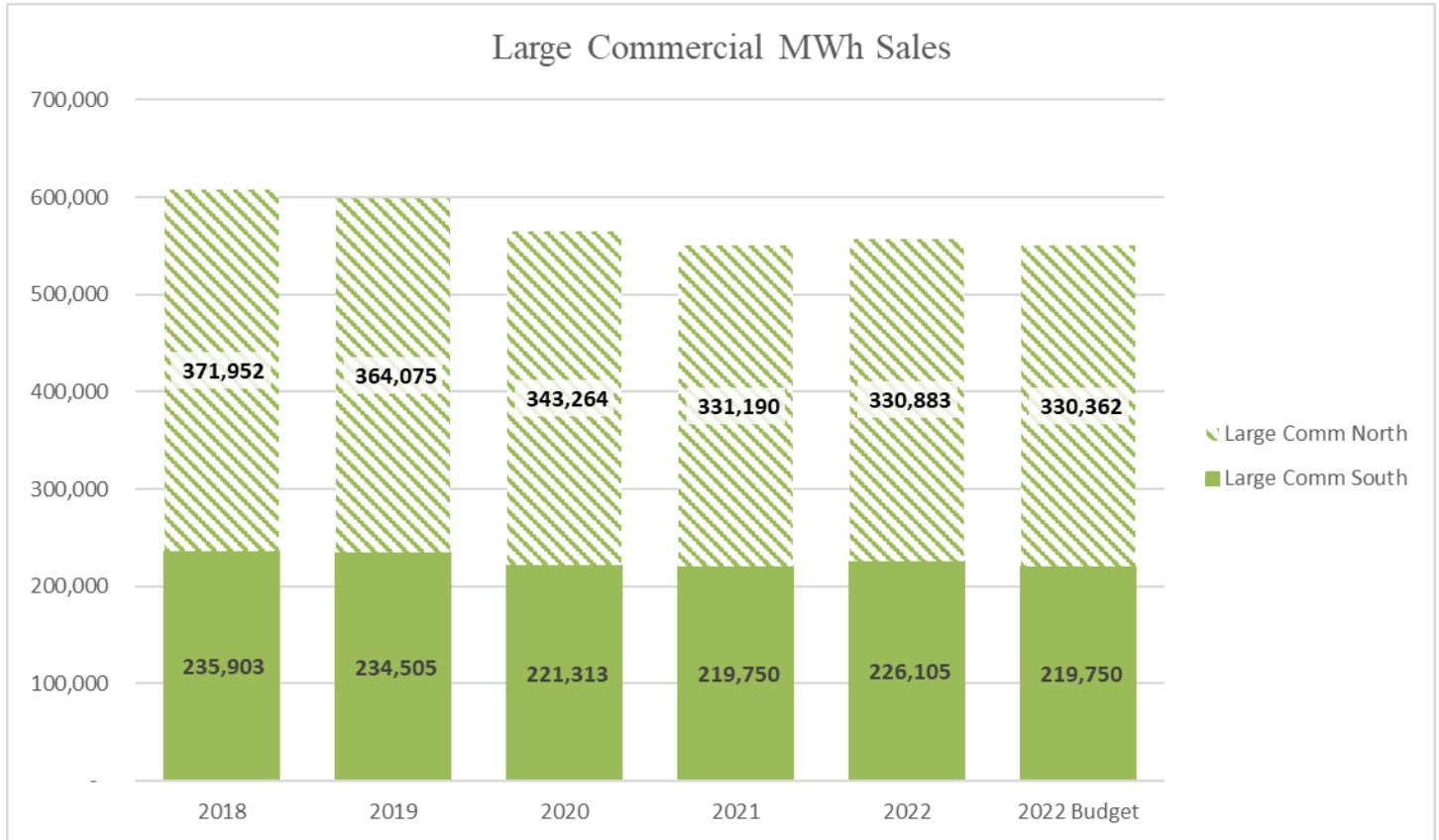
## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YEAR

| CATEGORY   | 2022<br>YTD<br>ACTUAL | 2021<br>YTD<br>ACTUAL |
|--|-----------------------|-----------------------|
| <b>Operating Revenue &amp; Patronage Capital</b>     | <b>\$ 182,977,995</b> | <b>\$ 179,114,823</b> |
| Fuel and Purchased Power                             | 59,763,559            | 57,448,866            |
| Power Production                                     | 17,724,354            | 18,232,487            |
| Transmission   | 4,941,108             | 5,002,563             |
| Distribution   | 13,327,931            | 13,373,033            |
| Customer   | 5,302,619             | 5,298,349             |
| Administrative, General and Other                    | 26,876,793            | 26,391,432            |
| Depreciation & Amortization                          | 31,824,996            | 30,908,240            |
| Interest Expense, Net                                | 19,454,438            | 20,879,764            |
| <b>Total Cost of Electric Service</b>                | <b>\$ 179,215,798</b> | <b>\$ 177,534,734</b> |
| <b>Patronage Capital &amp; Operating Margins</b>     | <b>\$ 3,762,197</b>   | <b>\$ 1,580,089</b>   |
| Non-Operating Margins - Interest                     | 190,684               | 145,815               |
| Allowance for Funds Used During Construction         | 41,170                | 58,854                |
| Non-Operating Margins - Other                        | (73,126)              | 7,942                 |
| <b>Patronage Capital or Margins</b>                  | <b>\$ 3,920,925</b>   | <b>\$ 1,792,700</b>   |
| <b>Adj. Patronage Capital or Margins<sup>1</sup></b> | <b>\$ 8,356,387</b>   | <b>N/A</b>            |
| MFI/I  | 1.19                  | 1.08                  |
| TIER   | 1.19                  | 1.09                  |

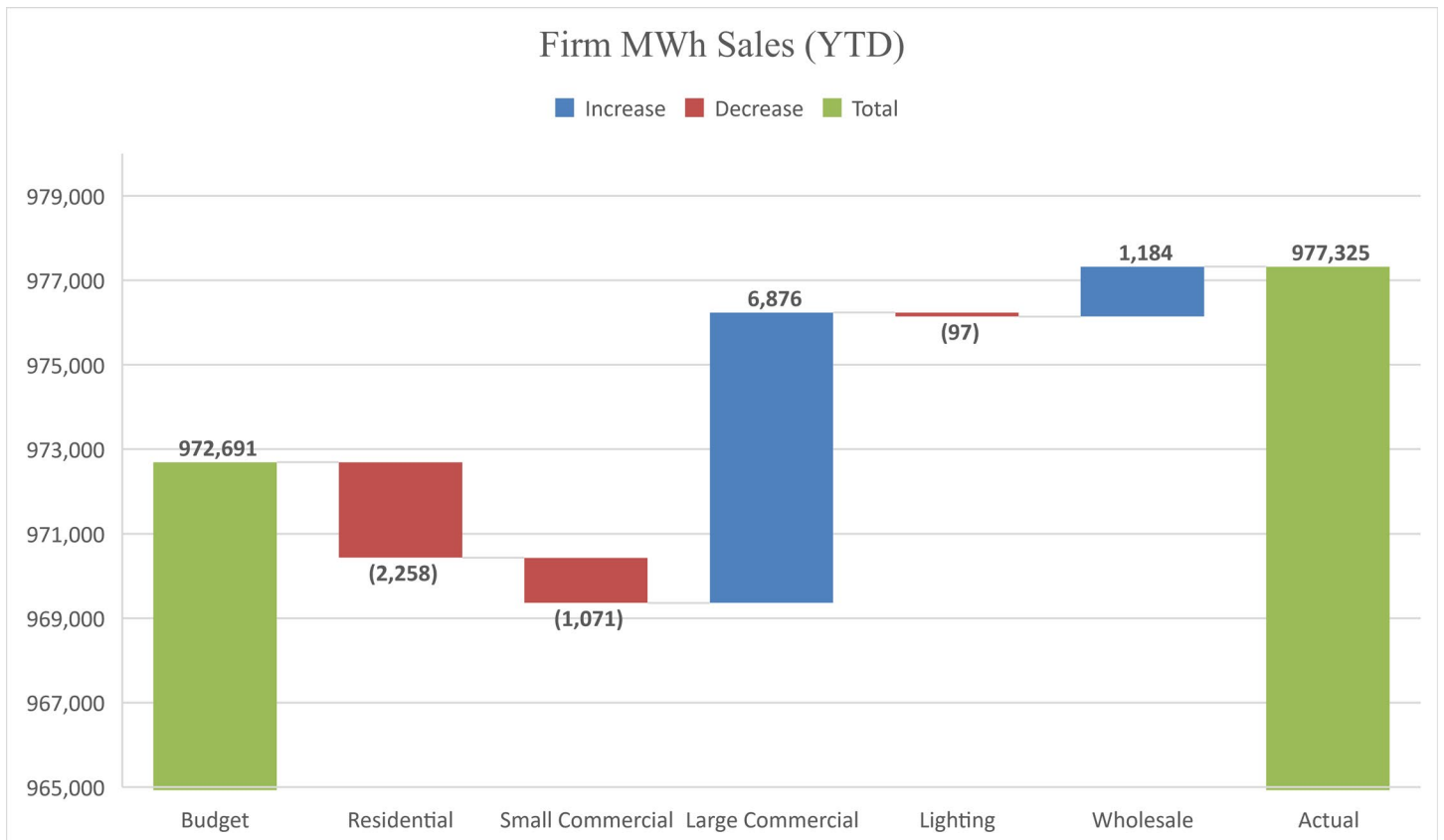
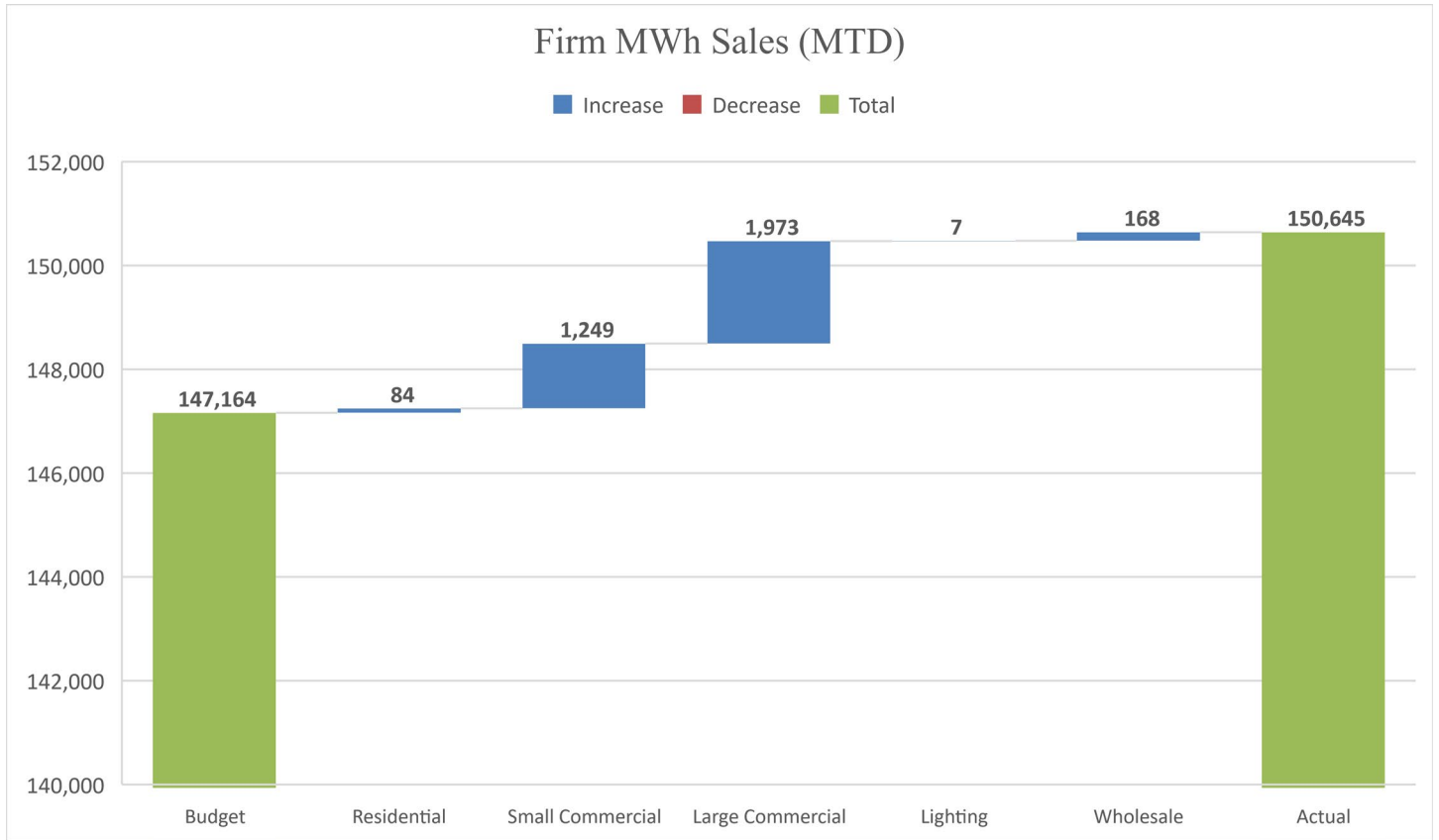
<sup>1</sup>Results if adjusted by secondary regulatory asset & Eklutna PPA

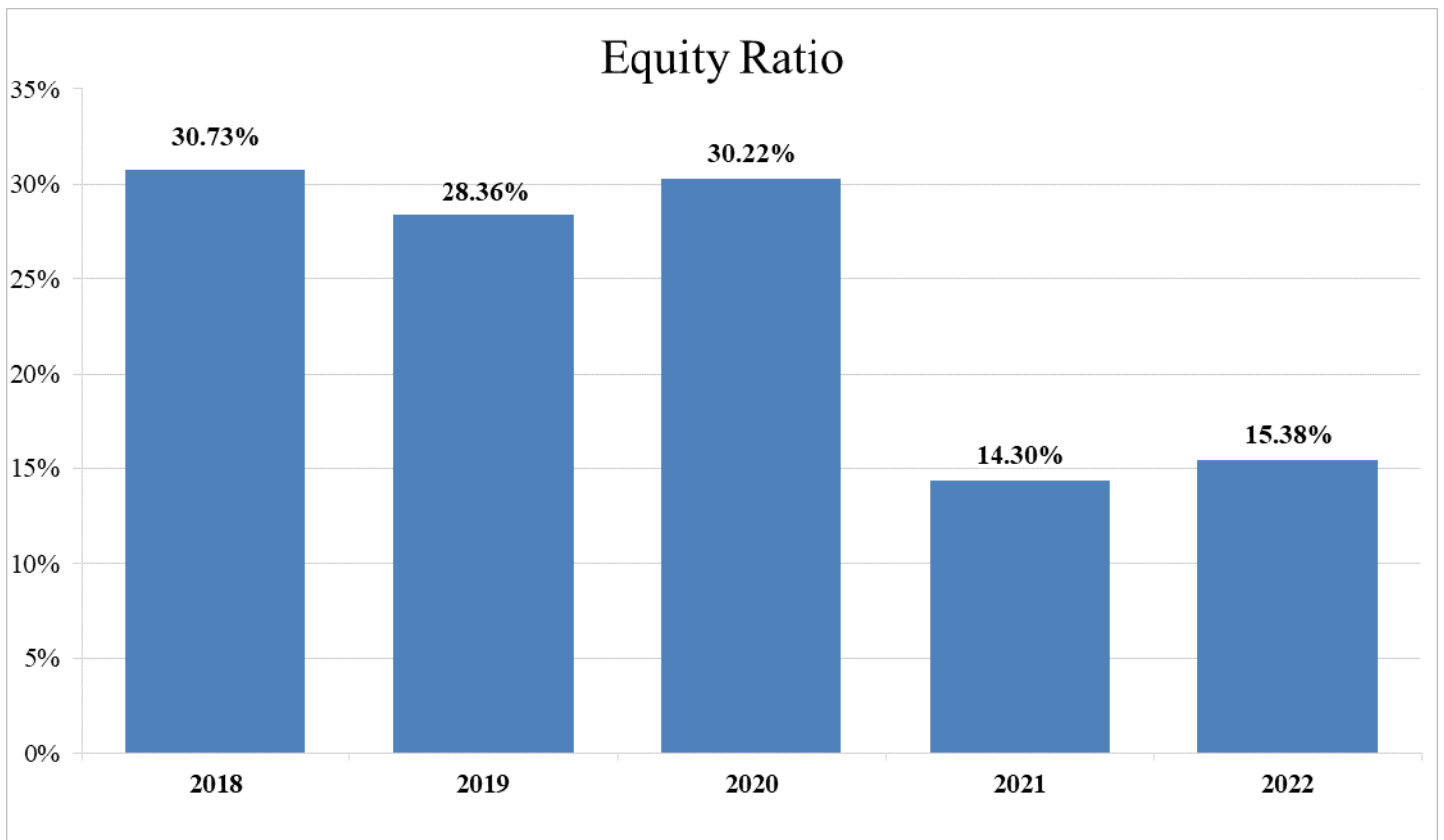
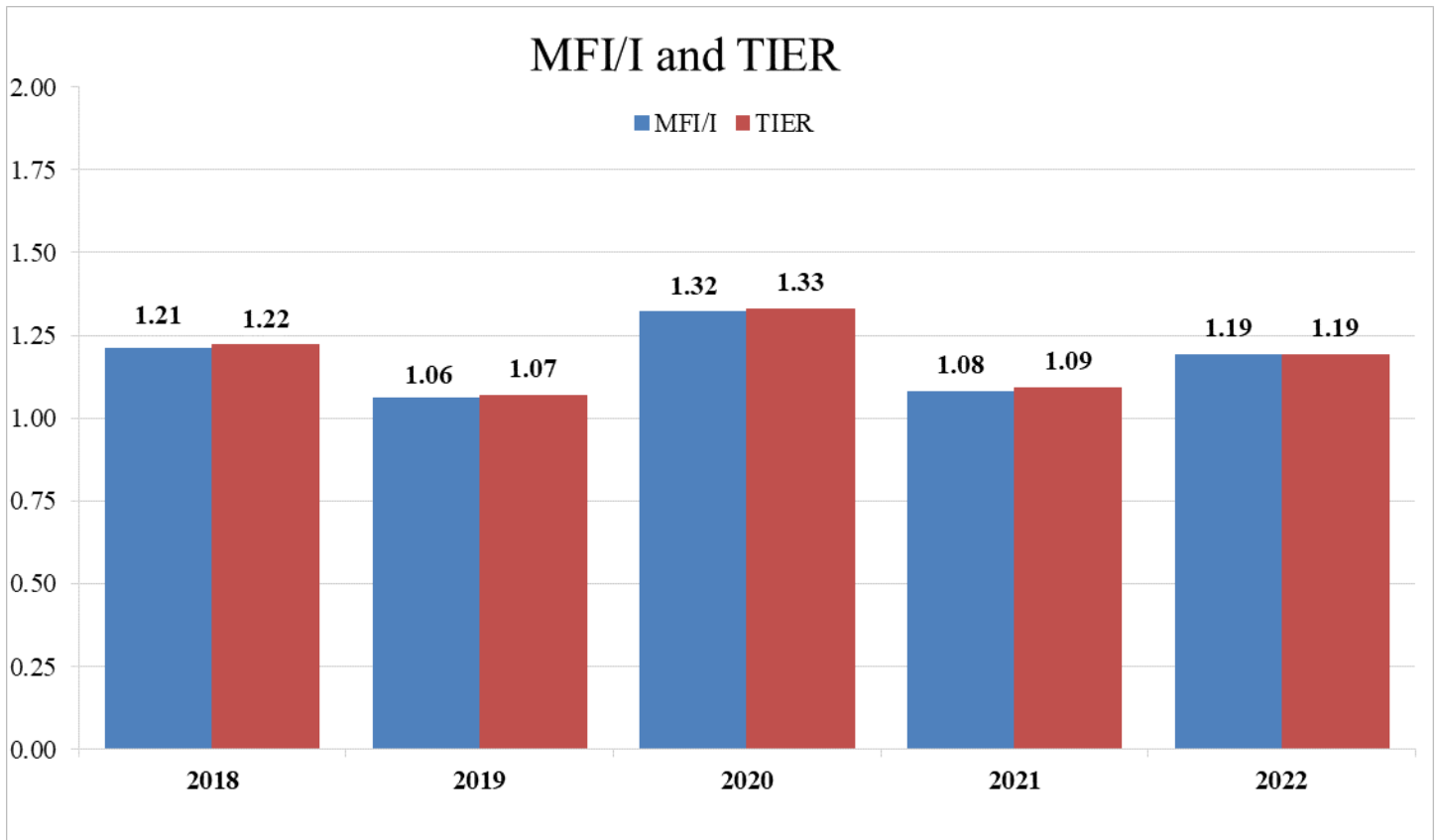












## ENERGY SALES (kWh)

|                         | <u>2022 Actual</u> | <u>2022 Budget</u> |
|-------------------------|--------------------|--------------------|
| Retail Energy Sales     | 946,831,855        | 943,382,723        |
| Wholesale Energy Sales  | <u>30,493,044</u>  | <u>29,308,606</u>  |
| Total Firm Energy Sales | 977,324,899        | 972,691,329        |
| Economy Energy/Capacity | 129,540,000        | 76,117,852         |
| Power Pool Sales        | <u>82,393,000</u>  | <u>81,000,000</u>  |
| Total Energy Sales      | 1,189,257,899      | 1,129,809,181      |

Firm energy sales totaled 977,324,899 kWh, which was a 0.5% favorable variance compared to budget. While the total of retail energy sales were on par with budget, lower residential and small commercial sales were offset by higher large commercial sales. Wholesale and economy energy and capacity sales were both over budget by 4.0% and 70.2%, respectively. The favorable variance related to economy sales was due to higher than anticipated sales to GVEA as well as unanticipated sales to HEA. Power pool sales with MEA totaled 82,393,000 kWh, which was above budget by 1.7%.

## ENERGY REVENUE (in millions)

|                                 | <u>2022 Actual</u> | <u>2022 Budget</u> |
|---------------------------------|--------------------|--------------------|
| Retail Revenue                  | \$ 162.5           | \$ 161.1           |
| Wholesale Revenue               | <u>2.6</u>         | <u>2.9</u>         |
| Total Firm Revenue              | 165.1              | 164.0              |
| Economy Energy/Capacity Revenue | 12.9               | 6.6                |
| Power Pool Revenue              | 0.9                | 0.9                |
| Other Operating Revenue         | <u>4.1</u>         | <u>2.7</u>         |
| Total Revenue                   | \$ 183.0           | \$ 174.2           |

While revenue from firm sales was on par with budget at \$165.1 million compared to \$164.0 million, lower residential and small commercial revenue was offset by higher large commercial revenue. Economy energy and capacity revenue was over budget by 94.4% due to higher than anticipated sales to GVEA as well as unanticipated sales to HEA, which was slightly offset by lower than anticipated wholesale revenue. Power pool revenue with MEA was on par with budget at \$850 thousand. Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, grants, AWWU revenue, miscellaneous service, and other electric revenue. Other operating revenue totaled \$4.1 million compared to \$2.7 million in the budget, due primarily to higher wheeling for GVEA and gas exchange revenue.

## FUEL AND PURCHASED POWER (in millions)

|                 | <u>2022 Actual</u> | <u>2022 Budget</u> |
|-----------------|--------------------|--------------------|
| Fuel            | \$ 50.0            | \$ 43.2            |
| Purchased Power | <u>9.8</u>         | <u>10.8</u>        |
| Total           | \$ 59.8            | \$ 54.0            |

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$50.0 million compared to \$43.2 million in the budget. This unfavorable variance was due primarily to higher than anticipated BRU operating costs and additional fuel production to meet customer demand.

Fuel purchased or withdrawn from inventory for production was 4,460,396 Mcf at an average effective price of \$8.50 per Mcf compared to 4,011,890 Mcf budgeted at an average effective price of \$8.48 per Mcf.

Purchased power expense represents energy purchased from Bradley Lake, Fire Island, Eklutna, MEA through power pooling and other utilities as needed, as well as costs associated with dispatching. Purchased power expense was \$9.8 million compared to \$10.8 million in the budget, caused primarily by lower energy purchases and lower system control and dispatch labor.

Energy purchased was 98,349 MWh at an average effective price of 7.40 cents per kWh compared to 123,218 MWh budgeted at an average effective price of 6.20 cents per kWh. Water levels at the Bradley Lake reservoir were considerably lower than budget and led to a higher effective rate.

## POWER PRODUCTION (in millions)

|                  | <u>2022 Actual</u> | <u>2022 Budget</u> |
|------------------|--------------------|--------------------|
| Power Production | \$ 17.7            | \$ 18.5            |

Power production expense was \$17.7 million compared to \$18.5 million in the budget. This favorable variance was due primarily to lower labor costs at the Nikkels, SPP, and Sullivan plants as well as lower maintenance expense at Sullivan, which was somewhat offset by higher warehouse costs allocated to this financial category and the amortization of acquired ML&P regulatory assets.

## TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

|              | <u>2022 Actual</u> | <u>2022 Budget</u> |
|--------------|--------------------|--------------------|
| Transmission | \$ 4.9             | \$ 5.7             |

Transmission operations and maintenance expense was \$4.9 million compared to \$5.7 million in the budget. This favorable variance was due primarily to lower warehouse costs allocated to this financial category.

## DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

|              | <u>2022 Actual</u> | <u>2022 Budget</u> |
|--------------|--------------------|--------------------|
| Distribution | \$ 13.3            | \$ 14.1            |

Distribution operations and maintenance expense was \$13.3 million compared to \$14.1 million in the budget. This favorable variance was due primarily to lower labor and information services costs allocated to this financial category.

## CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

|                               | <u>2022 Actual</u> | <u>2022 Budget</u> |
|-------------------------------|--------------------|--------------------|
| Consumer/Customer Information | \$ 5.3             | \$ 5.7             |

Consumer accounts and customer information expense was \$5.3 million compared to \$5.7 million in the budget. This favorable variance was due primarily to lower labor costs.

## ADMINISTRATIVE, GENERAL AND OTHER (in millions)

|                                   | <u>2022 Actual</u> | <u>2022 Budget</u> |
|-----------------------------------|--------------------|--------------------|
| Administrative, General and Other | \$ 26.9            | \$ 26.4            |

Administrative, general, and other expense includes tax, donations, other deductions associated with preliminary survey and investigation charges of projects, and obsolete inventory write-offs that are not attributable to operating or maintenance accounts. Administrative, general, and other expense was \$26.9 million compared to \$26.4 million in the budget. The unfavorable variance was due primarily to higher than anticipated regulatory and outside legal expenses. This was offset somewhat by lower than anticipated labor and PILT expense.

## SUMMARY

Depreciation, interest, and interest during construction expense totaled \$51.3 million compared to \$50.0 million in the budget. The unfavorable variance was due primarily to higher than anticipated depreciation expense related to BRU.

All the foregoing expenses resulted in total cost of electric service of \$179.2 million compared to \$174.5 million.

Non-operating margins include allowance for funds used during construction (AFUDC), capital credit and patronage capital allocations, extraordinary items, and interest and dividend income. Non-operating margins totaled \$158.7 thousand compared to \$208.7 thousand in the budget due primarily to lower AFUDC, which was somewhat offset by higher non-operating interest income.

The net result of revenue and expenses was margins of \$3.9 million compared to projected loss of \$74 thousand in the budget. This resulted in an MFI/I of 1.19, a TIER of 1.19, and an equity-to-total capitalization of 15.38%. The current forecast projects year-end margins of \$8.1 million, an MFI/I of 1.20, and TIER of 1.20.

**COMPARATIVE FINANCIAL REPORT  
STATEMENT OF OPERATIONS  
YEAR-END FORECAST**

| CATEGORY   | 2022<br>APPROVED<br>BUDGET | 2022<br>AMENDED<br>BUDGET | 2022<br>YTD<br>ACTUALS | 2022<br>REVISED<br>FORECAST       |
|--|----------------------------|---------------------------|------------------------|-----------------------------------|
| <b>Operating Revenue and Patronage Capital</b>   | <b>\$353,756,696</b>       | <b>\$345,060,581</b>      | <b>\$182,977,995</b>   | <b>354,000,390</b> <sup>1,2</sup> |
| Fuel and Purchased Power Expense                 | 105,281,462                | 102,741,756               | 59,763,559             | 109,461,565 <sup>1</sup>          |
| Power Production Expense                         | 36,526,615                 | 36,526,615                | 17,724,354             | 36,314,407 <sup>1,2</sup>         |
| Transmission Expense                             | 11,473,532                 | 11,473,532                | 4,941,108              | 11,420,344 <sup>1</sup>           |
| Distribution Expense                             | 28,908,401                 | 28,908,401                | 13,327,931             | 28,692,463 <sup>1,2</sup>         |
| Customer Expense                                 | 11,510,953                 | 11,510,953                | 5,302,619              | 11,273,138 <sup>1</sup>           |
| Administrative, General & Other                  | 52,462,820                 | 46,129,486                | 26,876,793             | 47,006,718 <sup>1,2</sup>         |
| Depreciation and Amortization Expense            | 61,413,835                 | 61,413,835                | 31,824,996             | 63,633,835 <sup>2</sup>           |
| Interest Expense, Net                            | 38,424,734                 | 38,424,735                | 19,454,438             | 38,508,287 <sup>1</sup>           |
| <b>Total Cost of Electric Service</b>            | <b>\$346,002,352</b>       | <b>\$337,129,313</b>      | <b>\$179,215,798</b>   | <b>\$346,310,756</b>              |
| <b>Patronage Capital &amp; Operating Margins</b> | <b>\$ 7,754,344</b>        | <b>\$ 7,931,268</b>       | <b>\$ 3,762,197</b>    | <b>\$ 7,689,634</b>               |
| Non-Operating Margins - Interest                 | 291,144                    | 291,144                   | 190,684                | 336,256 <sup>1</sup>              |
| Allowance for Funds Used During Construction     | 301,074                    | 301,074                   | 41,170                 | 206,542 <sup>1</sup>              |
| Non-Operating Margins - Other                    | (145,180)                  | (145,180)                 | (73,126)               | (145,714) <sup>1</sup>            |
| <b>Patronage Capital or Margins</b>              | <b>\$ 8,201,382</b>        | <b>\$ 8,378,306</b>       | <b>\$ 3,920,925</b>    | <b>\$ 8,086,718</b>               |
| MFI/I  | 1.20                       | 1.20                      | 1.19                   | 1.20                              |
| TIER   | 1.20                       | 1.21                      | 1.19                   | 1.20                              |

<sup>1</sup> Forecast based on 6 month actual and 6 month budget

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