

**CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA**

**AUDIT AND FINANCE COMMITTEE MEETING**

**AGENDA**

Sisi Cooper, Chair  
Susan Reeves, Vice Chair

Bettina Chastain  
Jim Henderson  
Janet Reiser

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**August 9, 2017**

**4:00 p.m.**

**Chugach Board Room**

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- I. CALL TO ORDER
  - A. *Roll Call*
- II. APPROVAL OF THE AGENDA\*
- III. APPROVAL OF THE MINUTES\*
  - A. *June 6, 2017 (Portades)*
- IV. PERSONS TO BE HEARD
  - A. *Wholesale Customer and Member Comments*
- V. CEO REPORTS AND CORRESPONDENCE (*scheduled*)
  - A. *2<sup>nd</sup> Quarter 2017 Financial Statements and Variance Report (Harris/Curran)*
  - B. *2<sup>nd</sup> Quarter 2017 Operating Budget Status Report (Curran)*
  - C. *2<sup>nd</sup> Quarter 2017 Capital Tracking Report (Curran)*
  - D. *2<sup>nd</sup> Quarter 2017 Contract Status Report (Vecera)*
- VI. NEW BUSINESS (*scheduled*)
  - A. *2<sup>nd</sup> Quarter 2017 Financial Information (Harris)*
- VII. EXECUTIVE SESSION\* (*scheduled*)
  - A. *Strategic Planning*
    - 1. *KPMG 2<sup>nd</sup> Quarter 2017 Review*
    - 2. *June 30, 2017, SEC Form 10Q Review*
    - 3. *NRUCFC Line of Credit*
- VIII. NEW BUSINESS\* (*continued*)
  - A. *June 30, 2017, SEC Form 10Q Filing\* (Curran)*
  - B. *Recommendation on Approval of the NRUCFC Line of Credit\* (Highers)*
- IX. DIRECTOR COMMENTS
- X. ADJOURNMENT\*

\* *Denotes Action Items*

\*\* *Denotes Possible Action Items*

3/6/2018 4:37:07 PM

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

**June 6, 2017**  
**Tuesday**  
**4:00 p.m.**

**AUDIT AND FINANCE COMMITTEE MEETING**

Recording Secretary: Divina Portades

**I. CALL TO ORDER**

Chair Cooper called the Audit and Finance Committee meeting to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Committee Members Present:*

Sisi Cooper, Chair  
Susan Reeves, Vice Chair  
Bettina Chastain, Director  
Janet Reiser, Director

*Committee Member Absent:*

Jim Henderson, Director

*Other Board Member Present:*

Harry Crawford, Director  
Stuart Parks, Director

*Guests and Staff in Attendance:*

Lee Thibert	Mark Fouts	Paul Risse
Tyler Andrews	Mark Johnson	Debra Caldwell
Sherri Highers	Brian Hickey	Julie Hasquet
Arthur Miller	Nick Horras	Jean Kornmuller
Connie Owens	Kaye Ayers	

**II. APPROVAL OF THE AGENDA**

Director Chastain moved and Director Reiser seconded the motion to approve the agenda. The motion passed unanimously.

**III. APPROVAL OF THE MINUTES**

Director Chastain moved and Director Reiser seconded the motion to approve the May 10, 2017, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

**IV. PERSONS TO BE HEARD**

- A. *Wholesale Customer and Member Comments*  
None

**V. CEO REPORTS AND CORRESPONDENCE**

None

**VI. NEW BUSINESS**

- A. *Election of Audit and Finance Committee Vice Chair\* ( Committee)*  
Director Reiser appointed Director Reeves as a member of the Audit and Finance Committee. No objections were made.

Director Reiser moved and Director Chastain seconded the motion that the Audit and Finance Committee appoint Director Reeves as Vice Chair of the Audit and Finance Committee. The motion passed unanimously.

**VII. EXECUTIVE SESSION**

- A. *Strategic Planning*  
i. *Financial Forecast*

At 4:04 p.m., Director Chastain moved and Director Reiser seconded the motion that that pursuant to Alaska Statute 10.25.175 (c)(1), the Audit and Finance Committee go into executive session to discuss financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 4:35 p.m.

**VIII. NEW BUSINESS**

- B. *Recommendation on Approval of the Financial Forecast \* (Highers)*  
Director Chastain moved and Director Reeves seconded the motion that the Audit and Finance Committee recommend Board of Directors to approve the financial forecast as discussed in Executive Session. The motion passed unanimously.

**IX. DIRECTOR COMMENTS**

Comments were made at this time.

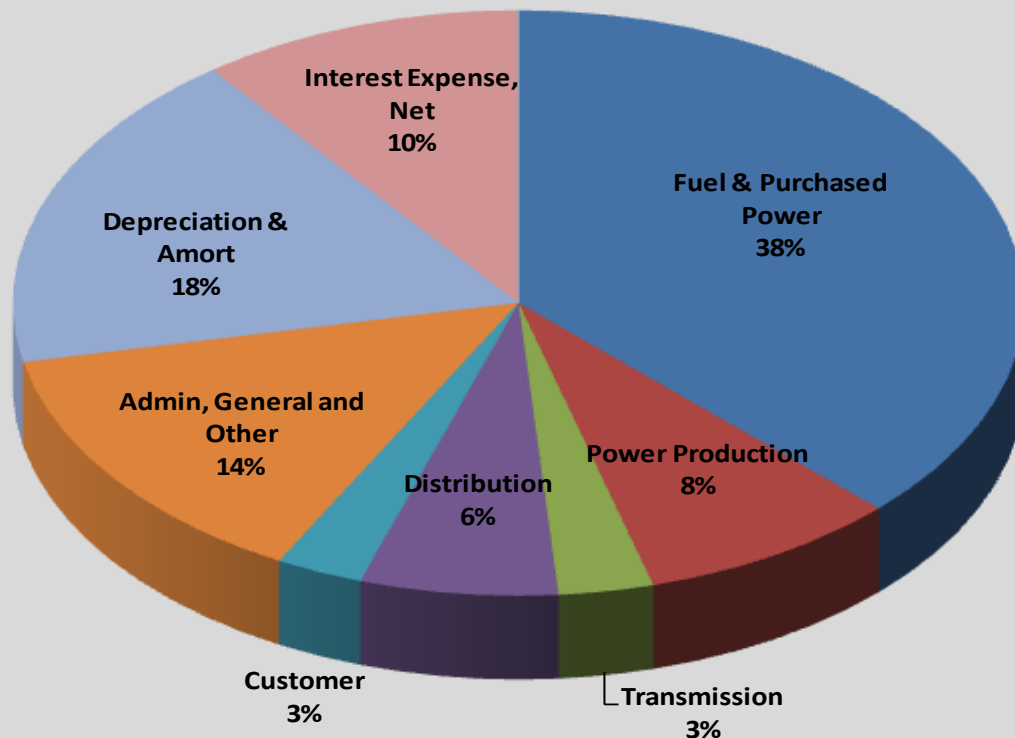
**X. ADJOURNMENT**

At 4:39 p.m., Director Chastain moved and Director Reiser seconded the motion to adjourn. The motion passed unanimously.

## STATEMENT OF OPERATIONS

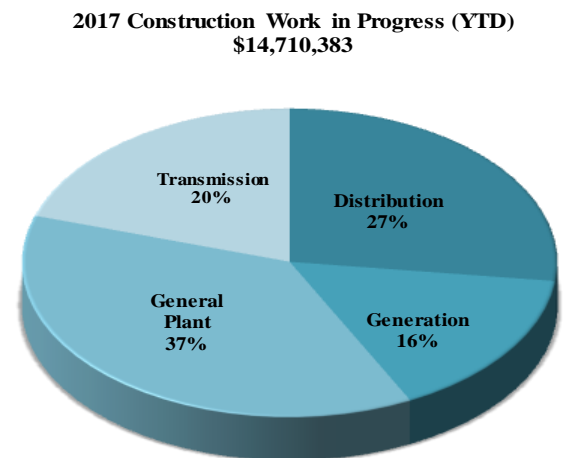
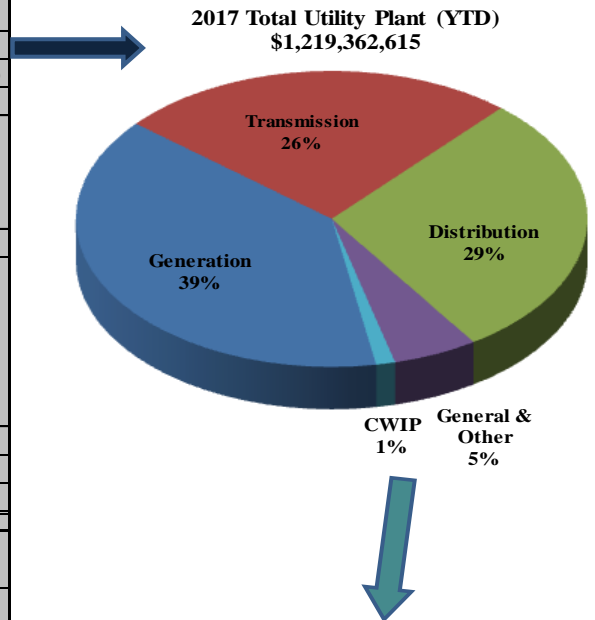
CATEGORY	2017 MTD ACTUAL	2017 MTD BUDGET	2017 MTD VARIANCE
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 16,326,490</b>	<b>\$ 16,119,565</b>	<b>\$ 206,925</b>
Fuel and Purchased Power Expense	6,650,400	6,012,146	638,254
Power Production Expense	1,478,757	1,545,542	(66,785)
Transmission Expense	539,502	672,172	(132,670)
Distribution Expense	1,123,817	1,110,281	13,536
Customer Expense	494,842	516,470	(21,628)
Administrative, General and Other	2,473,894	2,066,276	407,618
Depreciation & Amortization Expense	3,184,854	3,218,808	(33,954)
Interest Expense, Net	1,840,369	2,122,327	(281,958)
<b>Total Cost of Electric Service</b>	<b>\$ 17,786,435</b>	<b>\$ 17,264,022</b>	<b>\$ 522,413</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ (1,459,945)</b>	<b>\$ (1,144,457)</b>	<b>\$ (315,488)</b>
Non-Operating Margins - Interest	53,037	27,001	26,036
Allowance for Funds Used During Construction	4,400	7,237	(2,837)
Non-Operating Margins - Other	(15,878)	-	(15,878)
<b>Patronage Capital or Margins</b>	<b>\$ (1,418,386)</b>	<b>\$ (1,110,219)</b>	<b>\$ (308,167)</b>

Total Cost of Electric Service (MTD Actual)



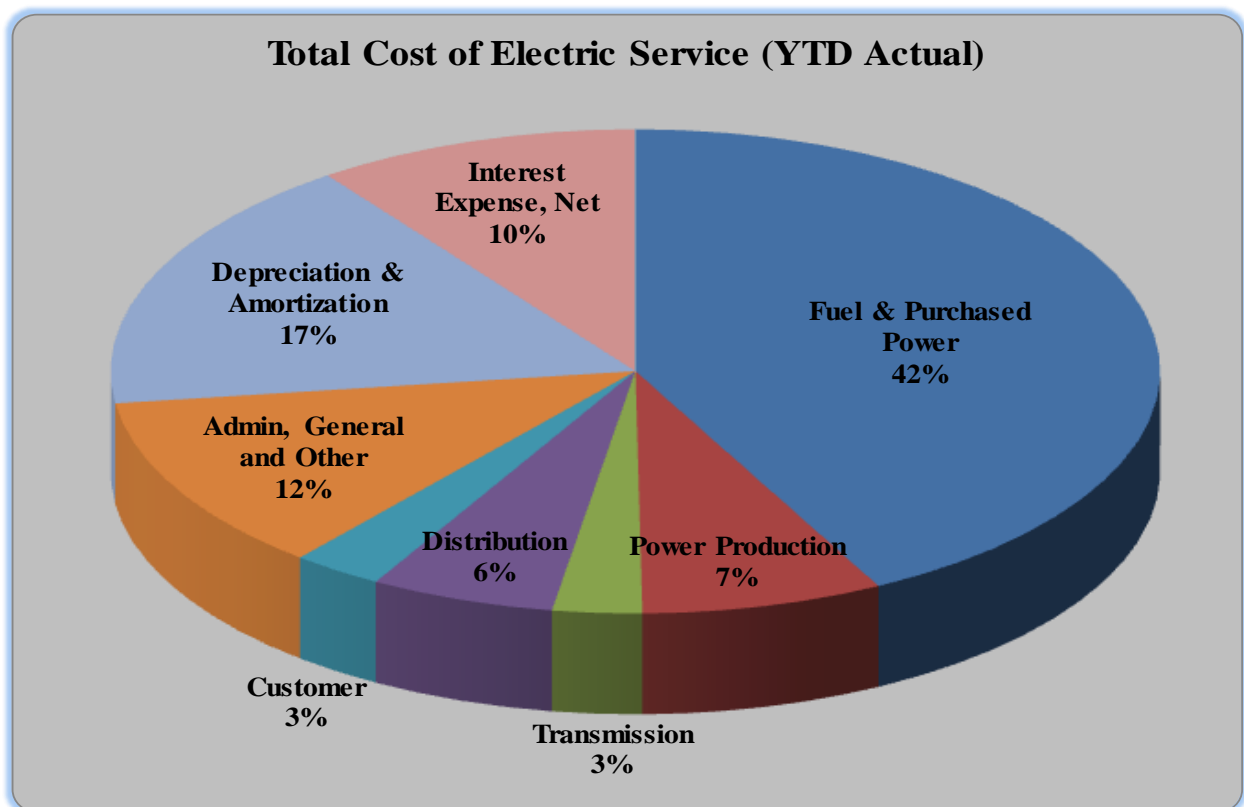
## BALANCE SHEET

ASSETS & OTHER DEBITS	06/30/2017	12/31/16
Total Utility Plant in Service	1,204,652,232	1,192,513,869
Construction Work in Progress	14,710,383	18,455,940
<b>Total Utility Plant</b>	<b>\$ 1,219,362,615</b>	<b>\$ 1,210,969,809</b>
Accum. Prov. for Depreciation/Amortization	(506,380,845)	(496,098,131)
<b>Net Utility Plant</b>	<b>\$ 712,981,770</b>	<b>\$ 714,871,678</b>
Nonutility Property - Net	76,889	76,889
Investment in Assoc. Organizations	8,980,034	9,349,311
Special Funds	1,075,155	907,836
Restricted Cash & Marketable Securities	4,265,679	3,871,993
<b>Total Other Property &amp; Investments</b>	<b>\$ 14,397,757</b>	<b>\$ 14,206,029</b>
Cash & Marketable Securities	11,243,833	12,048,316
Special Deposits/Restricted Cash	810,670	975,665
Accounts Receivable - Net	27,997,657	33,000,919
Materials and Supplies, Fuel Stock	22,767,980	34,210,843
Prepayments	2,978,095	1,407,026
Other Current & Accrued Assets	2,181,475	294,697
<b>Total Current &amp; Accrued Assets</b>	<b>\$ 67,979,710</b>	<b>\$ 81,937,466</b>
Deferred Debits	34,498,025	25,140,957
<b>Total Assets &amp; Other Debits</b>	<b>\$ 829,857,262</b>	<b>\$ 836,156,130</b>
LIABILITIES & OTHER CREDITS	06/30/2017	12/31/16
Memberships	1,704,429	1,691,014
Pat. Capital, Margins & Equities	185,716,426	183,824,511
<b>Total Margins &amp; Equities</b>	<b>\$ 187,420,855</b>	<b>\$ 185,515,525</b>
Long-Term Debt - Bonds	421,833,331	405,249,998
Long-Term Debt - Other	38,760,000	40,356,000
Unamortized Debt Issuance Costs	(2,776,822)	(2,715,745)
<b>Total Long-Term Debt</b>	<b>\$ 457,816,509</b>	<b>\$ 442,890,253</b>
Notes Payable	68,608,667	93,036,667
Accounts Payable	8,688,712	9,618,630
Consumer Deposits	5,089,731	5,207,585
Other Current & Accrued Liabilities	27,003,063	26,532,912
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$ 109,390,173</b>	<b>\$ 134,395,794</b>
Deferred Compensation	1,075,155	907,836
Other Liabilities, Non-Current	868,641	655,277
Deferred Liabilities	1,187,587	1,179,414
Patronage Capital Payable	12,008,499	12,008,499
Cost of Removal Obligation	60,089,843	58,603,532
<b>Total Liabilities &amp; Other Credits</b>	<b>\$ 829,857,262</b>	<b>\$ 836,156,130</b>



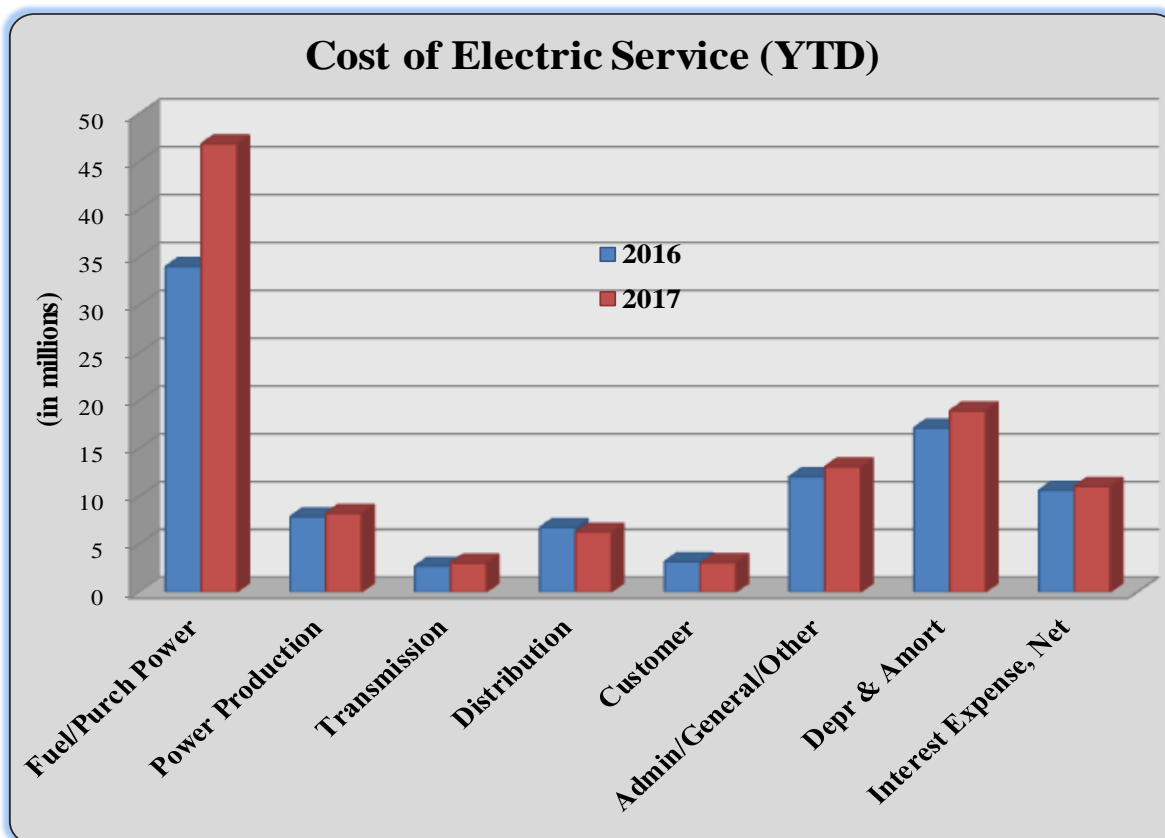
**COMPARATIVE FINANCIAL REPORT  
STATEMENT OF OPERATIONS  
CURRENT YTD ACTUAL TO BUDGET VARIANCE**

CATEGORY	2017 YTD ACTUAL	2017 YTD BUDGET	2017 YTD VARIANCE
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 112,348,132</b>	<b>\$ 107,142,039</b>	<b>\$ 5,206,093</b>
Fuel and Purchased Power Expense	46,846,036	42,335,071	4,510,965
Power Production Expense	8,240,717	8,516,120	(275,403)
Transmission Expense	3,050,058	3,638,532	(588,474)
Distribution Expense	6,287,814	6,726,259	(438,445)
Customer Expense	3,097,089	3,118,231	(21,142)
Administrative, General and Other	13,110,605	12,241,187	869,418
Depreciation & Amortization Expense	18,956,671	19,296,873	(340,202)
Interest Expense, Net	11,055,510	10,847,228	208,282
<b>Total Cost of Electric Service</b>	<b>\$ 110,644,500</b>	<b>\$ 106,719,501</b>	<b>\$ 3,924,999</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,703,632</b>	<b>\$ 422,538</b>	<b>\$ 1,281,094</b>
Non-Operating Margins - Interest	306,831	162,815	144,016
Allowance Funds Used During Const.	25,664	63,739	(38,075)
Non-Operating Margins - Other	81,298	-	81,298
<b>Patronage Capital or Margins</b>	<b>\$ 2,117,425</b>	<b>\$ 649,092</b>	<b>\$ 1,468,333</b>
MFI/I	1.19	1.06	
TIER	1.20	1.06	



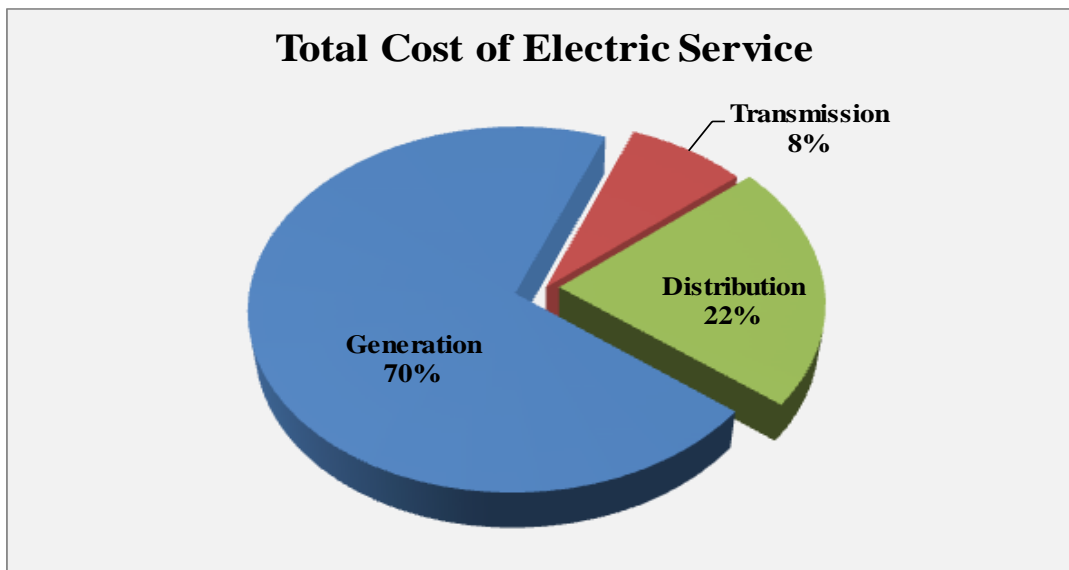
## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YTD ACTUAL

CATEGORY	2017 YTD ACTUAL	2016 YTD ACTUAL
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 112,348,132</b>	<b>\$ 94,872,652</b>
Fuel and Purchased Power Expense	46,846,036	34,026,328
Power Production Expense	8,240,717	7,893,027
Transmission Expense	3,050,058	2,715,746
Distribution Expense	6,287,814	6,760,579
Customer Expense	3,097,089	3,195,100
Administrative, General and Other	13,110,605	12,058,320
Depreciation and Amortization Expense	18,956,671	17,182,680
Interest Expense, Net	11,055,510	10,632,616
<b>Total Cost of Electric Service</b>	<b>\$ 110,644,500</b>	<b>\$ 94,464,396</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,703,632</b>	<b>\$ 408,256</b>
Non-Operating Margins - Interest	306,831	164,337
Allowance for Funds Used During Construction	25,664	84,211
Non-Operating Margins - Other	81,298	2,400
<b>Patronage Capital or Margins</b>	<b>\$ 2,117,425</b>	<b>\$ 659,204</b>
MF/I	1.19	1.06
TIER	1.20	1.06

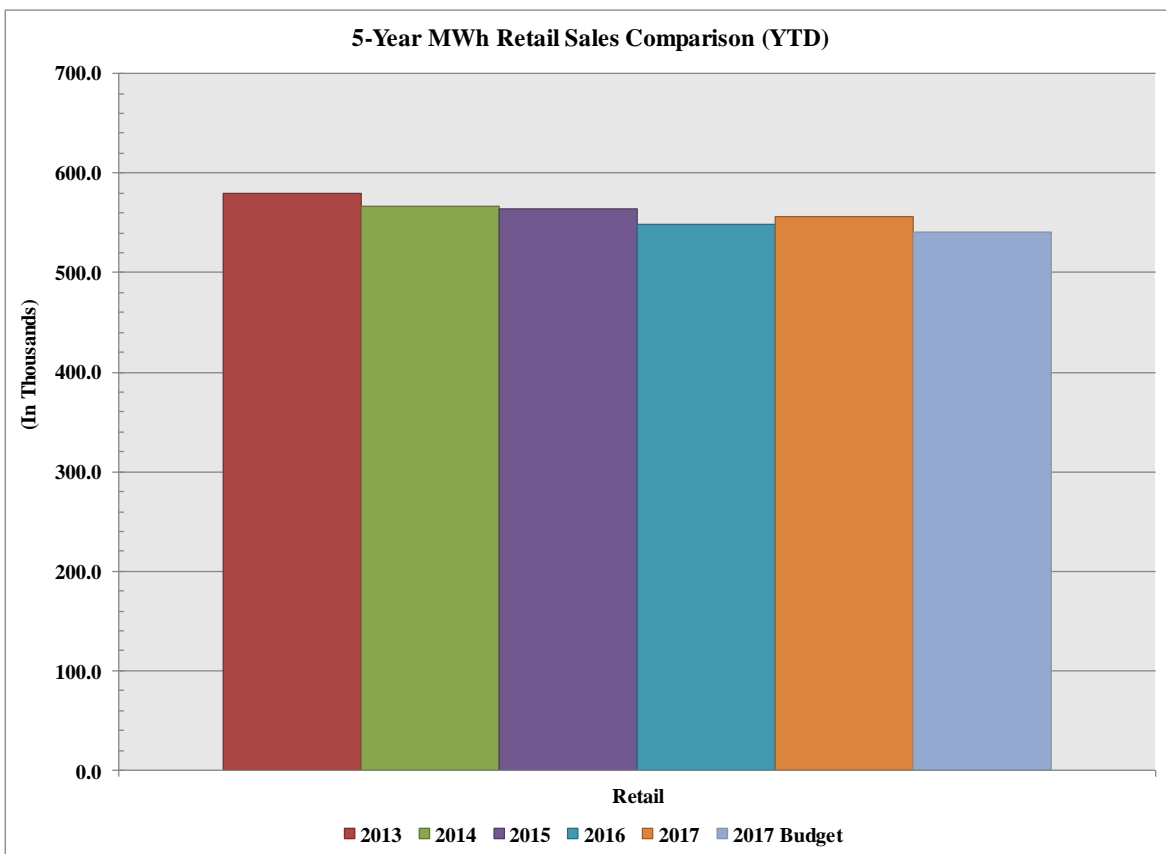
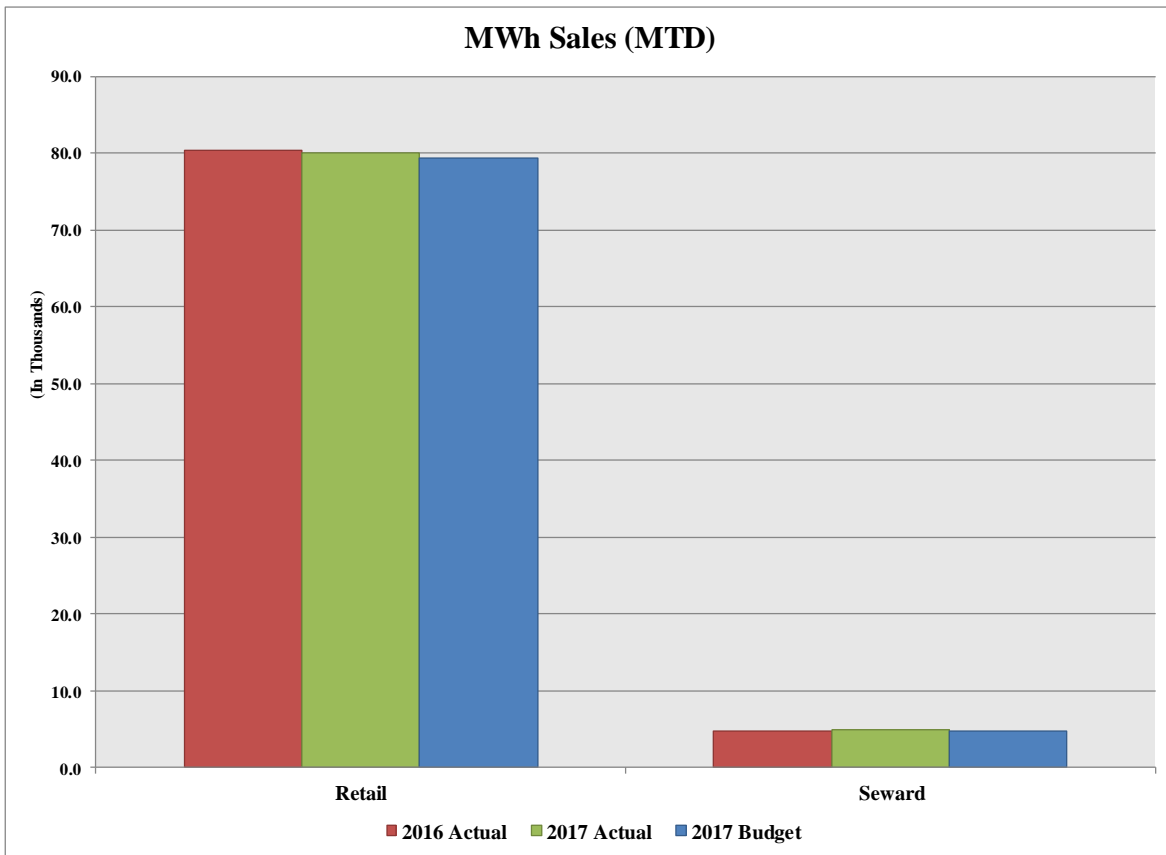


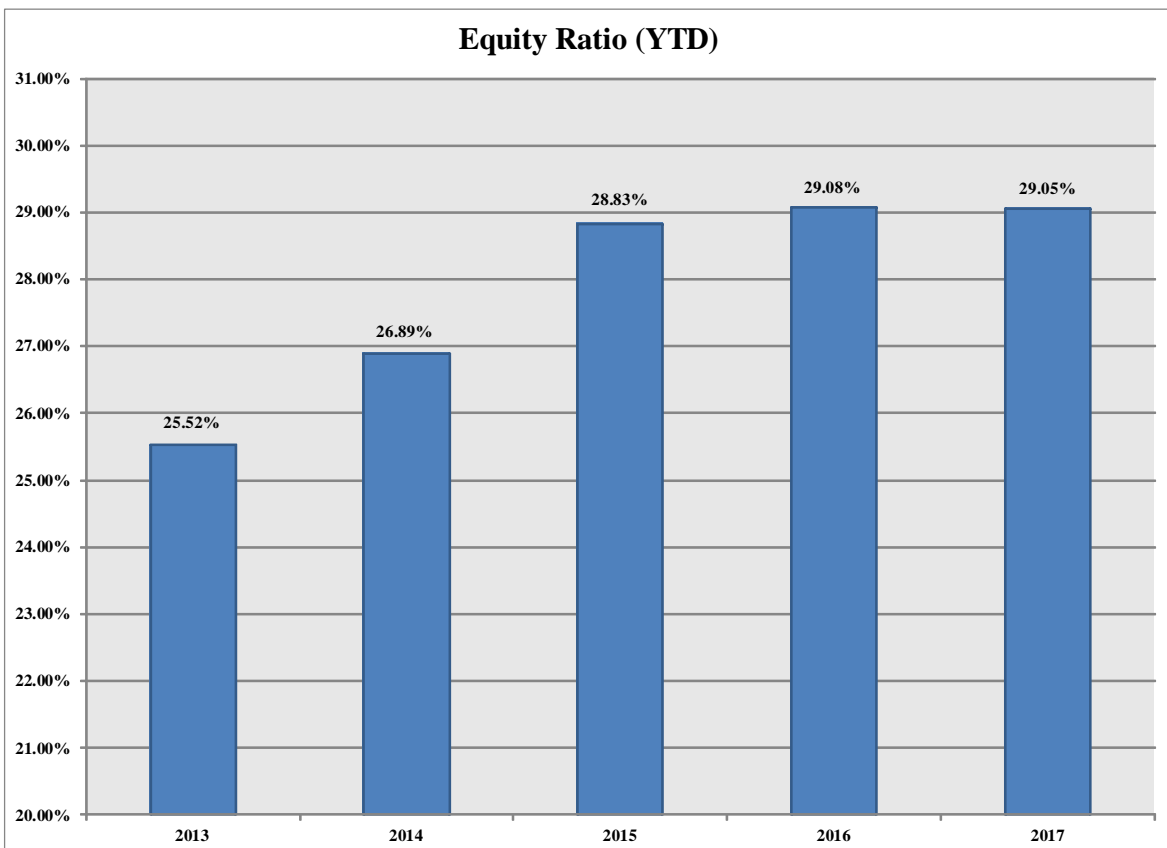
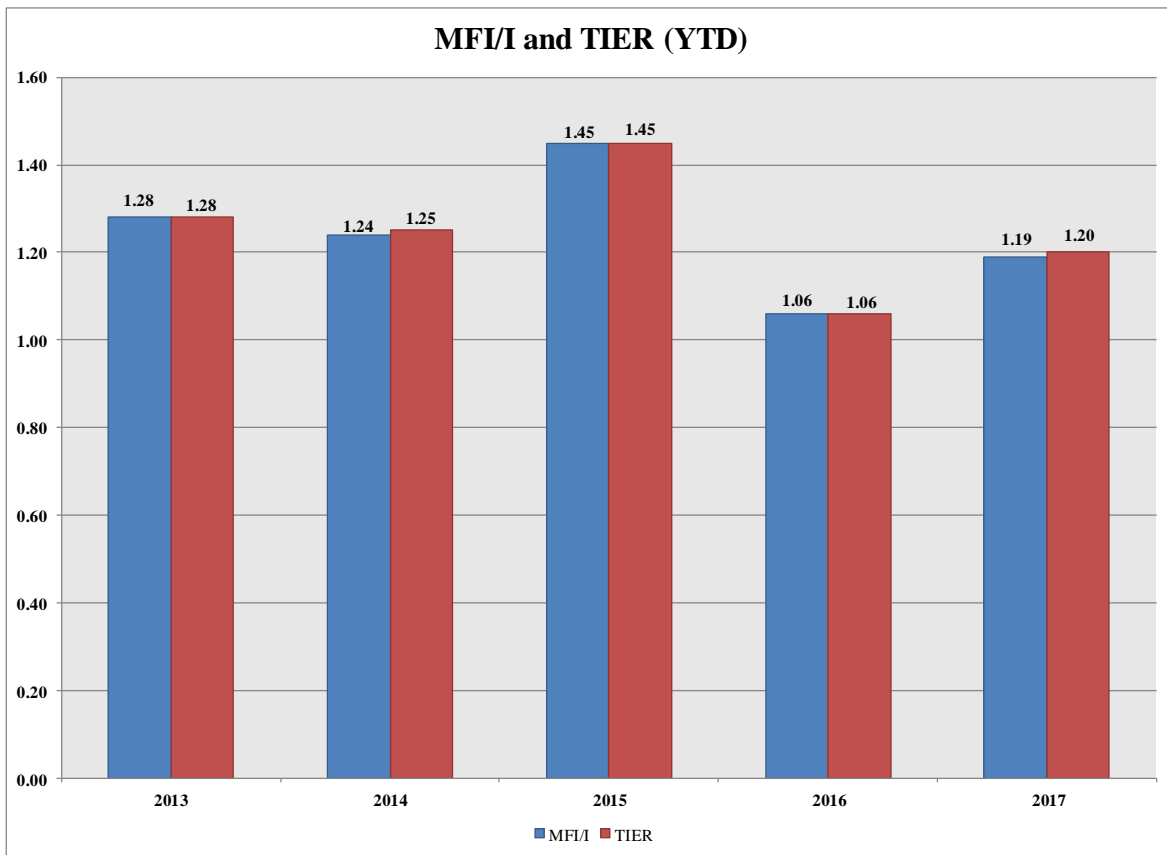
## FUNCTIONAL STATEMENT OF OPERATIONS JUNE 30, 2017

CATEGORY	2017 YTD TOTAL	2017 YTD GEN	2017 YTD TRANS	2017 YTD DIST
<b>Operating Revenues</b>	<b>\$ 112,348,132</b>	<b>\$ 77,665,210</b>	<b>\$ 8,959,026</b>	<b>\$ 25,723,896</b>
Fuel	38,196,129	\$38,196,129	0	0
Production	8,240,717	\$8,240,717	0	0
Purchased Power	8,649,907	\$8,649,907	0	0
Transmission	3,050,058	0	3,050,058	0
Distribution	6,287,814	0	0	6,287,814
Customer	3,097,089	0	0	3,097,089
Administrative, General and Other	13,110,605	4,324,313	1,652,901	\$7,133,391
Depreciation and Amortization	18,956,671	11,777,426	1,787,871	5,391,374
Interest Expense, Net	11,055,510	\$6,560,222	\$2,314,346	\$2,180,942
<b>Total Cost of Electric Service</b>	<b>\$ 110,644,500</b>	<b>\$ 77,748,714</b>	<b>\$ 8,805,176</b>	<b>\$ 24,090,610</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,703,632</b>	<b>\$ (83,504)</b>	<b>\$ 153,850</b>	<b>\$ 1,633,286</b>
Interest Income	306,831	\$168,097	\$27,273	\$111,461
Allowance Funds Used During Const.	25,664	\$1,473	1,552	22,639
Capital Credits, Patronage Dividends, Other	81,298	24,857	10,754	45,687
<b>Patronage Capital or Margins</b>	<b>\$ 2,117,425</b>	<b>\$ 110,923</b>	<b>\$ 193,429</b>	<b>\$ 1,813,073</b>









## ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	555,829,083	540,702,909
Wholesale Energy Sales	<u>29,606,650</u>	<u>28,738,268</u>
Total Firm Energy Sales	585,435,733	569,441,177
Economy Energy Sales	<u>20,832,000</u>	<u>0</u>
Total Energy Sales	606,267,733	569,441,177

Firm energy sales totaled 585,435,733 kWh, which were 2.8% over budget. Retail energy sales were over budget 2.8% and wholesale energy sales were over budget by 3.0%, primarily associated with higher sales due to colder than anticipated weather.

Economy energy sales totaled 20,832,000 kWh which were 100% over budget due to unanticipated sales to Golden Valley Electric Association (GVEA), Matanuska Electric Association (MEA), and Homer Electric Association (HEA).

## ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$ 98.7	\$ 98.3
Wholesale Revenue	<u>2.9</u>	<u>2.8</u>
Total Firm Revenue	101.6	101.1
Economy Energy Revenue	2.4	0.0
Other Operating Revenue	<u>8.3</u>	<u>6.0</u>
Total Revenue	\$ 112.3	\$ 107.1

Revenue from firm sales totaled \$101.6 million compared to \$101.1 million in the budget. Firm revenue was higher than expected due to increased kWh sales.

Economy energy revenue totaled \$2.4 million due to unanticipated sales to GVEA, MEA, and HEA.

Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU sales and royalties, miscellaneous service and other electric revenue. Other operating revenue totaled \$8.3 million compared to \$6.0 million in the budget, primarily due to higher than anticipated wheeling revenue associated with sales to GVEA.

## FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 38.2	\$ 32.3
Purchased Power	<u>8.6</u>	<u>10.0</u>
Total	\$ 46.8	\$ 42.3

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$38.2 million compared to \$32.3 million projected in the budget. This variance was due, in part, to higher than anticipated fuel consumption as a result of increased sales coupled with less efficient generation units used as a result of lower than anticipated power available to purchase from ML&P.

Actual fuel purchased for production was 4,721,720 MCF at an average effective delivered price of \$7.35 per MCF, compared to 3,652,973 MCF in the budget at an average effective delivered price of \$7.88 per MCF.

Purchased power expense represents energy purchased from Bradley Lake, Fire Island, and other utilities as needed, as well as costs associated with dispatching. Purchased power expense was \$8.6 million compared to \$10.0 million in the budget. This variance was primarily due to lower than anticipated purchases from ML&P and less power produced at Fire Island, which was somewhat offset by more purchases from MEA.

Actual energy purchased was 96,152 MWh at an average effective price of 7.43 cents per kWh compared to 121,750 MWh budgeted at an average effective price of 7.04 cents per kWh.

## POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 8.2	\$ 8.5

Power production expense was \$8.2 million compared to \$8.5 million in the budget primarily due to lower than anticipated maintenance costs at SPP as well as lower allocated information services expenses charged to this financial statement category from administrative and general.

## TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 3.1	\$ 3.6

Transmission operations and maintenance expense was \$3.1 million compared to \$3.6 million in the budget, primarily due to lower than anticipated labor due to changes in scheduled maintenance from transmission to distribution as well as lower allocated information services expenses charged to this financial statement category from administrative and general.

## DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 6.3	\$ 6.7

Distribution operations and maintenance expense was \$6.3 million compared to \$6.7 million in the budget. This variance is due primarily to lower allocated information services expenses charged to this financial statement category from administrative and general as well as lower than anticipated underground locate expense and vegetation control. This was somewhat offset by increased labor expense due to the change in scheduled maintenance from transmission to distribution.

## CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 3.1	\$ 3.1

Consumer accounts and customer information expense was \$3.1 million compared to \$3.1 million in the budget, with no significant variance.

## ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 13.1	\$ 12.2

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, which was \$13.1 million compared to \$12.2 million in the budget. This variance was primarily due to higher allocated information services expenses charged to this financial statement category from power production, transmission, and distribution.

## SUMMARY

Depreciation, interest, and interest during construction expense totaled \$30.0 million compared to \$30.1 million in the budget, with no significant variance.

All of the foregoing expenses resulted in total cost of electric service of \$110.6 million compared to \$106.7 million in the budget.

Non-operating margins include allowance for funds used during construction (AFUDC), capital credit and patronage capital allocations, extraordinary items, and interest income. Non-operating margins totaled \$0.4 million compared to \$0.2 million in the budget due primarily to higher interest and dividend income and the gain in the value of marketable securities. At June 30, 2017, the market value of Chugach's marketable securities was \$11.7 million, and had an annualized rate of return of 4.0%.

The net result of revenue and expenses was margins of \$2.1 million compared to projected margins of \$0.6 million in the budget. The current forecast projects year-end margins of \$5.6 million and an MFI/I of 1.25.

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

CATEGORY	2017 APPROVED BUDGET	2017 AMENDED BUDGET	2017 YTD ACTUALS	2017 REVISED FORECAST
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 214,142,698</b>	<b>\$ 215,797,542</b>	<b>\$ 112,348,132</b>	<b>\$ 219,454,271</b> <sup>1 2</sup>
Fuel and Purchased Power Expense	84,787,639	84,787,639	46,846,036	89,298,604 <sup>1</sup>
Power Production Expense	17,255,632	17,255,632	8,240,717	17,255,632
Transmission Expense	7,235,161	7,235,161	3,050,058	7,235,161
Distribution Expense	13,466,026	13,466,026	6,287,814	13,466,026
Customer Expense	6,315,719	6,315,719	3,097,089	6,315,719
Administrative, General & Other	23,942,288	23,942,288	13,110,605	23,792,288 <sup>2</sup>
Depreciation and Amortization Expense	35,344,430	35,913,110	18,956,671	35,572,908 <sup>1 2</sup>
Interest Expense, Net	20,794,273	21,880,437	11,055,510	22,088,719 <sup>1 2</sup>
<b>Total Cost of Electric Service</b>	<b>\$ 209,141,168</b>	<b>\$ 210,796,012</b>	<b>\$ 110,644,500</b>	<b>\$ 215,025,057</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 5,001,530</b>	<b>\$ 5,001,530</b>	<b>\$ 1,703,632</b>	<b>\$ 4,429,214</b>
Non-Operating Margins - Interest	328,028	328,028	306,831	472,044 <sup>1</sup>
Allowance for Funds Used During Construction	100,029	100,029	25,664	61,954 <sup>1</sup>
Non-Operating Margins - Other	-	-	81,298	81,298 <sup>1</sup>
Other Capital Credits and Patronage Dividends	571,586	571,586	-	571,586 <sup>1</sup>
<b>Patronage Capital or Margins</b>	<b>\$ 6,001,173</b>	<b>\$ 6,001,173</b>	<b>\$ 2,117,425</b>	<b>\$ 5,616,096</b>
MFI/I	1.28	1.27	1.19	1.25
TIER	1.30	1.28	1.20	1.26

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

<sup>2</sup> Forecast has been adjusted to reflect known and measurable changes

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

**July 18, 2017**

**TO:** Sherri L. Highers, CFO  
**FROM:** Debra Caldwell, Financial Analyst, Budget and Financial Reporting  
**SUBJECT:** 2<sup>nd</sup> Quarter 2017 Operating Budget Status Report

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

- To adjust interest expense to reflect the 2017 \$40 million bond issuance.
- To recognize additional depreciation and amortization expense beginning in July associated with the Beluga Power Plant production equipment parts in accordance with RCA order number U-16-092.
- To add revenue to reflect the recovery of increased interest and depreciation and amortization expenses as outlined above.

The foregoing budget adjustments had a \$0 impact on the 2017 Operating Budget.

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**2ND QUARTER 2017**

CATEGORY	2017 APPROVED BUDGET	2017 BUDGET REVISIONS	2017 AMENDED BUDGET
<b>REVENUES:</b>			
<b>TOTAL REVENUE</b>	<b>\$214,142,698</b>	<b>\$1,654,844 A</b>	<b>\$215,797,542</b>
<b>EXPENSES:</b>			
FUEL EXPENSE	64,893,734	0	64,893,734
POWER PRODUCTION EXPENSE	17,255,632	0	17,255,632
COST OF PURCHASED POWER	19,893,905	0	19,893,905
TRANSMISSION EXPENSE	7,235,161	0	7,235,161
DISTRIBUTION EXPENSE-OPERATIONS	5,422,856	0	5,422,856
DISTRIBUTION EXPENSE-MAINTENANCE	8,043,170	0	8,043,170
CONSUMER ACCOUNTS EXPENSE	5,897,740	0	5,897,740
CUSTOMER SERVICE/INFO EXPENSE	417,979	0	417,979
ADMINISTRATIVE/GENERAL EXPENSE	23,303,488	0	23,303,488
<b>TOTAL OPERATIONS/MAINTENANCE EXPENSE</b>	<b>\$152,363,665</b>	<b>\$0</b>	<b>\$152,363,665</b>
DEPRECIATION/AMORTIZATION EXPENSE	35,344,430	568,680 A	35,913,110
TAX EXPENSE-OTHER	238,800	0	238,800
INTEREST ON DEBT	21,094,359	1,086,164 A	22,180,523
INTEREST ON CONSTRUCTION-CREDIT	(300,086)	0	(300,086)
OTHER DEDUCTIONS	400,000	0	400,000
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$209,141,168</b>	<b>\$1,654,844</b>	<b>\$210,796,012</b>
<b>PATRONAGE CAPITAL/OPERATING MARGINS</b>	<b>\$5,001,530</b>	<b>\$0</b>	<b>\$5,001,530</b>
NON-OPERATING MARGINS-INTEREST	328,028	0	328,028
ALLOWANCE FUNDS USED DURING CONST.	100,029	0	100,029
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	571,586	0	571,586
EXTRAORDINARY ITEMS	0	0	0
<b>PATRONAGE CAPITAL OR MARGINS</b>	<b>\$6,001,173</b>	<b>\$0</b>	<b>\$6,001,173</b>

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**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**1ST QUARTER 2017**




CATEGORY	2017 APPROVED BUDGET	2017 BUDGET REVISIONS	2017 APPROVED BUDGET
<b>REVENUES:</b>			
<b>TOTAL REVENUE</b>	<b>\$214,142,698</b>	<b>\$0</b>	<b>\$214,142,698</b>
<b>EXPENSES:</b>			
FUEL EXPENSE	64,893,734	0	64,893,734
POWER PRODUCTION EXPENSE	17,255,632	0	17,255,632
COST OF PURCHASED POWER	19,893,905	0	19,893,905
TRANSMISSION EXPENSE	7,235,161	0	7,235,161
DISTRIBUTION EXPENSE-OPERATIONS	5,422,856	0	5,422,856
DISTRIBUTION EXPENSE-MAINTENANCE	8,043,170	0	8,043,170
CONSUMER ACCOUNTS EXPENSE	5,897,740	0	5,897,740
CUSTOMER SERVICE/INFO EXPENSE	417,979	0	417,979
ADMINISTRATIVE/GENERAL EXPENSE	23,303,488	0	23,303,488
<b>TOTAL OPERATIONS/MAINTENANCE EXPENSE</b>	<b>\$152,363,665</b>	<b>\$0</b>	<b>\$152,363,665</b>
DEPRECIATION/AMORTIZATION EXPENSE	35,344,430	0	35,344,430
TAX EXPENSE-OTHER	238,800	0	238,800
INTEREST ON DEBT	21,094,359	0	21,094,359
INTEREST ON CONSTRUCTION-CREDIT	(300,086)	0	(300,086)
OTHER DEDUCTIONS	400,000	0	400,000
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$209,141,168</b>	<b>\$0</b>	<b>\$209,141,168</b>
<b>PATRONAGE CAPITAL/OPERATING MARGINS</b>	<b>\$5,001,530</b>	<b>\$0</b>	<b>\$5,001,530</b>
NON-OPERATING MARGINS-INTEREST	328,028	0	328,028
ALLOWANCE FUNDS USED DURING CONST.	100,029	0	100,029
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	571,586	0	571,586
EXTRAORDINARY ITEMS	0	0	0
<b>PATRONAGE CAPITAL OR MARGINS</b>	<b>\$6,001,173</b>	<b>\$0</b>	<b>\$6,001,173</b>

MFI/I

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# BUDGET REVISION REQUEST

1.	Division: Accounting and Finance	Department: Budget & Financial Reporting																								
2.	Add: <input checked="" type="checkbox"/> Delete: <input type="checkbox"/>	Transfer: <input type="checkbox"/>																								
3.	Full year amount (rounded to dollars):	\$0																								
4.	Monthly amounts (rounded to dollars - should total to line 3 above)																									
	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td>January</td><td>\$0</td><td>May</td><td>\$0</td><td>September</td><td>\$0</td> </tr> <tr> <td>February</td><td>\$0</td><td>June</td><td>\$0</td><td>October</td><td>\$0</td> </tr> <tr> <td>March</td><td>\$0</td><td>July</td><td>\$0</td><td>November</td><td>\$0</td> </tr> <tr> <td>April</td><td>\$0</td><td>August</td><td>\$0</td><td>December</td><td>\$0</td> </tr> </table>	January	\$0	May	\$0	September	\$0	February	\$0	June	\$0	October	\$0	March	\$0	July	\$0	November	\$0	April	\$0	August	\$0	December	\$0	
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): General Ledger Account Number (to): (44000-44246)-120-00-2101 44720-130-00-2101 40340-626-00-2101 42700-242-00-2101																									
6.	General Ledger Account Name (from): General Ledger Account Name (to): (Residential Sales-Large General Service) Revenue Sales for Resale - Seward Revenue Depreciation & Amortization Expense Interest on Long-Term Debt Expense																									
7.	Explanation: Increase base rate revenue by \$1,654,844 as a result of the increase in interest and depreciation expenses below.  Increase depreciation and amortization expense for 2017 in the amount of \$568,680 associated with the Beluga Parts Inventory. Amortizing \$11,373,638 over ten years beginning July 1, 2017.  Add long-term interest expense for 2017 of \$1,086,164 associated with the new debt issuance – 2017 Series A bonds of \$40,000,000.																									
8.	Requested by: Debra Caldwell	Date: 7/18/17																								
9.	<\$25,000 Approved by:  Division Director/Department Manager	Date: 7/19/17																								
10.	\$25,000 - \$250,000 Approved by:  Executive Manager	Date: 7/24/17																								
11.	\$250,000 - \$1,000,000 Approved by:  Chief Executive Officer	Date: 7/24/17																								
12.	>\$1,000,000 Approved by:  Board of Directors	Date:																								
<b>Obtain necessary approval signatures, forward to the Manager of Corporate Budgeting</b>																										

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Total</u>
<b>Revenue</b>													
Base Rate Revenue	0	0	57,167	114,333	114,333	114,333	209,113	209,113	209,113	209,113	209,113	209,113	1,654,844
<b>Total Revenue Adjustment</b>	<b>0</b>	<b>0</b>	<b>57,167</b>	<b>114,333</b>	<b>114,333</b>	<b>114,333</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>1,654,844</b>
<b>Expense</b>													
Interest Expense - LTD	0	0	57,167	114,333	114,333	114,333	114,333	114,333	114,333	114,333	114,333	114,333	1,086,164
Depreciation & Amortization	0	0	0	0	0	0	94,780	94,780	94,780	94,780	94,780	94,780	568,680
<b>Total Expense Adjustment</b>	<b>0</b>	<b>0</b>	<b>57,167</b>	<b>114,333</b>	<b>114,333</b>	<b>114,333</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>209,113</b>	<b>1,654,844</b>
<b>Net Margin Impact</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**RESOLUTION****Conversion of Commercial Paper to Long-Term Debt**

WHEREAS, Chugach Electric Association, Inc., an Alaska electric cooperative (the “Company”), has determined that it is in the best interests of the Company to convert commercial paper to long-term debt;

WHEREAS, the Company issued commercial paper to fund its capital improvement program;

WHEREAS, the Company intends that proceeds from new long-term debt will repay commercial paper funds drawn not to exceed \$40,000,000;

WHEREAS, the Company intends to issue the new long-term debt, pursuant to a supplemental indenture (the “Supplemental Indenture”) to its Second Amended and Restated Indenture of Trust dated January 20, 2011 (the “Indenture”) to be entered into by the Company and U.S. Bank Trust National Association, a national banking association, as trustee under the Indenture, by the creation of a new series of obligations thereunder (the “Bonds”) in an aggregate principal amount of up to \$40,000,000, with a maturity date of no more than 20 years from the date of issuance thereof and on such other terms and conditions as may be agreed upon by the Chief Executive Officer of the Company, and to issue the Bonds pursuant to an agreement (the “Purchase Agreement”) with one or more lenders and/or institutional investors;

WHEREAS, the Company has the power and authority to enter into, deliver and perform its obligations under the Supplemental Indenture, the Purchase Agreement, the Bonds, and any and all other documents, instruments and agreements necessary or desirable to be entered into in connection therewith; and

WHEREAS, it is in the best interests of the Company to enter into, deliver and perform its obligations under the Supplement, the Purchase Agreement and the Bonds and any and all other documents, instruments and agreements necessary or desirable to be entered into in connection therewith;

NOW THEREFORE, BE IT RESOLVED, that the Board of Directors authorizes the Chief Executive Officer to finalize the terms and conditions and enter into an agreement for long-term debt financing associated with the conversion of commercial paper substantially the same as discussed in executive session on January 26, 2017, Board of Directors meeting;

The Chief Executive Officer, Chief Financial Officer and Controller of the Company (each a "Particular Officer") be, and each of them acting alone is, hereby authorized on behalf of the Company to execute and deliver the Supplemental Indenture, the Purchase Agreement, the Bonds, and any and all other documents, instruments and agreements necessary or desirable in connection therewith on the terms negotiated by the Chief Executive Officer, and each Particular Officer and each other officer of the Company (collectively, the "Authorized Officers") be and each of them acting alone is hereby authorized on behalf of the Company to execute and deliver such other documents, including but not limited to, in the case of the Particular Officers, those specifically described above, in each case in the name and on behalf of the Company, on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Officer, and with such changes and modifications thereto as such Authorized Officer may in its discretion approve, which approval shall be conclusively evidenced by the execution of such documents, instruments and agreement;


Each Authorized Officer be, and each of them acting alone is, hereby authorized on behalf of the Company to execute and deliver such forms of certificates and other documents as may be necessary or desirable in connection with the transactions contemplated by the Supplemental Indenture, the Purchase Agreement, the Bonds, and any and all other documents, instruments and agreements necessary or desirable in connection therewith, or any opinion of counsel to be provided in connection therewith.

Each Authorized Officer be, and each of them acting alone is, hereby authorized and directed to take all such further action, to execute and deliver such further agreements, instruments and documents in writing and to do all such other acts and things as in the Authorized Officer's opinion may be necessary or desirable in the name and on behalf of the Company to give effect to the foregoing resolutions, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such further documents, instruments and agreements and the doing of such other acts and things.

#### CERTIFICATION

I, Bettina Chastain, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 26<sup>th</sup> day of January, 2017; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 26<sup>th</sup> day of January, 2017.

  
Secretary

CHUGACH ELECTRIC ASSOCIATION  
CAPITAL PROJECT TRACKING REPORT  
As of June 30, 2017

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>													
02.0384	Hane Distribution Substation Feeders E1413522 & E1513572	Schmitt	2/17/2015	\$1,279,000	\$0	\$1,279,000	\$1,251,844	\$27,156	\$1,279,000	\$0	100%	99%	Construction is complete on the Hane Substation feeder projects. Project is in closeout.
04.0428	Hane Substation E0320238 & E1513543	Sinclair	11/18/2014	\$10,900,000	(\$545,000)	\$10,355,000	\$10,098,525	\$0	\$10,098,525	(\$256,475)	98%	100%	The substation is energized and closeout is complete.
10.0364	115 kV Rebuild - Hope Extension E1420426	Sinclair	11/30/2016	\$4,800,000	\$0	\$4,800,000	\$3,515,892	\$0	\$3,515,892	(\$1,284,108)	73%	100%	The line is energized and closeout is complete. The construction cost was significantly lower than anticipated, resulting in a lower overall project cost. There was also lower than anticipated material costs for the project.
20.0266	Multi-Stage Energy Storage System (MS-ESS) P1300850 & P1730267	Highers	5/25/2016	\$2,495,191 <sup>2</sup>	\$0	\$2,495,191	\$1,902,375	\$592,816	\$2,495,191	\$0	100%	76%	Construction was completed on flywheel and battery systems. Commissioning, site acceptance testing and final punchlist items (e.g. paving) will be completed in July and August.
<b>Retirements &amp; Replacements</b>													
06.0824	Advanced Metering Infrastructure (AMI) Implementation I1540001, E1313415, I1640000, I1740000	McCarty	3/17/2015	\$14,050,000	\$250,000	\$14,300,000	\$14,332,328	\$337,000	\$14,669,328	\$369,328	103%	97%	77,000 meters have been exchanged to date. Mass meter exchanges are 95% complete.
<b>Agency Mandated</b>													
03.0810	Dowling Road Undergrounding E1513614 E1513613 E1613631 E1613630	Schmitt	9/28/2016	\$3,000,000	\$0	\$3,000,000	\$2,424,660	\$575,340	\$3,000,000	\$0	100%	90%	The underground construction is complete. The overhead system retirement will continue into the third quarter.
03.0810	Old Seward Highway Undergrounding E1513623	Schmitt	8/23/2016	\$2,400,000	\$0	\$2,400,000	\$2,091,161	\$308,839	\$2,400,000	\$0	100%	95%	Construction is complete on this project. Final invoices are being processed and closeout is starting.
<b>Operating Efficiency</b>													
05.0300	Debarr Substation Rebuild E1620052	Sinclair	1/26/2017	\$6,000,000	\$0	\$6,000,000	\$347,765	\$5,652,235	\$6,000,000	\$0	100%	10%	This project will upgrade the existing facilities at Debarr Substation. The scope will include replacement of the existing power transformer, 12.5kV switchgear, 34.5kV circuit switchers, and associated control and power cables. Electric Power Constructors will be performing the design and construction work for the project. Design, permitting and material procurement are underway and will run through the first quarter of 2018. Construction will follow with completion anticipated by the end of 2018.
<b>Totals</b>				<b>\$44,924,191</b>	<b>(\$295,000)</b>	<b>\$44,629,191</b>	<b>\$35,964,551</b>	<b>\$7,493,386</b>	<b>\$43,457,937</b>	<b>(\$1,171,254)</b>	<b>97%</b>	<b>74%</b>	

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

<sup>2</sup> Represents Chugach costs only.

# CHUGACH ELECTRIC ASSOCIATION, INC.

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June 2017 Financial Information  
August 9, 2017



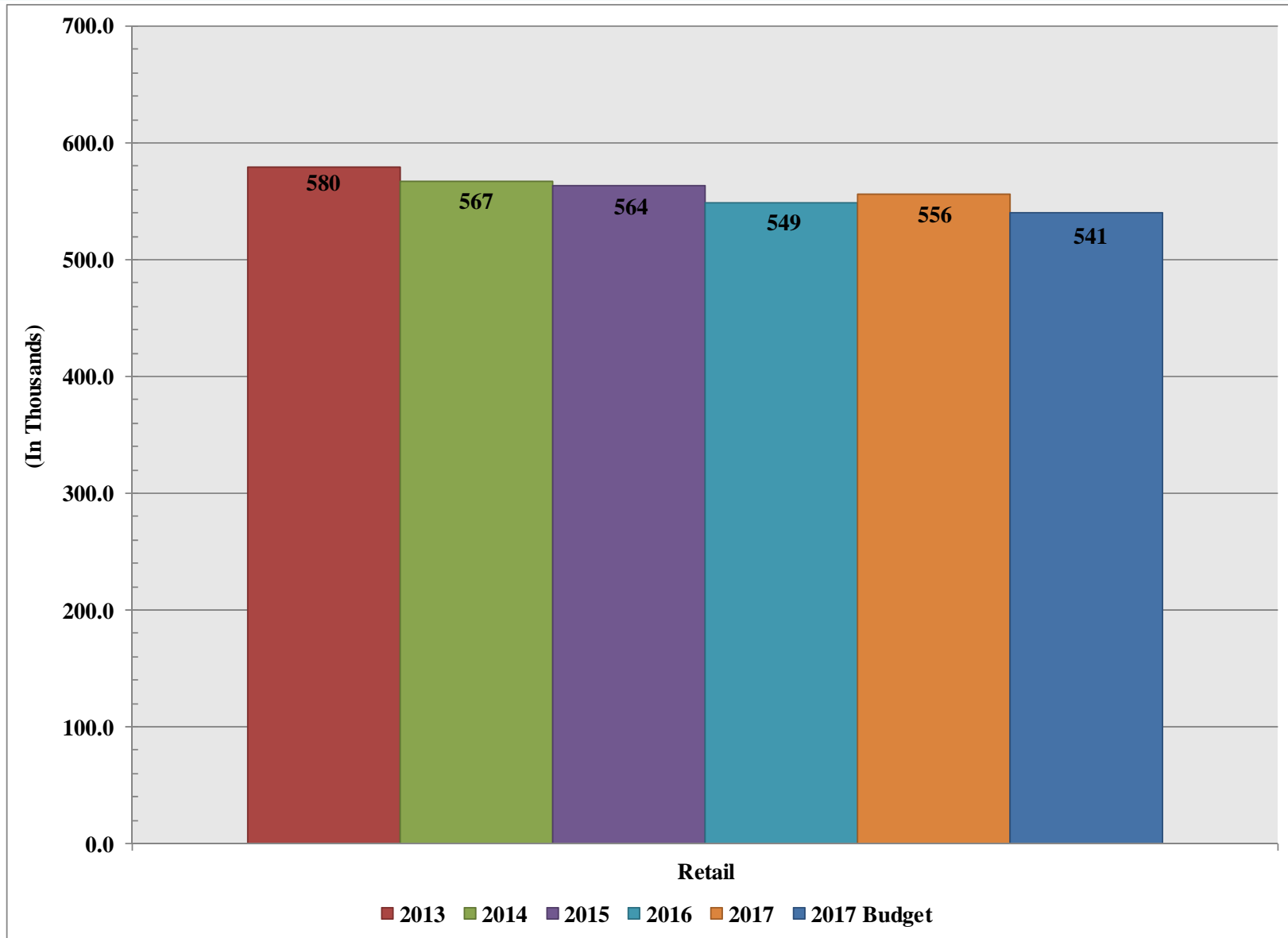
# June 2017 Financial Information

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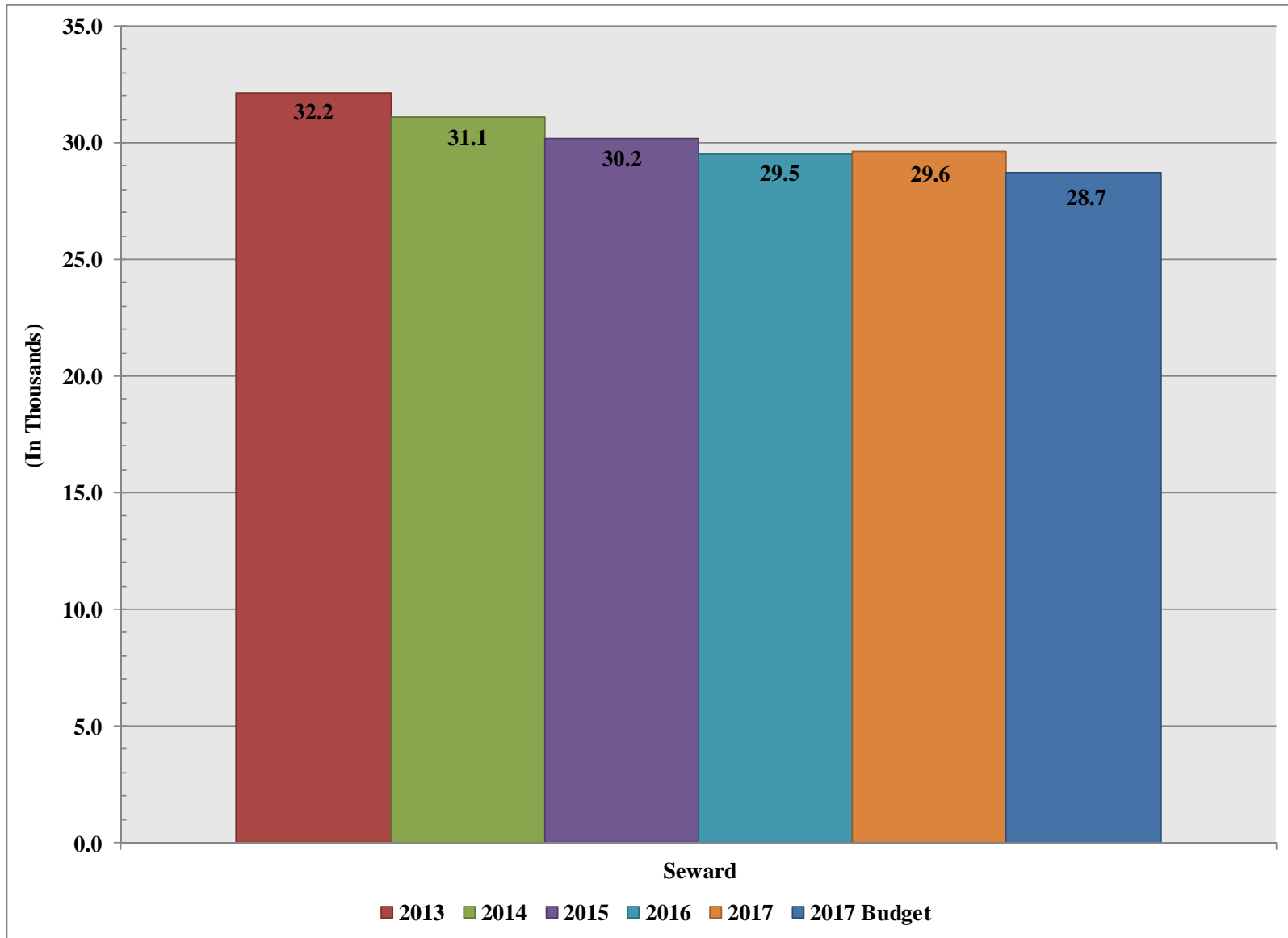
- ▶ MWH Sales
- ▶ Statement of Operations
- ▶ Balance Sheet
- ▶ Statements of Cash Flows



# 5 Year Retail MWh Sales Comparison (June YTD)



# 5 Year Seward MWh Sales Comparison (June YTD)



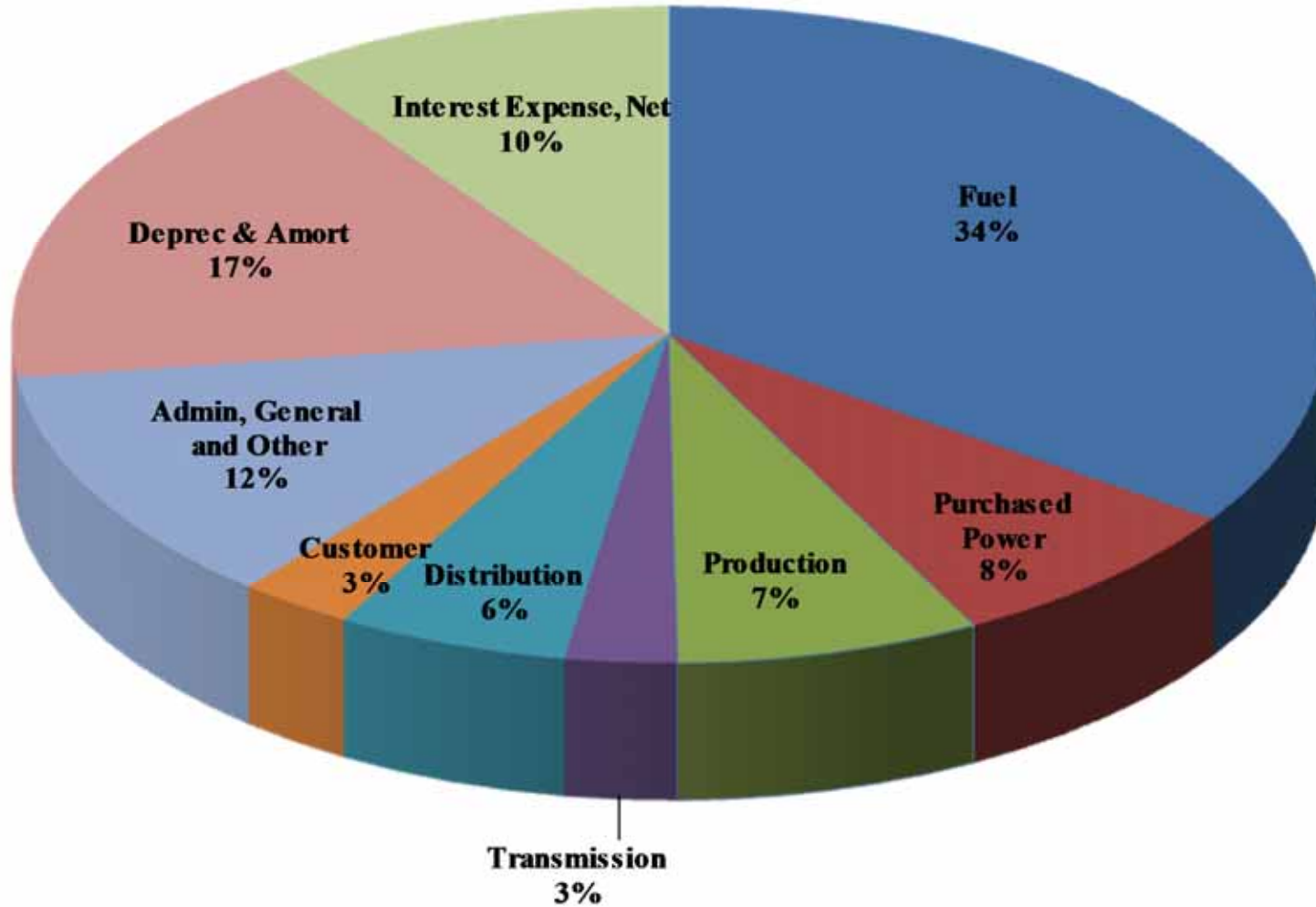
# Comparative Statement of Operations

## June YTD 2017



CATEGORY	ACTUAL	BUDGET	VARIANCE
<b>Operating Revenues</b>	<b>\$ 112,348,132</b>	<b>\$ 107,142,039</b>	<b>\$ 5,206,093</b>
Fuel	38,196,129	32,322,425	5,873,704
Production	8,240,717	8,516,120	(275,403)
Purchased Power	8,649,907	10,012,646	(1,362,739)
Transmission	3,050,058	3,638,532	(588,474)
Distribution	6,287,814	6,726,259	(438,445)
Customer	3,097,089	3,118,231	(21,142)
Administrative, General and Other	13,110,605	12,241,187	869,418
Depreciation and Amortization	18,956,671	19,296,873	(340,202)
<b>Total Operating Expenses</b>	<b>\$ 99,588,990</b>	<b>\$ 95,872,273</b>	<b>\$ 3,716,717</b>
Interest Expense, Long-Term and Other	11,116,509	11,038,449	78,060
Interest Charged to Construction	(60,999)	(191,221)	130,222
<b>Net Interest Expense</b>	<b>\$ 11,055,510</b>	<b>\$ 10,847,228</b>	<b>\$ 208,282</b>
<b>Net Operating Margins</b>	<b>\$ 1,703,632</b>	<b>\$ 422,538</b>	<b>\$ 1,281,094</b>
Interest Income	306,831	162,815	144,016
Allowance Funds Used During Const.	25,664	63,739	(38,075)
Capital Credits, Patronage Dividends, Other	81,298	0	81,298
<b>Patronage Capital or Margins</b>	<b>\$ 2,117,425</b>	<b>\$ 649,092</b>	<b>\$ 1,468,333</b>

# Total Operating and Interest Expense June YTD 2017



## Comparative Balance Sheet, Assets & Other Debits June 2017 & December 2016

ASSETS & OTHER DEBITS	06/30/17	12/31/16	CHANGE
Electric Plant in Service	1,204,652,232	1,192,513,869	12,138,363
Construction Work in Progress	14,710,383	18,455,940	(3,745,557)
<b>Total Utility Plant</b>	<b>\$ 1,219,362,615</b>	<b>\$ 1,210,969,809</b>	<b>\$ 8,392,806</b>
Accumulated Depreciation	(506,380,845)	(496,098,131)	(10,282,714)
<b>Net Utility Plant</b>	<b>\$ 712,981,770</b>	<b>\$ 714,871,678</b>	<b>\$ (1,889,908)</b>
Nonutility Property	76,889	76,889	0
Investment in Assoc. Organizations	8,980,034	9,349,311	(369,277)
Special Funds	1,075,155	907,836	167,319
Other Investments	4,265,679	3,871,993	393,686
<b>Total Other Property &amp; Investments</b>	<b>\$ 14,397,757</b>	<b>\$ 14,206,029</b>	<b>\$ 191,728</b>
Cash & Marketable Securities	11,243,833	12,048,316	(804,483)
Special Deposits/Restricted Cash	810,670	975,665	(164,995)
Accounts Receivable - Net	27,997,657	33,000,919	(5,003,262)
Materials and Supplies, Fuel Stock	22,767,980	34,210,843	(11,442,863)
Prepayments	2,978,095	1,407,026	1,571,069
Other Current Assets	2,181,475	294,697	1,886,778
<b>Total Current Assets</b>	<b>\$ 67,979,710</b>	<b>\$ 81,937,466</b>	<b>\$ (13,957,756)</b>
Deferred Charges, Net	34,498,025	25,140,957	9,357,068
<b>Total Assets</b>	<b>\$ 829,857,262</b>	<b>\$ 836,156,130</b>	<b>\$ (6,298,868)</b>

## Comparative Balance Sheet, Liabilities & Other Credits June 2017 & December 2016

LIABILITIES & OTHER CREDITS	06/30/17	12/31/16	CHANGE
Memberships	1,704,429	1,691,014	13,415
Patronage Capital	171,750,103	169,996,436	1,753,667
Other	13,966,323	13,828,075	138,248
<b>Total Equities and Margins</b>	<b>\$ 187,420,855</b>	<b>\$ 185,515,525</b>	<b>\$ 1,905,330</b>
Bonds Payable	421,833,331	405,249,998	16,583,333
National Bank for Cooperatives	38,760,000	40,356,000	(1,596,000)
Unamortized Debt Issuance Costs	(2,776,822)	(2,715,745)	(61,077)
<b>Total Long-Term Obligations</b>	<b>\$ 457,816,509</b>	<b>\$ 442,890,253</b>	<b>\$ 14,926,256</b>
Current Installments of Long-Term Obligations	26,608,667	24,836,667	1,772,000
Commercial Paper	42,000,000	68,200,000	(26,200,000)
Accounts Payable	8,688,712	9,618,630	(929,918)
Consumer Deposits	5,089,731	5,207,585	(117,854)
Other Current & Accrued Liabilities	27,003,063	26,532,912	470,151
<b>Total Current Liabilities</b>	<b>\$ 109,390,173</b>	<b>\$ 134,395,794</b>	<b>\$ (25,005,621)</b>
Deferred Compensation	1,075,155	907,836	167,319
Other Liabilities, Non-Current	868,641	655,277	213,364
Deferred Liabilities	1,187,587	1,179,414	8,173
Patronage Capital Payable	12,008,499	12,008,499	0
Cost of Removal Obligation / ARO	60,089,843	58,603,532	1,486,311
<b>Total Liabilities, Equities and Margins</b>	<b>\$ 829,857,262</b>	<b>\$ 836,156,130</b>	<b>\$ (6,298,868)</b>

# Statements of Cash Flows

## June 2017 and June 2016

	06/30/17	06/30/16
<b>1. Cash flows from operating activities:</b>		
Assignable margins	\$ 2,117,425	\$ 659,204
Adjustments to reconcile assignable margins to net cash provided (used) by operating activities:		
Depreciation and amortization	21,219,580	19,766,917
Allowance for funds used during construction	(25,664)	(84,211)
Other	282,864	356,089
Increase in assets	(157,934)	(734,080)
Decrease in liabilities	(1,315,440)	722,573
<b>Net cash provided by operating activities:</b>	<b>\$ 22,120,831</b>	<b>\$ 20,686,492</b>
<b>2. Cash flows from investing activities:</b>		
Return of capital from investment in associated organizations	370,010	318,680
Investment in restricted cash equivalents	(1,361)	(98)
Investment in marketable securities and investments-other	(1,156,286)	0
Investment in Beluga River Unit	0	(44,183,293)
Proceeds from capital grants	115,452	377,796
Extension and replacement of plant	(15,498,947)	(15,241,226)
<b>Net cash used in investing activities:</b>	<b>\$ (16,171,132)</b>	<b>\$ (58,728,141)</b>
<b>3. Cash flows from financing activities:</b>		
Payments for debt issue costs	(184,778)	(235,504)
Net increase (decrease) in short-term obligations	(26,200,000)	14,000,000
Net increase in long-term obligations	16,759,333	21,484,020
Consumer advances for construction/Other	1,887,825	1,882,910
<b>Net cash (used in) provided by financing activities:</b>	<b>\$ (7,737,620)</b>	<b>\$ 37,131,426</b>
Net change in cash and cash equivalents	(1,787,921)	(910,223)
<b>4. Cash &amp; cash equivalents at beginning of period</b>	<b>\$ 4,672,935</b>	<b>\$ 15,626,919</b>
<b>5. Cash &amp; cash equivalents at end of period</b>	<b>\$ 2,885,014</b>	<b>\$ 14,716,696</b>

# ASC 606 – Revenue Recognition Standard

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- ▶ Core principle – Revenue is recognized to depict the transfer of promised goods or services to customers and reflects the consideration to which the entity is entitled
  
- ▶ Public companies must implement by 01/01/18
  
- ▶ Transition Update
  1. Performed Analysis on Revenue Streams
  2. Provided KPMG draft of internal analysis
  3. Currently analyzing disclosure requirements
  4. Identify modifications to internal controls



Questions?

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

**AUDIT AND FINANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**August 9, 2017**

**ACTION REQUIRED**

**AGENDA ITEM NO. VIII.A.**

- Information Only
  - Motion
  - Resolution
  - Executive Session
  - Other
- 

**TOPIC**

June 30, 2017, SEC Form 10Q Filing

**DISCUSSION**

The Form 10Q as reviewed in executive session.

**MOTION**

Move that the Audit and Finance Committee recommend management file the Securities and Exchange Commission Form 10Q by the due date incorporating any amendments to the document which will be reviewed and approved by KPMG. Ms. Stuart and Ms. Highers will immediately inform the Board, in writing, of any material or significant changes.

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

**AUDIT AND FINANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**August 9, 2017**

**ACTION REQUIRED**

**AGENDA ITEM NO. VIII.B.**

- Information Only
  - Motion
  - Resolution
  - Executive Session
  - Other
- 

**TOPIC**

Recommendation on Approval of the National Rural Utilities Cooperative Finance Corporation (NRUCFC) line of credit.

**DISCUSSION**

Chugach's current line of credit agreement is due to expire on October 12, 2017. Having this instrument in our suite of short-term financing alternatives augments our Commercial Paper Program, providing additional liquidity without an unused balance fee. A new Revolving Line of Credit Agreement (Agreement), in an amount not to exceed \$50 million, with a maturity date of sixty months and containing substantially the same terms and conditions, was discussed in executive session.

**MOTION**

Move that the Audit and Finance Committee recommend the Board of Directors authorize the Chief Executive Officer to enter into a Revolving Line of Credit Agreement (Agreement) with NRUCFC in an amount not to exceed \$50 million for a term of sixty months, subject to the provisions of the Agreement substantially in the form discussed in executive session.

## RESOLUTION

### **National Rural Cooperative Finance Corporation (NRUCFC) Line Of Credit**

WHEREAS, Chugach Electric Association, Inc., an Alaska electric cooperative (the “Company”), has determined that it is in the best interests of the Company to renew its \$50 million line of credit with National Rural Cooperative Finance Corporation (“NRUCFC”), a cooperative association;

WHEREAS, the NRUCFC line of credit is due to expire October 12, 2017;

WHEREAS, the NRUCFC line of credit provides \$50 million of liquidity for general corporate purposes;

WHEREAS, the Company intends to enter into a new Revolving Line of Credit Agreement (Agreement) with NRUCFC, in an amount not to exceed \$50,000,000, with a maturity date of sixty months from the effective date and on such terms and conditions as agreed upon by the Chief Executive Officer of the Company, pursuant to the Agreement;

WHEREAS, the Company has the power and authority to enter into, deliver and perform its obligations under the Agreement; and,

WHEREAS, it is in the best interests of the Company to enter into, deliver and perform its obligations under the Agreement.

NOW THEREFORE, BE IT RESOLVED, the Audit and Finance Committee recommend the Board of Directors authorize the Chief Executive Officer to enter into a Revolving Line of Credit Agreement with NRUCFC in an amount not to exceed \$50,000,000 for a term of sixty months, subject to the provisions of the Agreement, substantially in the form discussed in executive session on August 9, 2017, Audit and Finance Committee meeting.

## CERTIFICATION

I, James Henderson, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 9<sup>th</sup> day of August, 2017; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 9<sup>th</sup> day of August, 2017.