

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

May 29, 2024
Wednesday
4:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Amanda Mankel

I. CALL TO ORDER

Chair Morse called the Audit and Finance Committee meeting to order at 4:07 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Rachel Morse, Chair

Sisi Cooper, Director, *Telephonically, joined at 4:11 p.m.*

Susanne Fleek-Green, Director, *Telephonically*

Jim Nordlund, Director

Dan Rogers, Director

Absent/Excused

Mark Wiggin, Director

Board Members Present:

Bettina Chastain, Director – *Telephonically*

Guests and Staff Attendance

Present:

Arthur Miller

Sherri Highers

Matthew Clarkson

Allan Rudeck

Andrew Laughlin

Tiffany Wilson

Karen Griffin

Julie Hasquet

Paul Millwood

Heather Slocum

Robin Hepola

Todd McCarty

Dean Ratliff

Josh Travis

Nathan Golab

Jessie Anderson

Via Teleconference:

Stephanie Huddell

Jenny Starrs, Member

Sandra Cacy

II. APPROVAL OF THE AGENDA

Director Nordlund moved, and Director Rogers seconded the motion to approve the agenda. The motion passed unanimously.

Director Cooper was not present at the time of the vote.

III. APPROVAL OF THE MINUTES

Director Nordlund moved, and Director Rogers seconded the motion to approve the April 3, 2024, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

Director Cooper was not present at the time of the vote.

IV. PERSONS TO BE HEARD

None.

V. NEW BUSINESS

A. Election of Audit and Finance Committee Vice Chair

Chair Morse opened the floor for nominations for Vice Chair of the Audit and Finance Committee.

Chair Morse closed the nominations and called for a vote.

The result of the vote: Director Cooper was elected as Vice Chair of the Audit and Finance Committee.

Director Cooper joined at 4:11 p.m.

VI. CEO REPORTS AND CORRESPONDENCE

A. BRU Quarterly Investment Fund Review (Highers)

Arthur Miller, Chief Executive Officer, presented the BRU Quarterly Investment Fund Review and answered questions from the Committee.

B. 1st Quarter 2024 Capital Tracking Report (Griffin/Anderson)

Andrew Laughlin, Chief Operating Officer, Josh Travis, VP of Administrative Services, and Todd McCarty, VP of Information Services, presented highlights of the 1st Quarter 2024 Capital Tracking Report and answered questions from the Committee.

C. 1st Quarter 2024 Financial Information and Variance Report (Griffin/Anderson)

Karen Griffin, VP Finance & Accounting, and Jessie Anderson, Senior Financial Analyst, presented the 1st Quarter 2024 Financial Information and Variance Report and answered questions from the Committee.

VII. NEW BUSINESS

*A. Board Policy 207 – Audit and Finance Committee** (Committee)*

The Committee reviewed and discussed Board Policy 207 – Audit and Finance Committee and there were no recommended changes.

VIII. EXECUTIVE SESSION

None.

IX. DIRECTOR COMMENTS

Director comments were made at this time.

X. ADJOURNMENT

At 4:59 p.m., Director Nordlund moved, and Director Rogers seconded the motion to adjourn. The motion passed unanimously.

CHUGACH ELECTRIC BELUGA RIVER ARO INVESTMENT FUND

QUARTERLY REVIEW

June 30, 2024

Agenda

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



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Account Summary

as of June 30, 2024

Chugach Electric Beluga River ARO Investment Fund

Account Inception		October 2020
Initial Contribution		\$ 17,175,687
Subsequent Contributions		\$ 10,027,445
Withdrawals		\$ 0
Does not include custodial or management fees		
Current Market Value		\$ 30,710,597
June 30, 2024		
Annualized Account Return Since Inception		3.97%
		Inception – June 30, 2024
Cumulative Account Return Since Inception		15.35%
		Inception – June 30, 2024
Strategic Asset Allocation	Risk Assets	52%
	Risk Control	27%
	Alternatives	21%

Unofficial since inception return through 07/29/24 is +4.40% and unofficial year to date return through 07/29/24 is 6.65%.
 Unofficial market value as of 07/29/24 is \$31,282,816.
 Performance is gross of management fees and net of internal fund fees.

Account Summary as of June 30, 2024

Chugach Electric Beluga River ARO Investment Fund

Contributions to Date*	\$ 27,203,132
Current Market Value	\$ 30,710,597
Net Earnings	\$3,507,465
Anticipated Contributions**	\$24,380,734
Total Liability <i>End of Life</i>	\$ 79,101,308
Funded Status***	69.65%

*Contributions to Date calculated as the initial contribution plus subsequent deposits.
** Anticipated Contributions based on 2022 Reserve Study prepared by Ryder Scott.
***Funded Status calculated as current market value plus anticipated contributions of approximately \$24.38MM divided by the ARO liability of \$79.10MM.

Portfolio Review

Chugach Electric Beluga River ARO Investment Fund

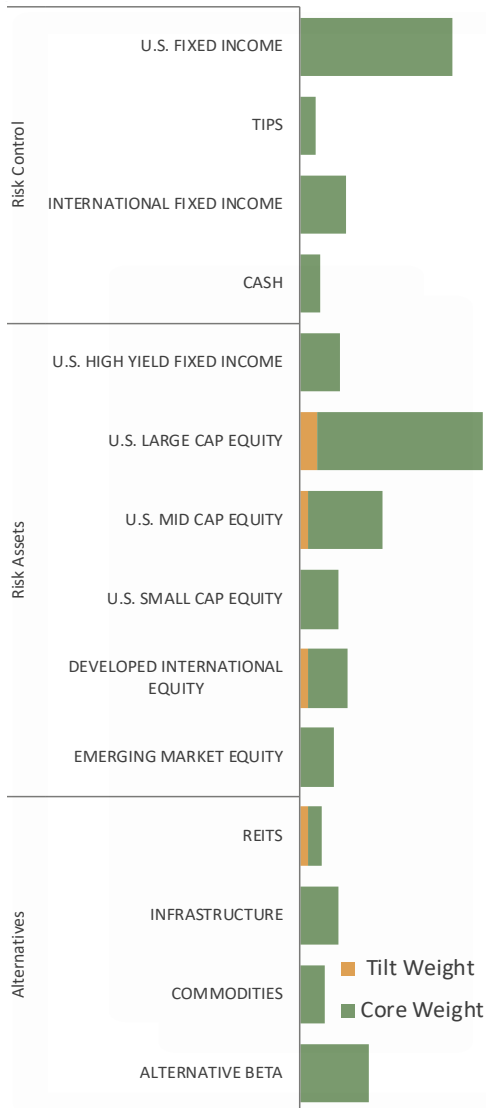
Portfolio Review

Market Review

Appendix

Asset Allocation as of June 30, 2024

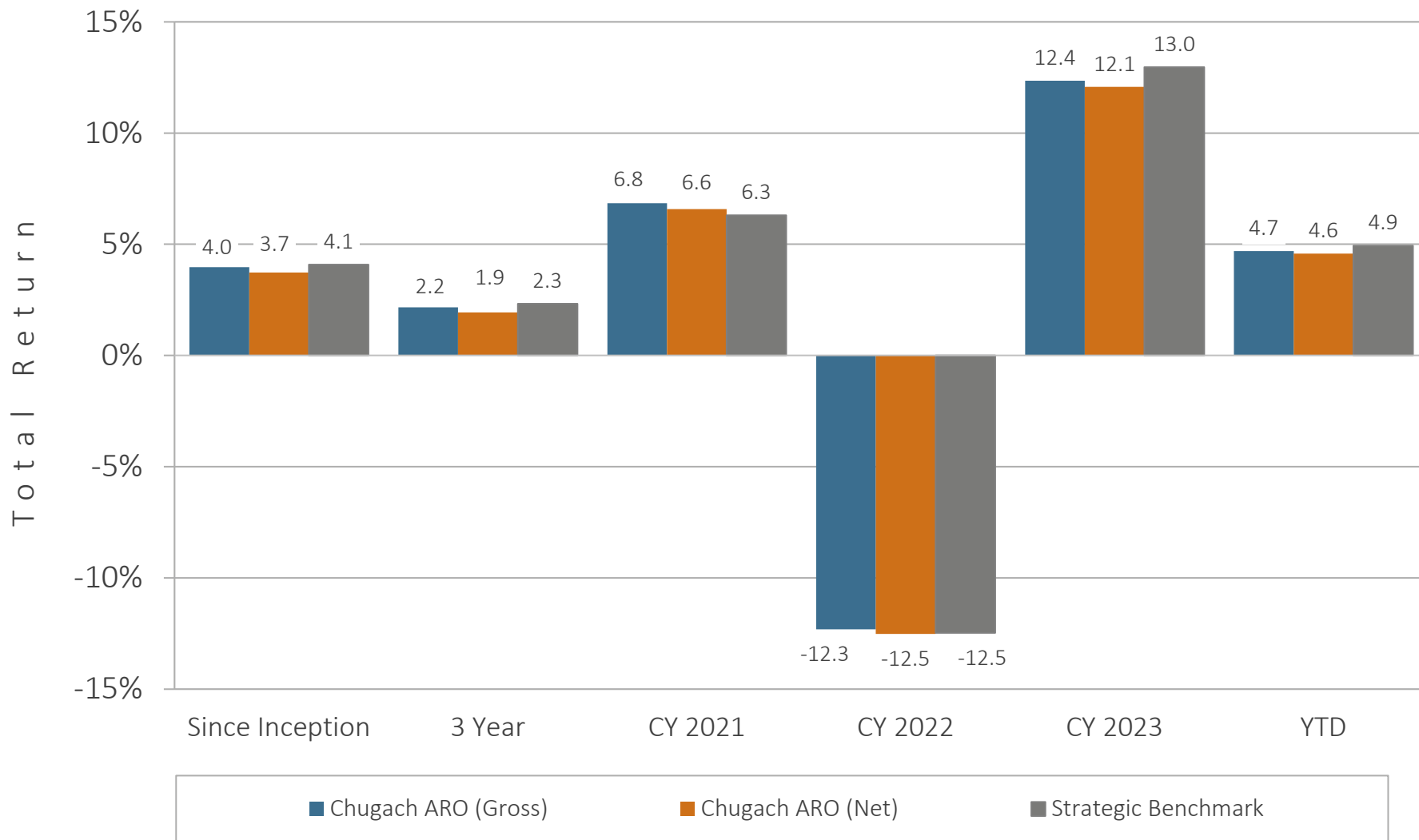
Chugach Electric Beluga River ARO Investment Fund



Asset Class	Strategic Weight	Overweight / Underweight	Current Allocation	Range
Risk Control	27%	1.9%	28.9%	
U.S. FIXED INCOME	18%	0.8%	18.8%	8 - 28%
TIPS	2%	-0.1%	1.9%	0 - 10%
INTERNATIONAL FIXED INCOME	5%	0.6%	5.6%	0 - 10%
CASH	2%	0.5%	2.5%	0 - 10%
Risk Assets	52%	0.2%	52.2%	
U.S. HIGH YIELD FIXED INCOME	5%	-0.2%	4.8%	0 - 10%
U.S. LARGE CAP EQUITY	22%	0.6%	22.6%	12 - 32%
U.S. MID CAP EQUITY	10%	0.1%	10.1%	5 - 15%
U.S. SMALL CAP EQUITY	5%	-0.3%	4.7%	0 - 10%
DEVELOPED INTERNATIONAL EQUITY	6%	-0.1%	5.9%	0 - 12%
EMERGING MARKET EQUITY	4%	0.1%	4.1%	0 - 8%
Alternatives	21%	-2.1%	18.9%	
REITS	3%	-0.3%	2.7%	0 - 6%
INFRASTRUCTURE	5%	-0.3%	4.7%	0 - 10%
COMMODITIES	3%	0.0%	3.0%	0 - 6%
ALTERNATIVE BETA	10%	-1.5%	8.5%	0 - 15%

Account Performance as of June 30, 2024

Chugach Electric Beluga River ARO Investment Fund

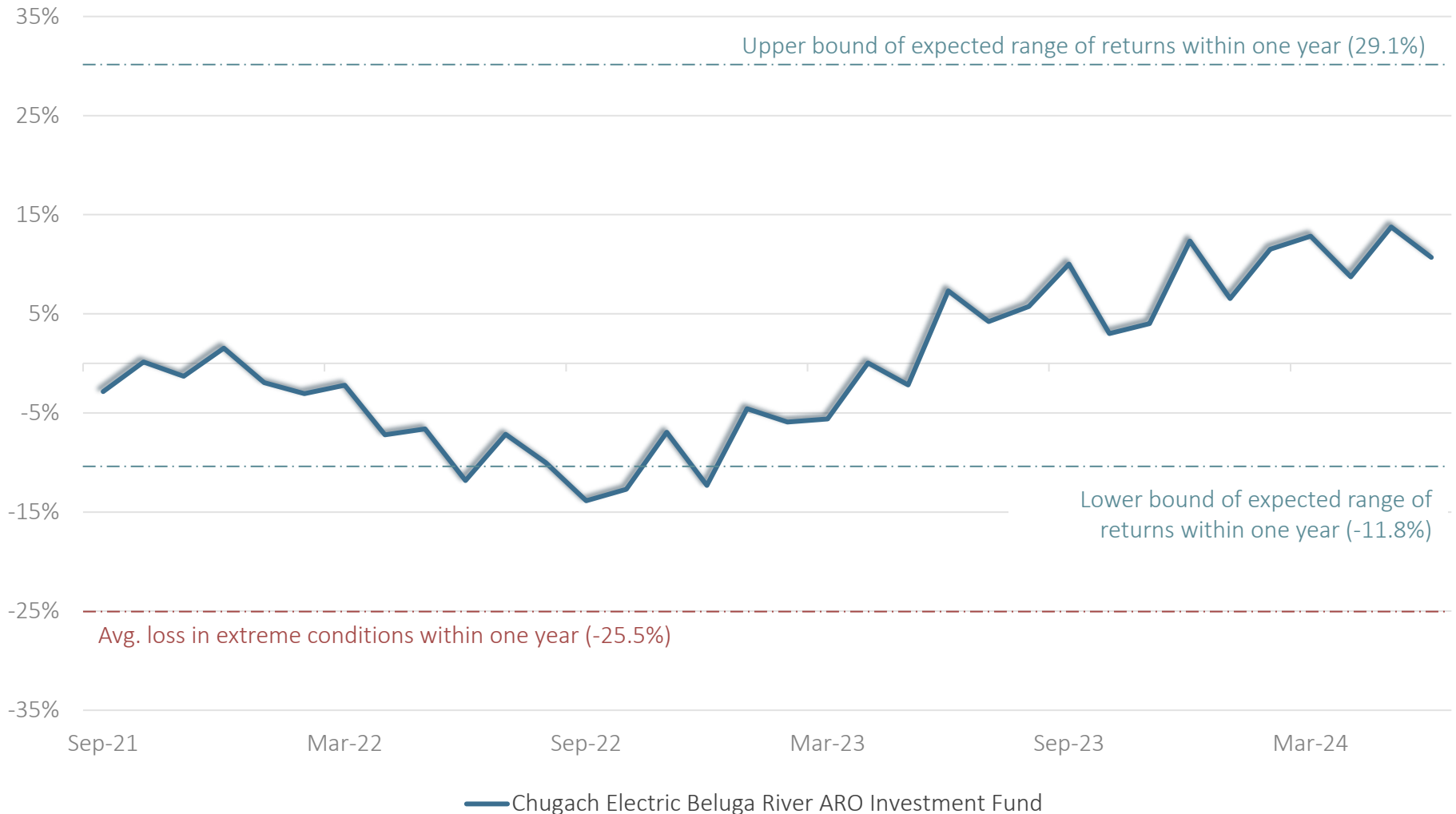


Performance is gross of management fees, net of internal fund fees, and annualized for periods greater than one year. Inception performance begins on October 31, 2020. Strategic benchmark is a blended return of the account's target performance allocation history.

Monitoring Realized Returns vs. Strategic Plan

Chugach Electric Beluga River ARO Investment Fund

Rolling 12 Month Returns vs. Strategic Plan

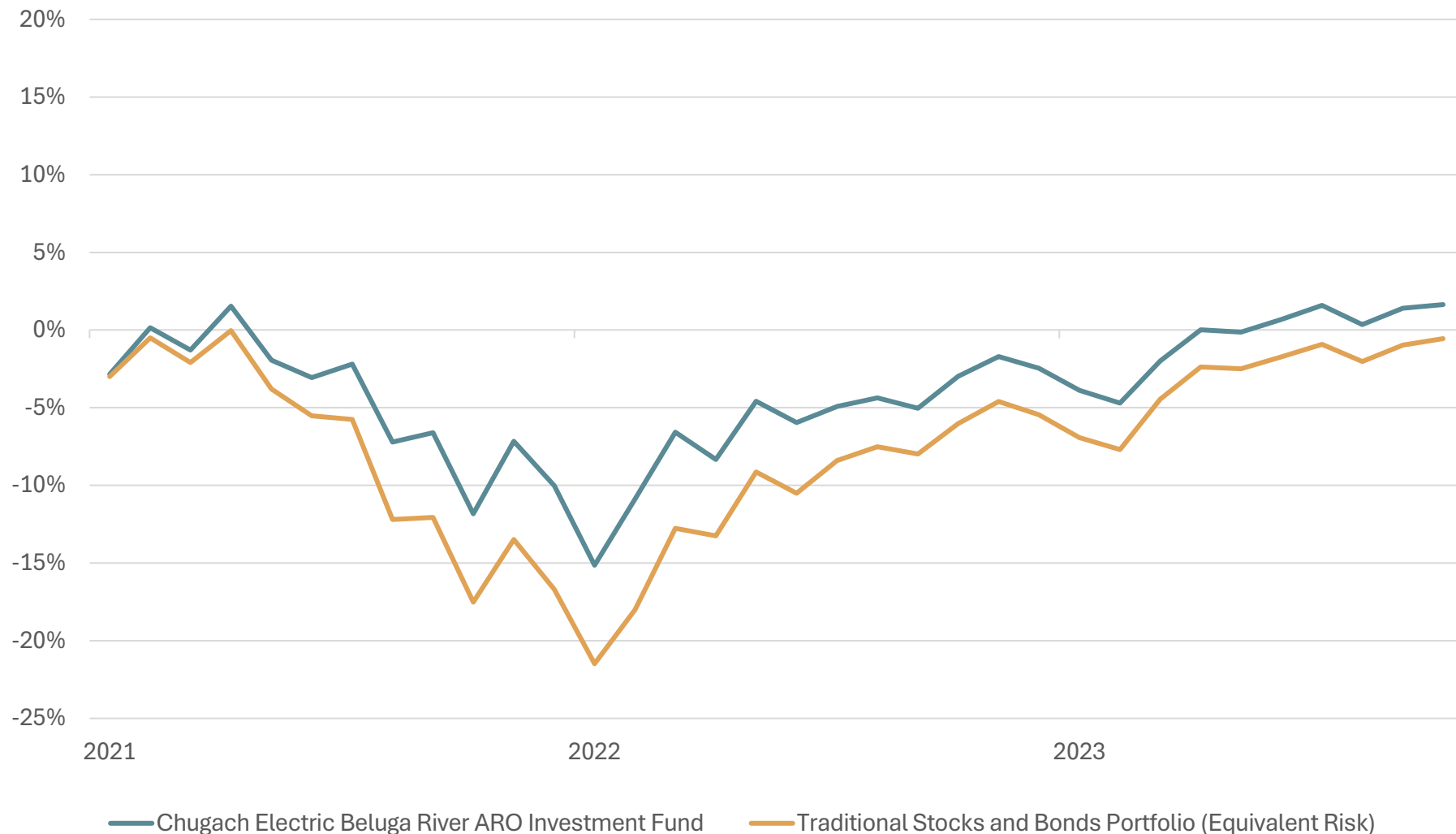


Portfolio performance is gross of management fees and net of fund fees. Traditional Stocks and Bonds Portfolio (Equivalent Risk) is comprised of the ACWI World Index (55%) and Bloomberg Global Agg Index (45%). Performance begins September 2021, when the portfolio transitioned to the current allocation.

Inception to Date Returns Have Exceeded a Traditional Allocation

Chugach Electric Beluga River ARO Investment Fund

Annualized Cumulative Return



Portfolio performance is gross of management fees and net of fund fees. Traditional Stocks and Bonds Portfolio (Equivalent Risk) is comprised of the ACWI World Index (55%) and Bloomberg Global Agg Index (45%). Performance begins September 2021, when the portfolio transitioned to the current allocation.

U.S. Fixed Income Performance as of June 30, 2024

Chugach Electric Beluga River ARO Investment Fund

- Actively managed U.S. Fixed Income return for the 2nd quarter was **0.18%** vs. **0.07%** 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 sector allocation to Agency securities was a positive contributor to performance due to selection effect.
 - Security selection within the Corporate allocation was a positive contributor to performance over the period.

U.S. Fixed Income Summary Statistics as of June 30, 2024

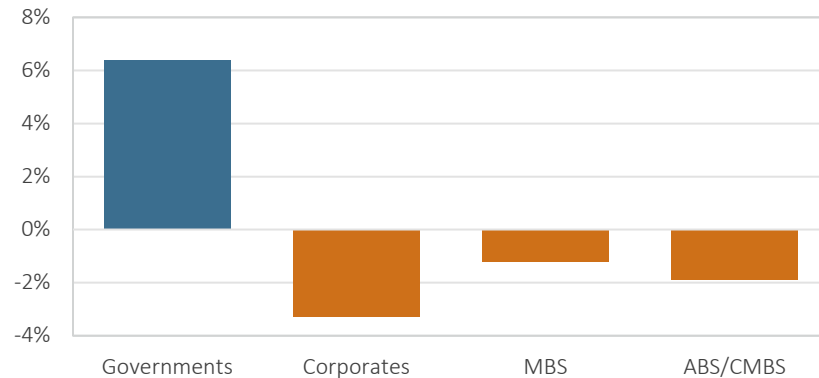
	ARO Investment Fund	Bloomberg Aggregate
Market Value	\$ 5,769,394	—
Yield to Maturity	5.01%	4.99%
OAD	5.99	6.13

Source: Bloomberg and Clearwater

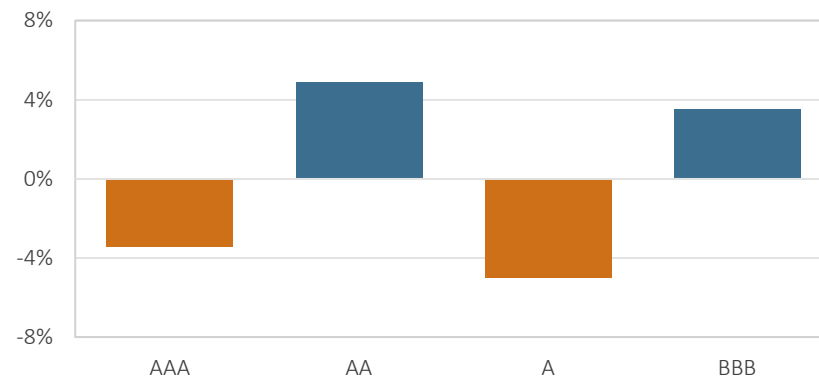
U.S. Fixed Income Positioning as of June 30, 2024

Chugach Electric Beluga River ARO Investment Fund

Sector Under/Overweight



Quality Under/Overweight



Source: Bloomberg

Bond Sector Comparison

	Chugach	Bloomberg Agg
Governments*	53.6%	47.2%
Corporates	22.0%	25.3%
MBS	24.4%	25.6%
ABS/CMBS	0.0%	1.9%
Total	100%	100%

* Includes Municipal Debt

Credit Quality Comparison

	Chugach	Bloomberg Agg
AAA	0.0%	3.4%
AA	77.6%	72.7%
A	6.5%	11.5%
BBB	15.9%	12.4%
Total	100%	100%

Market Review

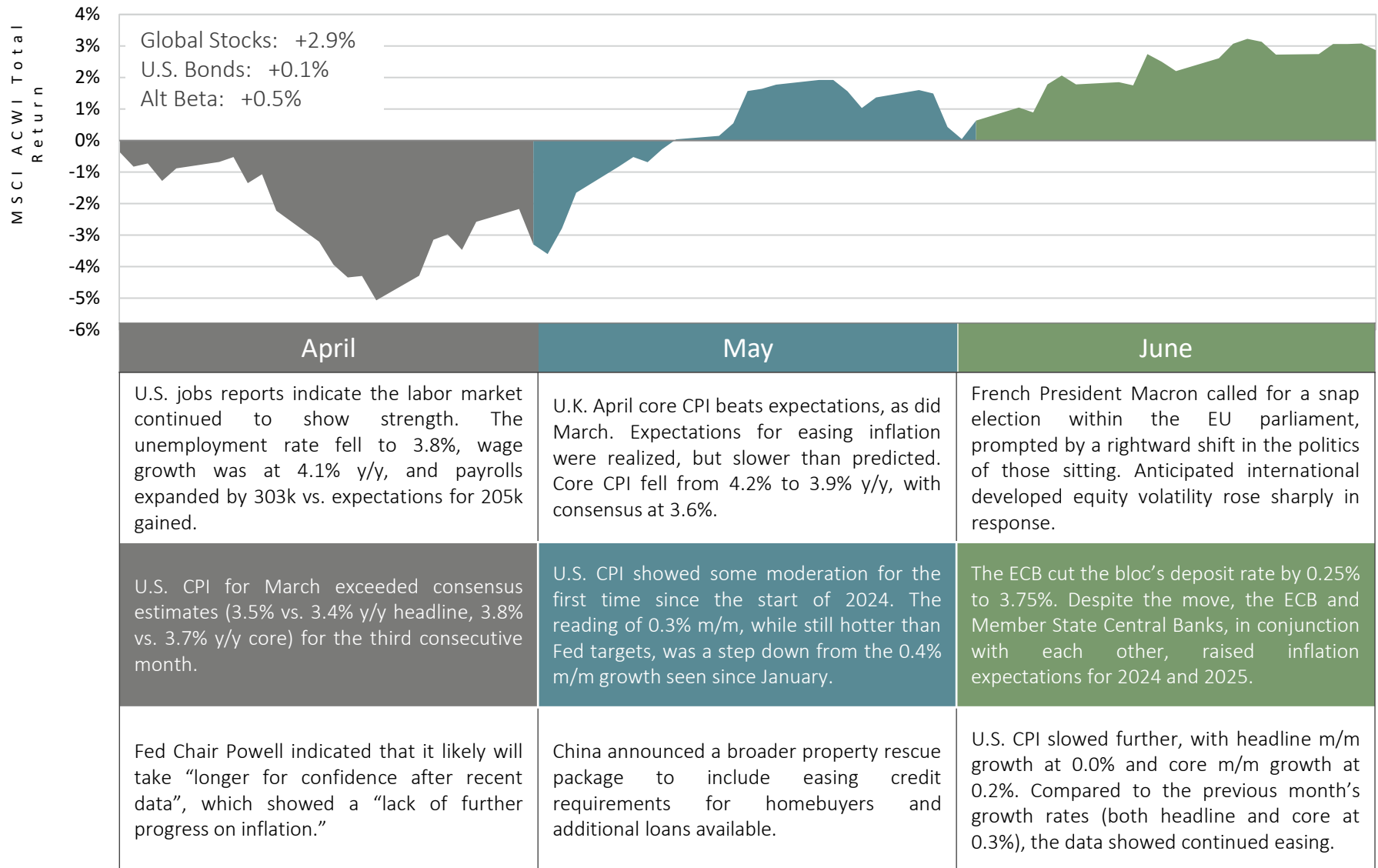
Portfolio Review

Market Review

Appendix

Strong Equity Returns, Economic Resilience, and Policy Patience

Market Recap Q2 2024

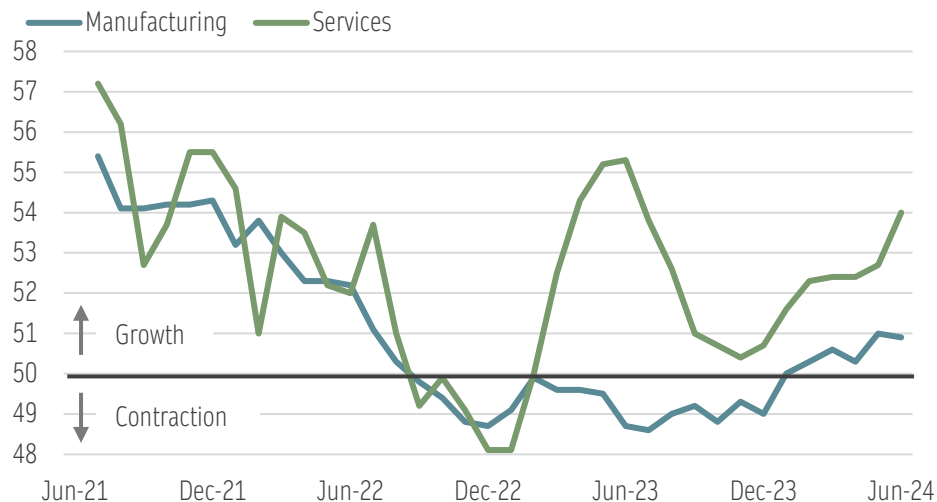


Data: Bloomberg / Northern Trust. Global Stocks, US Bonds, and Alternative Beta are represented by MSCI ACWI, Bloomberg Agg, and Willshire Liquid Alt Indices, respectively.

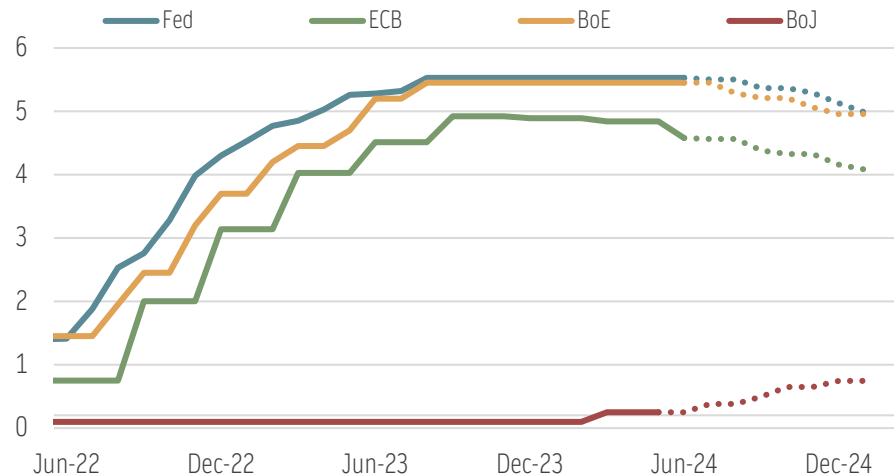
Key Developments

Growth, Inflation, and Bonds

Global Growth Remains Positive



Expectations for Easier Monetary Policy



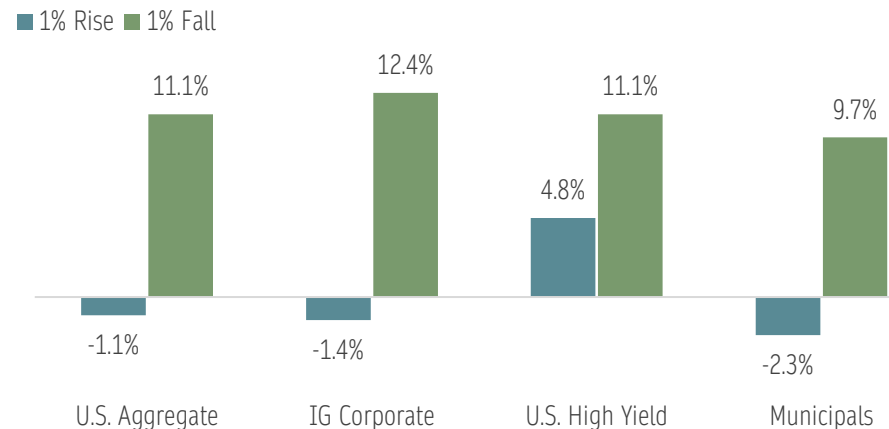
The Fed is Focused on Labor Markets

US: Barometer of labor market conditions



Bonds Positioned for Strong Return vs. Risk

Bond Returns Assuming a 1% Change in Interest Rates Across Tenors

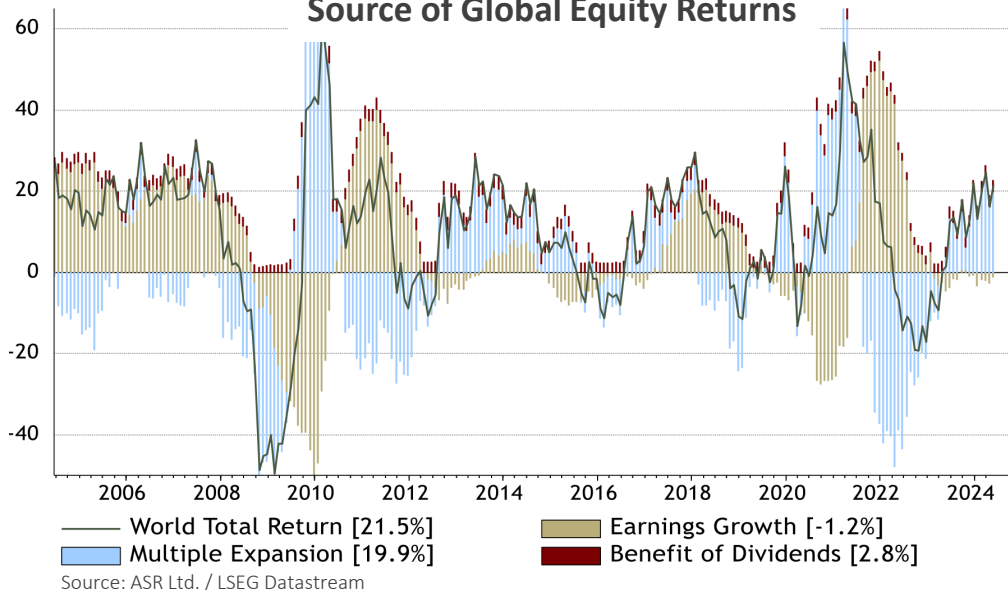


Data: Bloomberg, Oxford Economics/Haver Analytics, APCM

Positive Fundamentals Support Risk Assets

Multiple expansion and expectations

Source of Global Equity Returns



Global equity returns have been almost entirely **driven by multiple expansion** since late last year.

This has been partially driven by **robust future earnings growth expectations** due to AI advancements and strong consumers.

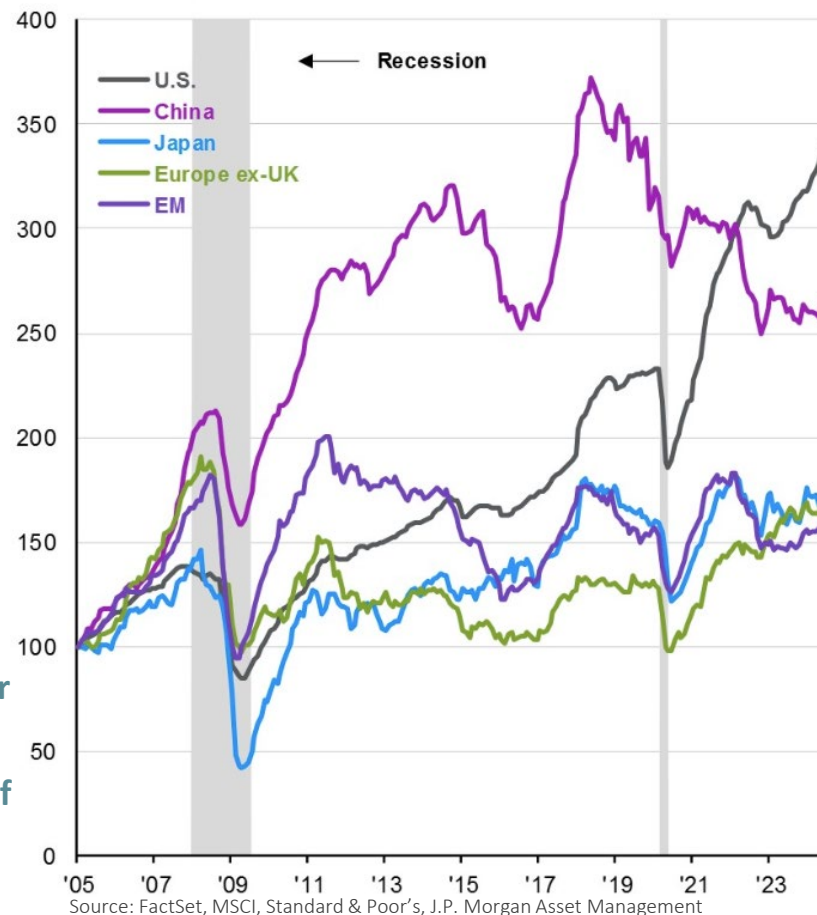
Investors currently believe that global equity **multiples will be lower a year from now**.

Near-term market returns will be heavily influenced by the **results of the election and earnings growth**.

While much attention is directed towards the presidential race, **control of Congress also holds significant importance in shaping economic policies**.

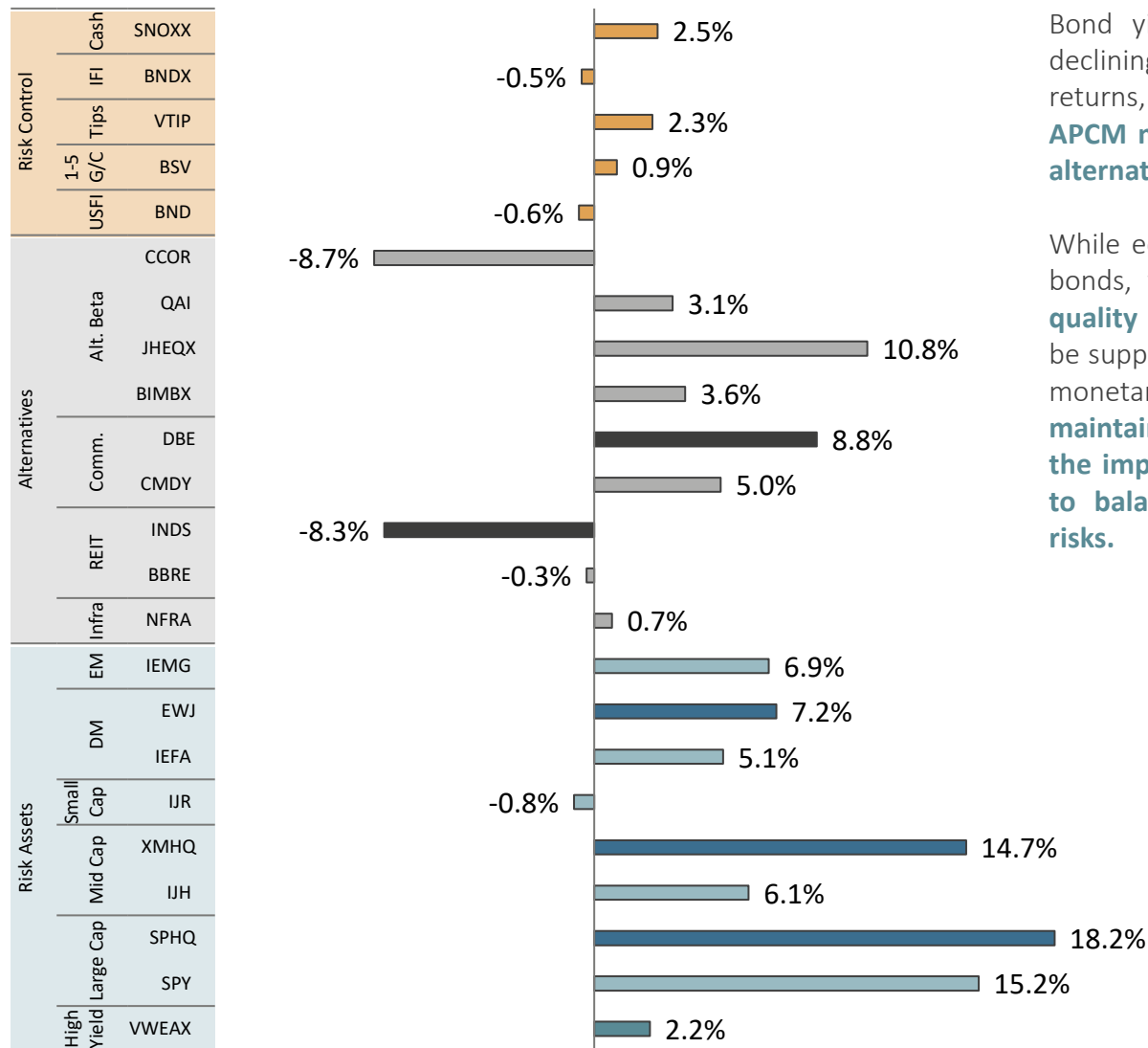
Global Earnings Expectations Remain Positive

Jan. 2005 = 100, next 12 months consensus estimates, U.S. dollars



Risk Assets Have Outperformed Led by High Quality US Equities

Year-to-date Asset Class Returns as of June 30, 2024



Bond yields are attractive, as the economy slows, declining yields are expected to provide attractive returns, surpassing the returns of alternative beta. **APCM maintains an overweight to bonds funded by alternative beta to leverage this situation.**

While equities seem relatively expensive compared to bonds, we see potential **opportunities within high-quality names**. Nonetheless, equities may continue to be supported if economic growth remains positive or if monetary policy starts to normalize. **As a result, we maintain a neutral stance on equities, emphasizing the importance of sustaining exposure to risk assets to balance potential upside gains with downside risks.**

Appendix

Portfolio Review

Market Review

Appendix

Disclosures

Important Assumptions

IMPORTANT: The projections or other information generated by Alaska Permanent Capital Management Company (APCM) regarding the likelihood of various outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. There can be no assurance that the projected or simulated results will be achieved or sustained. The charts and data only present a range of possible outcomes. Actual results will vary over time, and such results may be better or worse than the simulated scenarios. Clients should be aware that the potential for loss (or gain) may be greater than that demonstrated in the simulations. Please note that the analysis does not take into consideration all asset classes, and other asset classes not considered may have characteristics similar or superior to those being analyzed.

Important Legal Information

These calculations are designed to be informational and educational only, and when used alone, do not constitute investment advice. APCM encourages investors to review their investment strategy periodically as financial circumstances do change.

Model results are provided as a rough approximation of future financial performance. Actual results could produce different outcomes (either better or worse) than those illustrated by the model, since it is not possible to anticipate every possible combination of financial market returns. APCM is not responsible for the consequences of any decisions or actions taken in reliance upon or as a result of the information provided by the results of the model.

Other Influences on Rates of Return

Investment management fees: Returns are presented gross of management fees and include the reinvestment of all income. Actual returns will be reduced by investment advisory fees and other expenses that may be incurred in the management of the account. The collection of fees produces a compounding effect on the total rate of return net of management fees. As an example, the effect of investment management fees on the total value of a client's portfolio assuming (a) quarterly fee assessment, (b) \$1,000,000 investment, (c) portfolio return of 8% a year, and (d) 1.00% annual investment advisory fee would be \$10,416 in the first year, and cumulative effects of \$59,816 over five years and \$143,430 over ten years. Actual investment advisory fees incurred by clients may vary.

Taxes: Unless noted otherwise, model results have not been adjusted for any state or federal taxes or penalties.

Inflation: Unless noted otherwise, model results do not adjust any inputs or outcomes for inflation. Inflation is assumed to be constant over the investment horizon.

Limitations Inherent in Model Results

Limitations include but are not restricted to the following:

Model results do not represent actual trading and may not reflect the impact that material economic and market factors might have had on APCM's decision making if the actual client money were being managed.

Extreme market movements may occur more frequently than represented in the model.

Some asset classes have relatively limited histories. While future results for all asset classes in the model may materially differ from those assumed in APCM's calculations, the future results for asset classes with limited histories may diverge to a greater extent than the future results of asset classes with longer track records.

Market crises can cause asset classes to perform similarly over time; reducing the accuracy of the projected portfolio volatility and returns. The model is based on the long-term behavior of the asset classes and therefore is less reliable for short-term periods. This means that the model does not reflect the average periods of "bull" and "bear" markets, which can be longer than those modeled.

The model represent APCM's best view of the next 7-10 years, but is unlikely to reflect actual investment returns worldwide over this period.

Capital Tracking Report

2nd Quarter 2024

Chugach Electric Association, Inc.

Audit & Finance Committee

August 21, 2024



Projects Summary

ProjectName	Actual	Forecast	Approved	Financial Status					
		(In Millions)		Legend:	Actual	Under	Over <15%	Over >15%	Approve
Reliability Projects	\$55.2	\$66.8	\$63.8	<div><div></div><div>87%</div><div>105%</div></div>					
Retirements & Replacements Projects	\$18.3	\$37.8	\$37.2	<div><div></div><div>49%</div><div>102%</div></div>					
Agency Mandated Projects	\$5.2	\$5.4	\$5.4	<div><div></div><div>96%</div><div>101%</div></div>					
Operating Efficiency Projects	\$34.7	\$85.6	\$86.5	<div><div></div><div>40%</div><div>99%</div></div>					

Capital Tracking Report

2nd Quarter 2024

Supplemental Information

Reliability Projects

Reliability Projects Summary

Project Name	Last Approved	Actual-to-Date	Forecast	Approved	Physically Complete	Financial Status					
			(In Millions)			Legend:	Actual	Under	Over<15%	Over>15%	Approved
Reliability											
Old Seward OH/UG Dimond-O'Malley	4/26/2023	\$4.7	\$6.4	\$5.7	100%	<div><div></div><div>82%</div><div></div></div> <div>113%</div>					
Baxter OH/UG	4/26/2023	\$2.8	\$2.9	\$2.9	100%	<div><div></div><div>98%</div><div></div></div> <div>100%</div>					
Campbell Lake Substation Rebuild	3/22/2023	\$3.2	\$8.6	\$8.6	36%	<div><div></div><div>37%</div><div></div></div> <div>100%</div>					
Battery Energy Storage System	10/26/2022	\$44.5	\$48.9	\$46.6	90%	<div><div></div><div>95%</div><div></div></div> <div>105%</div>					

Old Seward OH/UG Dimond-O'Malley

- Approved – 04/26/2023
- Project Manager – D. Thornton
- Physically Complete – 100%
- Approval Amount – \$5.7M
- Actuals – \$4.7M
- Forecast – \$6.4M

Legend:

Actual

Under

Over <15%

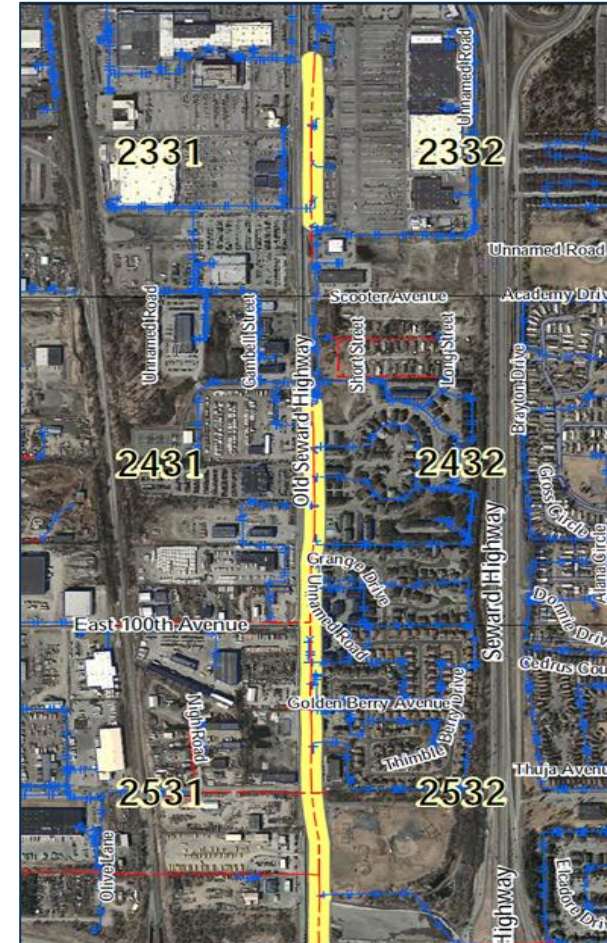
Over >15%

Approved



Old Seward OH/UG Dimond-O'Malley

This project will underground the existing overhead distribution and sub-transmission circuits going down Old Seward from the south side of O'Malley Road to approximately Dimond Boulevard. Bids were solicited for the project with Sturgeon Electric selected as the contractor. Active construction began in July of 2023. Construction on this project stopped at the end of 4th quarter 2023, resumed in 2nd quarter of 2024 and is now complete and energized. The bids came in higher than estimated by our design/estimating software. Challenges with permitting and permit compliance with AKDOT has led to higher internal labor costs.



Baxter OH/UG

- Approved – 04/26/2023
- Project Manager – D. Thornton
- Physically Complete – 100%
- Approval Amount – \$2.9M
- Actuals – \$2.8M
- Forecast – \$2.9M

Legend:

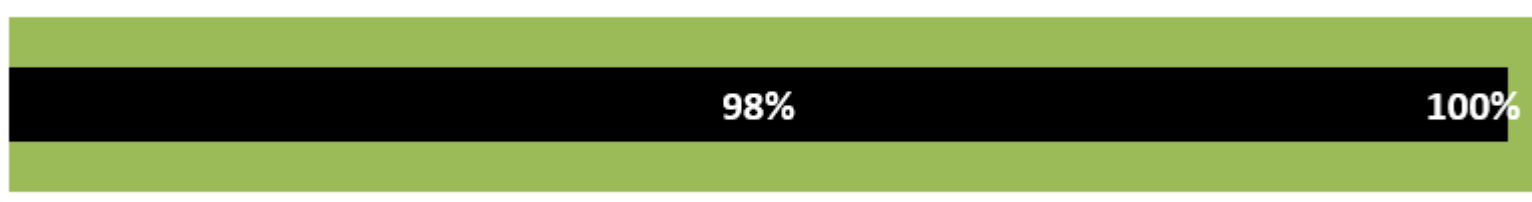
Actual

Under

Over <15%

Over >15%

Approved



Baxter OH/UG

This project will underground a portion of the Baxter Road distribution feeders and will tie two radial feeders, Baxter 282 and Boniface 412, together to increase reliability in the area. Bids were solicited for the project with Sturgeon Electric selected as the contractor. This project is complete and energized.



Campbell Lake Substation Rebuild

- Approved – 03/22/2023
- Project Manager – C. Kohler
- Physically Complete – 36%
- Approval Amount – \$8.6M
- Actuals – \$3.2M
- Forecast – \$8.6M

Legend:

Actual

Under

Over <15%

Over >15%

Approved



Campbell Lake Substation Rebuild

Conditional Use Permits have been rescinded by the Municipality of Anchorage from the Appeal of the Southport Masters Association. Project is currently on hold.



Battery Energy Storage System

- Approved – 10/26/2022
- Project Manager – C. Kohler
- Physically Complete – 90%
- Approval Amount – \$46.6M
- Actuals – \$44.5M
- Forecast – \$48.9M

Legend:

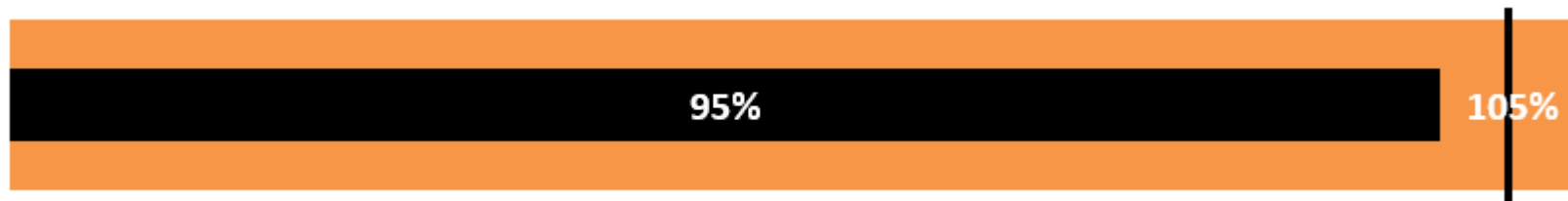
Actual

Under

Over <15%

Over >15%

| Approved



Battery Energy Storage System

The majority of the site construction has been completed and the Chugach commissioning of the new switchgear is underway. Tesla commissioning is scheduled for August 2024. Switchgear and construction costs were more than estimated. Estimated energization period is Q4 2024.



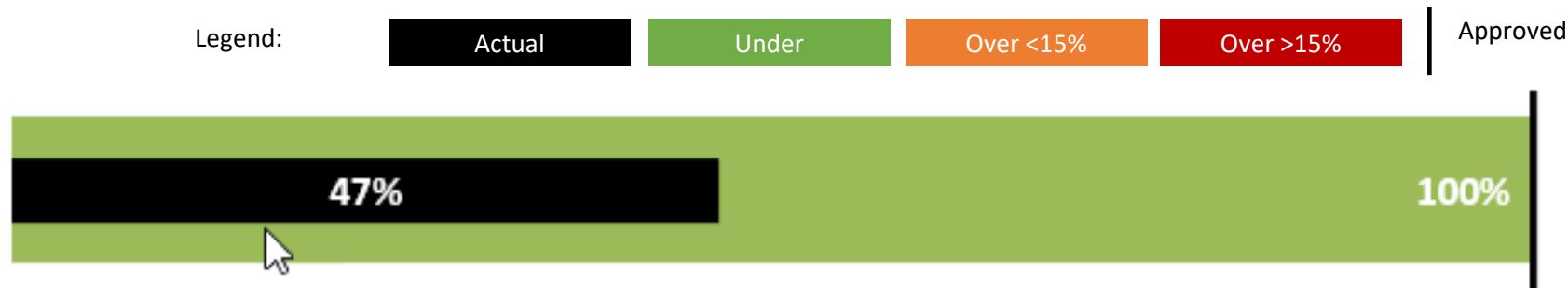
Retirement & Replacement Projects

Retirements & Replacements Projects Summary

Project Name	Last Approved	Actual-to-Date	Forecast	Approved	Physically Complete	Financial Status					
			(In Millions)			Legend:	Actual	Under	Over<15%	Over>15%	Approved
Retirements & Replacements											
115kV T-Line Rebuild Girdwood to Indian	1/24/2024	\$14.4	\$31.0	\$31.0	55%	<div><div></div><div>47%</div><div>100%</div></div>					
Cooper Lake U2 Runner Upgrade	4/10/2024	\$0.3	\$3.2	\$3.2	10%	<div><div>10%</div><div></div><div>100%</div></div>					
SPP Unit 10 Major Overhaul	11/14/2023	\$3.6	\$3.6	\$3.0	100%	<div><div></div><div>121%</div><div></div></div>					

115kV T-Line Rebuild Girdwood to Indian

- Approved – 01/24/2024
- Project Manager – C. Kohler
- Physically Complete – 55%
- Approval Amount – \$31.0M
- Actuals – \$14.4M
- Forecast – \$31.0M



115kV T-Line Rebuild Girdwood to Indian

Project is under construction and estimated to be completed in May 2025.



Cooper Lake U2 Runner Upgrade

- Approved – 04/10/2024
- Project Manager – J.Privett
- Physically Complete – 10%
- Approval Amount – \$3.2M
- Actuals – \$0.3M
- Forecast – \$3.2M

Legend:

Actual

Under

Over <15%

Over >15%

Approved



Cooper Lake U2 Runner Upgrade

Project is underway. Runner and Wicket Gate material purchased. Initial runner design completed.



SPP Unit 10 Major Overhaul

- Approved – 11/14/2023
- Project Manager – A. Love
- Physically Complete – 100%
- Approval Amount – \$3.0M
- Actuals – \$3.6M
- Forecast – \$3.6M

Legend:

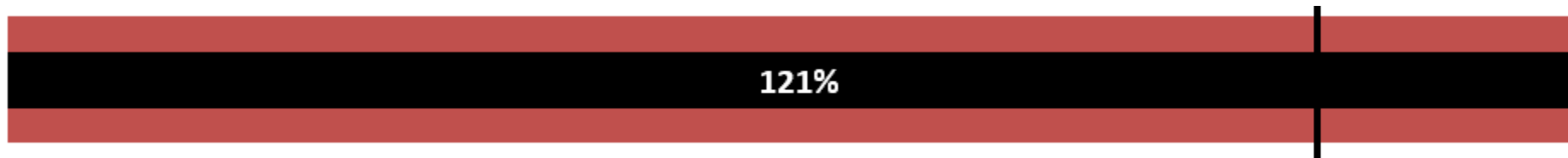
Actual

Under

Over <15%

Over >15%

| Approved



SPP Unit 10 Major Overhaul

Unit 10 Major is over budget due to significant cracking found on the 6th stage disk of the Mitsubishi Steam Turbine Rotor. The rotor was sent out of state to be repaired. Repairs included machining off the blade support structure (dovetails) from the rotor, weld building up (sub-arc welding) a new disk, machining in new dovetails, ordering and installing new 6th stage blades, balancing the rotor, and shipping back to Alaska. This work included significant analysis as to the root cause failure assessment and risk assessment of continued operation. Additionally, the 11th stage (final stage) leading edge erosion shields were repaired. SPP Unit 10 was resassembled during the first half of May and returned to service 5/15/2024.



Agency Mandated Projects

Eklutna Fish & Wildlife

- Approved – 12/14/2022
- Project Manager – M. Brodie
- Physically Complete – 95%
- Approval Amount – \$5.4M
- Actuals – \$5.2M
- Forecast – \$5.4M

Legend:

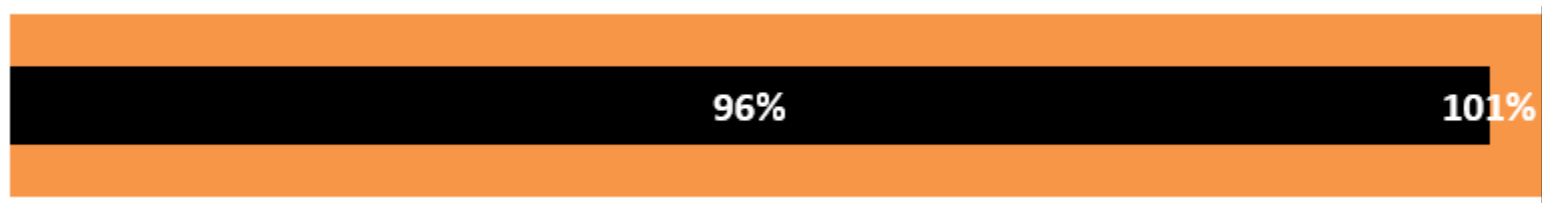
Actual

Under

Over <15%

Over >15%

| Approved



Eklutna Fish & Wildlife

Eklutna Fish and Wildlife is a multi-year project with final completion of the program in late 2024. A draft Fish and Wildlife Program was issued on October 27, 2023. Public meetings of the draft agreement were held in January 2024 and public comments were submitted through February 19, 2024. Negotiations with the agreement signers and the Native Village of Eklutna occurred up to the submission of the Proposed Final Draft Program to the State of Alaska, which occurred at the end of April 2024. Public comment to the submitted Proposed Final Draft Program were received up until the end of June. Owner responses to public comments were submitted at the end of July 2024. The State of Alaska governor has until October 2024 to sign the final Fish and Wildlife Agreement.



Operating Efficiency Projects

Operating Efficiency Projects Summary

Project Name	Last Approved	Actual-to-Date	Forecast	Approved	Physically Complete	Financial Status					
			(In Millions)			Legend:	Actual	Under	Over<15%	Over>15%	Approved
Operating Efficiency											
CIS/ERP Replacement	1/19/2022	\$11.3	\$17.3	\$17.0	65%	<div><div></div><div>66%</div><div>102%</div></div>					
One Campus Plan	12/14/2022	\$19.5	\$64.3	\$64.3	30%	<div><div>30%</div><div>100%</div></div>					
Desktop Replacement Project	8/16/2023	\$3.9	\$4.0	\$5.2	95%	<div><div>75%</div><div>78%</div></div>					

CIS/ERP Replacement

- Approved – 01/19/2022
- Project Manager – T. McCarty
- Physically Complete – 65%
- Approval Amount – \$17.0M
- Actuals – \$11.3M
- Forecast – \$17.3M

Legend:

Actual

Under

Over <15%

Over >15%

Approved



CIS/ERP Replacement

The CIS/ERP project is between test cycles while work continues on incident resolution and preparing for the next data conversion. The forward progress on the project this quarter was impacted by an increase in scope.



One Campus Plan

- Approved – 12/14/2022
- Project Manager – J. Resnick
- Physically Complete – 30%
- Approval Amount – \$64.3M
- Actuals – \$19.5M
- Forecast – \$64.3M

Legend:

Actual

Under

Over <15%

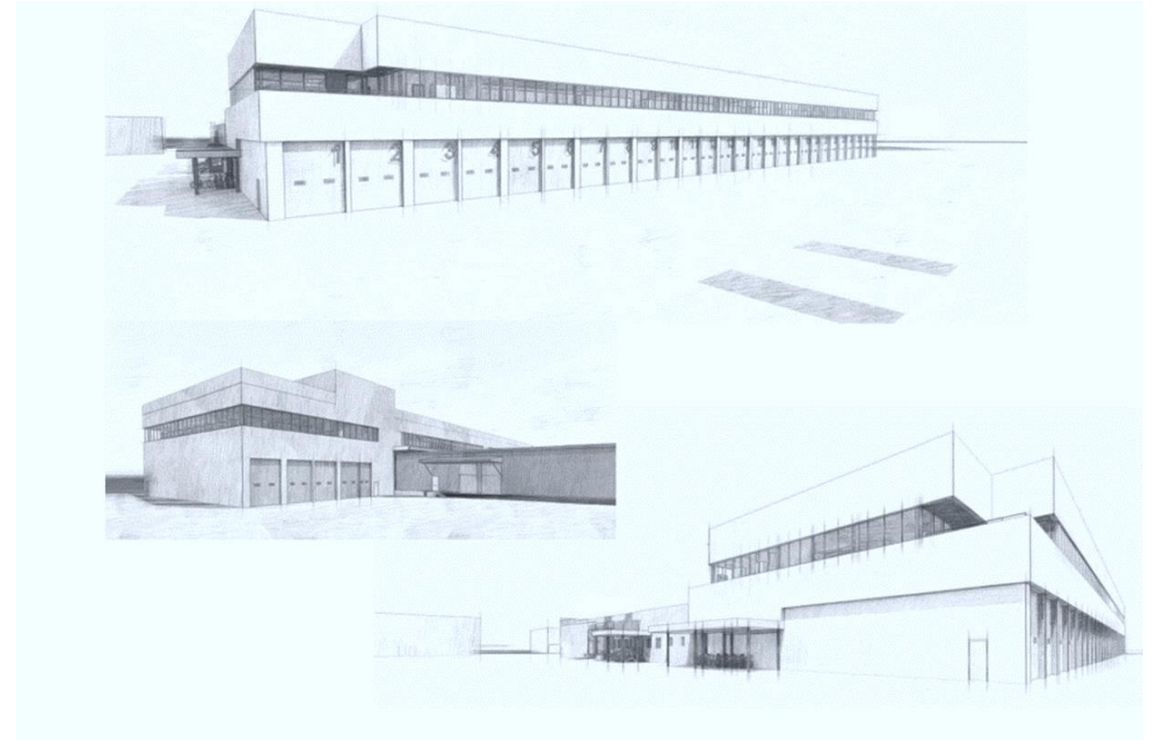
Over >15%

| Approved



One Campus Plan

The One Campus Plan is a multi-year project with final completion of the project in late 2025. The new Covered Equipment Storage building and Field Operations Building Remodel are complete. Construction of the new building is underway.



Desktop Replacement

- Approved – 08/16/2023
- Project Manager – J. Pickel
- Physically Complete – 95%
- Approval Amount – \$5.2M
- Actuals – \$3.9M
- Forecast – \$4.0M

Legend:

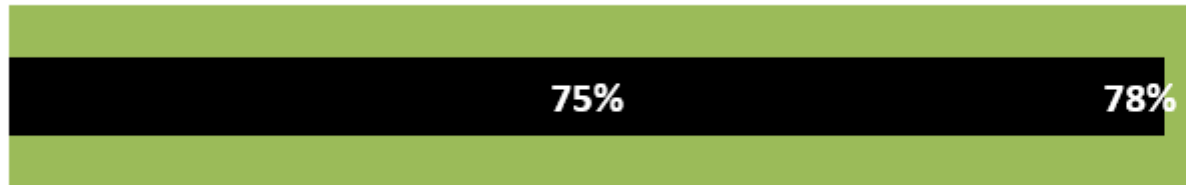
Actual

Under

Over <15%

Over >15%

Approved



Desktop Replacement

All equipment has been deployed with a handful of users remaining for migration to Windows 11. Estimated remaining cost includes outstanding hardware and professional services and is expected to be in service by the end of July 2024.



June 2024 YTD
Financial Information

August 21, 2024

Chugach Electric Association, Inc.

June 2024 YTD Financial Information

MWH Sales

Statement of Operations

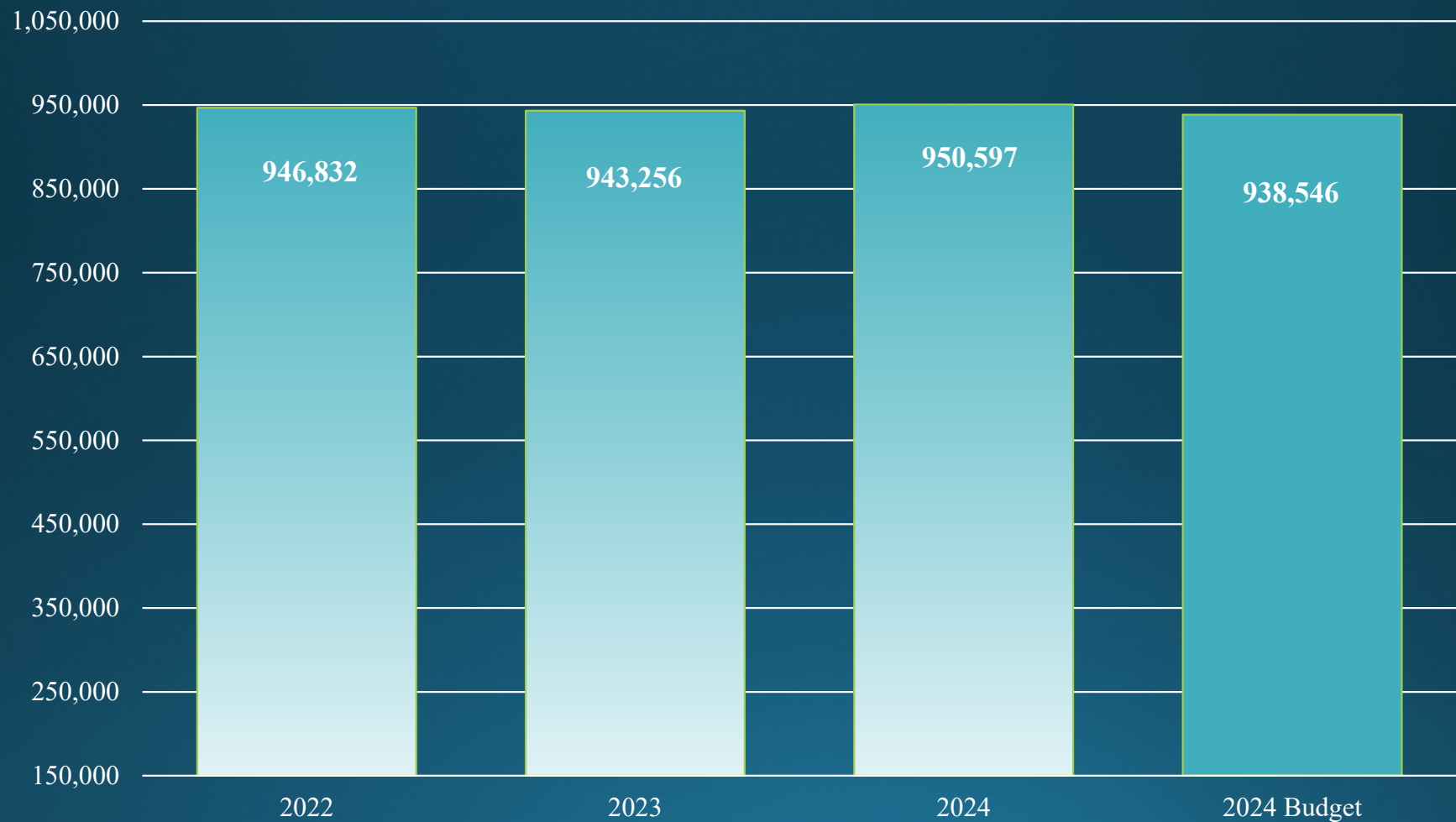
Balance Sheet

Statement of Cash Flows

Equity Ratio

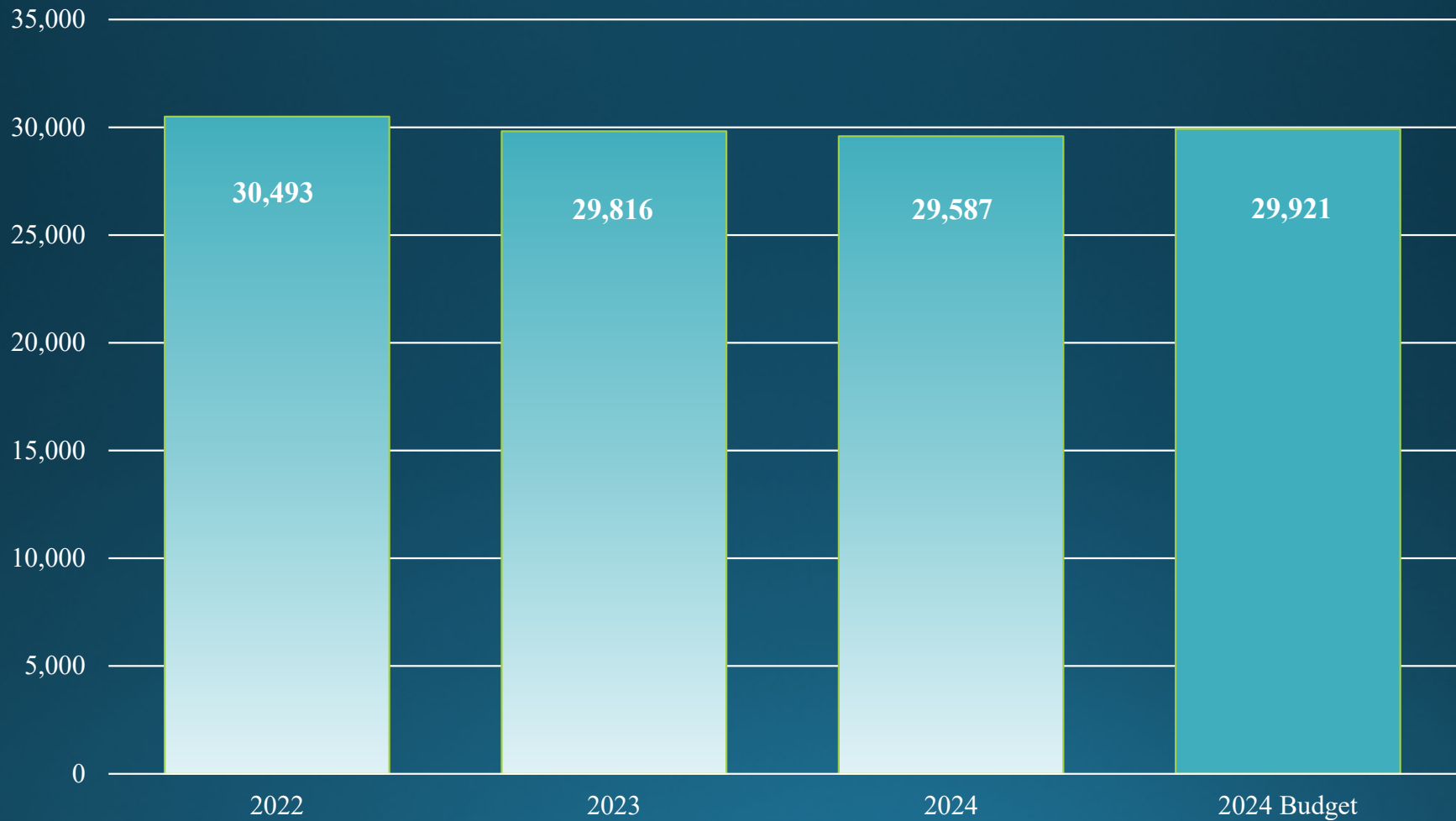
June 2024 YTD Financial Information

Retail MWh Sales Comparison



June YTD 2024 Financial Information

Seward MWh Sales Comparison



June YTD 2024 Financial Information

Comparative Statement of Operations

	ACTUAL	BUDGET	VARIANCE
Operating Revenue & Patronage Capital	\$ 182,665,363	\$ 173,165,057	\$ 9,500,306
Fuel and Purchased Power	52,978,382	44,272,659	8,705,723
Power Production	20,406,670	21,007,857	(601,187)
Transmission	4,853,633	5,507,533	(653,900)
Distribution	14,871,765	14,086,834	784,931
Customer	5,681,274	5,737,232	(55,958)
Administrative, General and Other	25,688,993	26,036,852	(347,859)
Depreciation & Amortization	34,533,879	33,724,543	809,336
Interest Expense, Net	22,594,218	21,693,680	900,538
Total Cost of Electric Service	\$ 181,608,814	\$ 172,067,190	\$ 9,541,624
Patronage Capital & Operating Margins	\$ 1,056,549	\$ 1,097,867	\$ (41,318)
Non-Operating Margins - Interest	1,170,385	229,202	941,183
Allowance for Funds Used During Construction	210,829	140,049	70,780
Non-Operating Margins - Other	530,586	54,900	475,686
Patronage Capital or Margins	\$ 2,968,349	\$ 1,522,018	\$ 1,446,331
MFI/I	1.13	1.07	
TIER	1.16	1.08	

June YTD 2024 Financial Information

Comparative Balance Sheet, Assets & Other Debits

ASSETS & OTHER DEBITS	6/30/2024	12/31/2023	CHANGE
Electric Plant in Service	2,152,169,609	2,138,053,513	14,116,096
Construction Work in Progress	130,174,090	106,643,658	23,530,432
Total Utility Plant	\$ 2,282,343,699	\$ 2,244,697,171	\$ 37,646,528
Accum. Prov. for Depreciation/Amortization	(794,828,902)	(759,799,995)	(35,028,907)
Net Utility Plant	\$ 1,487,514,797	\$ 1,484,897,176	\$ 2,617,621
Nonutility Property - Net	76,889	76,889	0
Financing & Operating Lease Right-of-Use Assets	3,757,943	3,787,330	(29,387)
Investment in Assoc. Organizations	6,422,673	6,635,234	(212,561)
Special Funds	32,422,061	29,275,168	3,146,893
Restricted Cash Equivalents & Other	30,000	30,000	0
Long-term Prepayments	84,159	110,308	(26,149)
Total Other Property & Investments	\$ 42,793,725	\$ 39,914,929	\$ 2,878,796
Cash & Restricted Cash	17,199,078	5,385,690	11,813,388
Special Deposits and Marketable Securities	56,800	56,800	0
Accounts Receivable - Net	45,696,902	62,436,741	(16,739,839)
Materials and Supplies, Fuel Stock	69,880,453	63,822,191	6,058,262
Prepayments	6,382,460	5,559,353	823,107
Other Current & Accrued Assets	45,713,249	42,872,957	2,840,292
Total Current & Accrued Assets	\$ 184,928,942	\$ 180,133,732	\$ 4,795,210
Deferred Debits	100,142,950	102,973,793	(2,830,843)
Total Assets & Other Debits	\$ 1,815,380,414	\$ 1,807,919,630	\$ 7,460,784

June YTD 2024 Financial Information

Comparative Balance Sheet, Liabilities & Other Credits

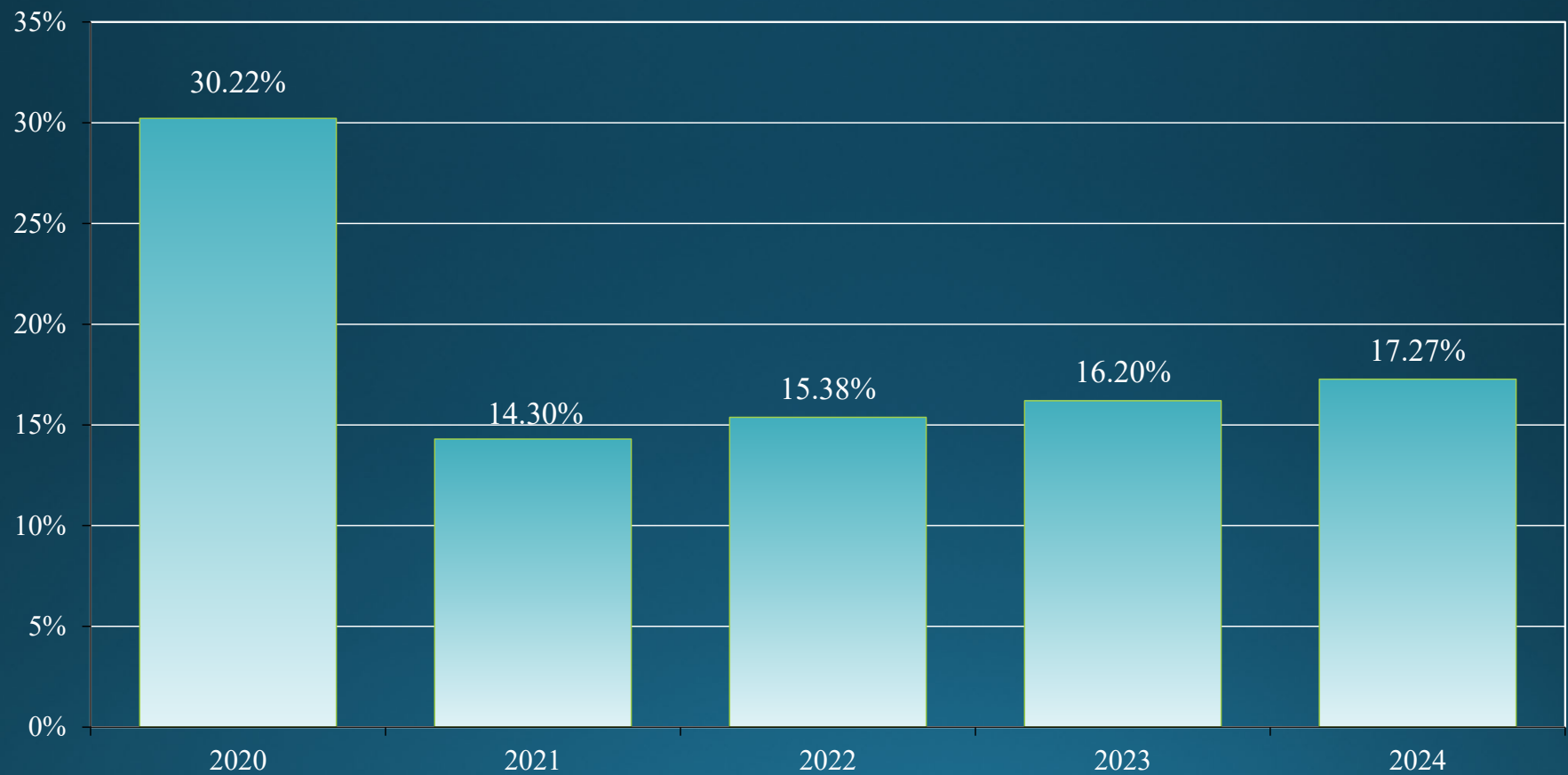
LIABILITIES & OTHER CREDITS	6/30/2024	12/31/2023	CHANGE
Memberships	2,034,283	2,019,553	14,730
Pat. Capital, Margins & Equities	218,699,822	216,041,500	2,658,322
Total Margins & Equities	\$ 220,734,105	\$ 218,061,053	\$ 2,673,052
Long-Term Debt - Bonds	1,049,916,662	1,083,733,329	(33,816,667)
Long-Term Debt - Other	12,768,000	14,820,000	(2,052,000)
Unamortized Debt Issuance Costs	(5,583,980)	(5,763,629)	179,649
Operating Lease Liabilities	3,528,210	3,545,670	(17,460)
Finance Lease Liabilities	184,734	193,192	(8,458)
Total Long-Term Debt	\$ 1,060,813,626	\$ 1,096,528,562	\$ (35,714,936)
Notes Payable	234,968,039	186,968,978	47,999,061
Accounts Payable	23,505,851	34,146,210	(10,640,359)
Consumer Deposits	3,793,490	4,198,551	(405,061)
Other Current & Accrued Liabilities	42,924,983	37,725,256	5,199,727
Total Current & Accrued Liabilities	\$ 305,192,363	\$ 263,038,995	\$ 42,153,368
Deferred Compensation	1,875,039	1,817,393	57,646
Other Liabilities, Non-Current	873,156	728,963	144,193
Deferred Liabilities	17,376,323	14,783,832	2,592,491
BRU Regulatory Liability	76,307,892	84,019,067	(7,711,175)
Cost of Removal Obligation	132,207,910	128,941,765	3,266,145
Total Liabilities & Other Credits	\$ 1,815,380,414	\$ 1,807,919,630	\$ 7,460,784

June YTD 2024 Financial Information Statements of Cash Flows

	June 30, 2024	June 30, 2023
Cash flows from operating activities:		
Assignable margins	\$ 2,968,349	\$ 1,407,483
Adjustments to reconcile assignment margins to net cash provided (used) by operating activities:		
Depreciation and amortization	39,265,208	36,339,581
Allowance for funds used during construction	(210,829)	(80,879)
Other non-cash charges	3,543,950	4,593,999
(Increase) decrease in assets	1,135,027	(1,543,954)
Increase (decrease) in liabilities	(1,213,587)	(10,226,882)
Net cash provided by operating activities:	\$ 45,488,118	\$ 30,489,348
Cash flows from investing activities:		
Return of capital from investment in associated organizations	212,565	359,285
Investment in special funds	(1,937,865)	(4,435,370)
Extension and replacement of plant	(58,366,037)	(33,427,789)
Net cash used in investing activities:	\$ (60,091,337)	\$ (37,503,874)
Cash flows from financing activities:		
Net increase (decrease) in short-term obligations	48,000,000	33,000,000
Net increase (decrease) in long-term obligations	(35,868,667)	(35,868,667)
Net increase (decrease) in consumer advances/retired patronage/other	14,285,274	9,487,312
Net cash provided by financing activities:	\$ 26,416,607	\$ 6,618,645
Net change in cash, cash equivalents & restricted cash	\$ 11,813,388	\$ (395,881)
<u>Cash, cash equivalents & restricted cash at beginning of period</u>	<u>\$ 5,415,690</u>	<u>\$ 15,884,739</u>
<u>Cash, cash equivalents and restricted cash at end of period</u>	<u>\$ 17,229,078</u>	<u>\$ 15,488,858</u>

June YTD 2024 Financial Information

5 Year Equity Ratio

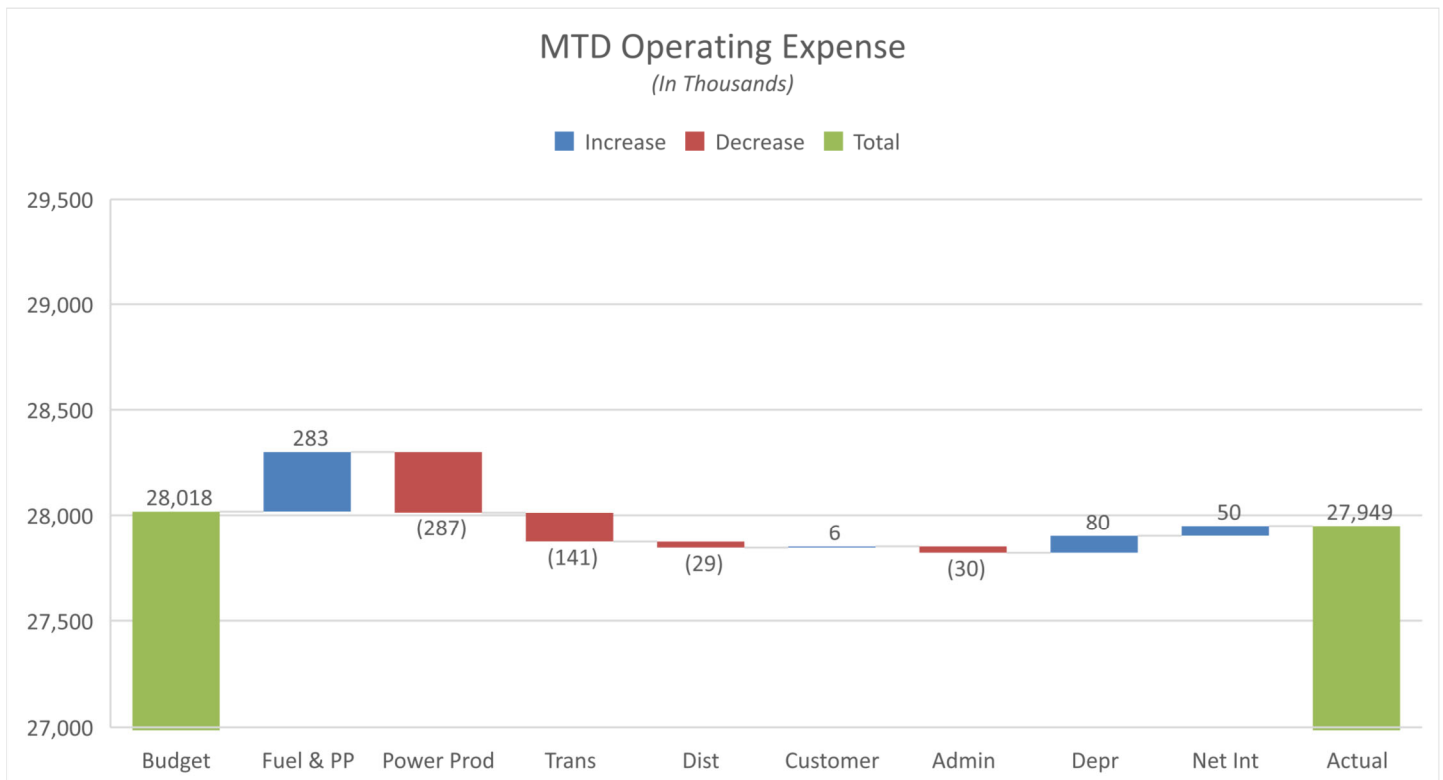




Questions?

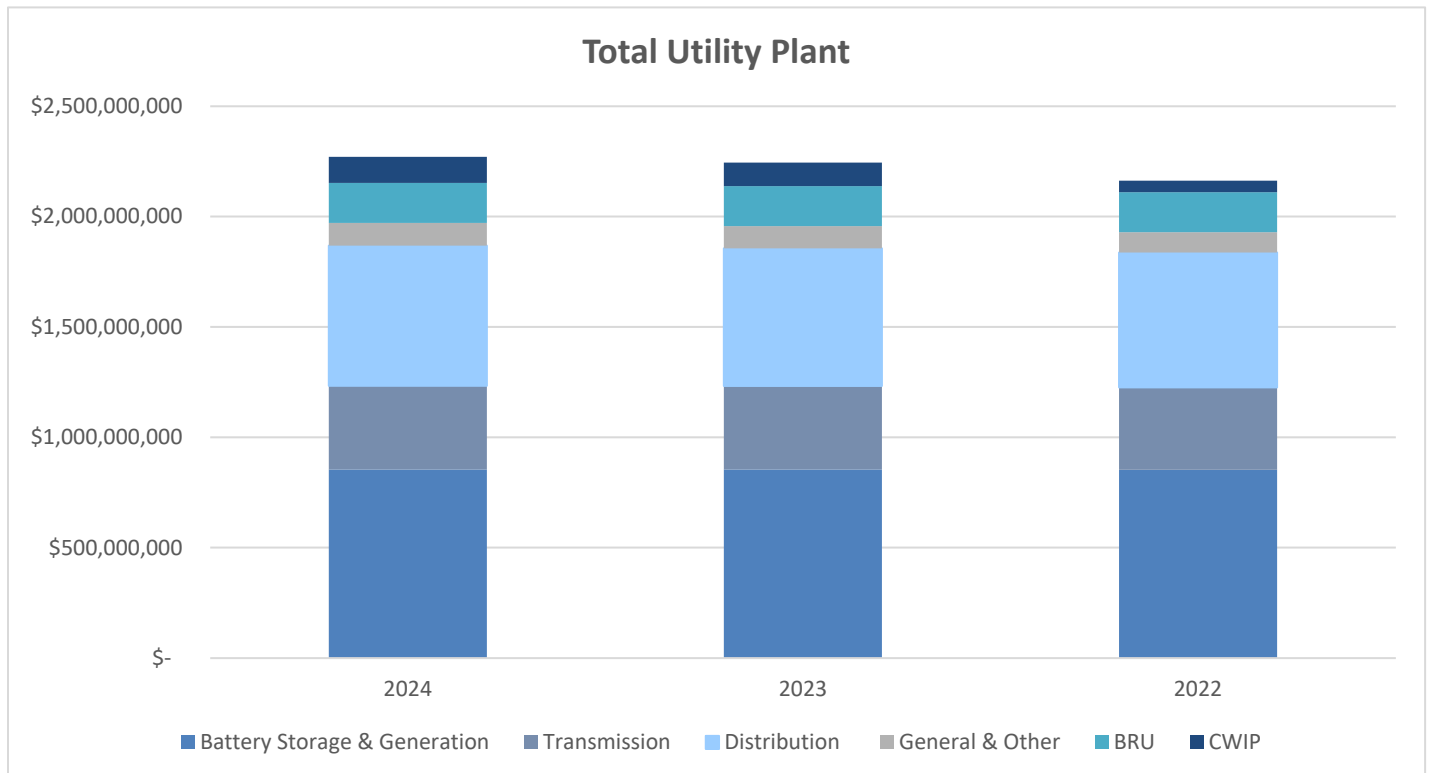
COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2024 MTD ACTUAL TO BUDGET

CATEGORY	ACTUAL	BUDGET	VARIANCE
Operating Revenue & Patronage Capital	\$ 26,958,946	\$ 26,524,698	\$ 434,248
Fuel and Purchased Power	7,153,055	6,870,493	282,562
Power Production	3,467,766	3,755,164	(287,398)
Transmission	730,124	870,773	(140,649)
Distribution	2,186,889	2,215,650	(28,761)
Customer	881,907	875,568	6,339
Administrative, General and Other	4,126,566	4,157,033	(30,467)
Depreciation & Amortization	5,657,183	5,577,081	80,102
Interest Expense, Net	3,745,567	3,695,765	49,802
Total Cost of Electric Service	\$ 27,949,057	\$ 28,017,527	\$ (68,470)
Patronage Capital & Operating Margins	\$ (990,111)	\$ (1,492,829)	\$ 502,718
Non-Operating Margins - Interest	282,210	36,696	245,514
AFUDC	37,965	24,537	13,428
Non-Operating Margins - Other	148,046	9,150	138,896
Patronage Capital or Margins	\$ (521,890)	\$ (1,422,446)	\$ 900,556



BALANCE SHEET As of 06/30/2024

ASSETS & OTHER DEBITS		LIABILITIES & OTHER CREDITS	
Electric Plant in Service	2,152,169,609	Memberships	2,034,283
Construction Work in Progress	130,174,090	Pat. Capital, Margins & Equities	218,699,822
Total Utility Plant	\$ 2,228,343,699	Total Margins & Equities	\$ 220,734,105
Accum. Depreciation/Amortization	(794,828,902)	Long-Term Debt - Bonds	1,049,916,662
Net Utility Plant	\$ 1,487,514,797	Long-Term Debt - Other	12,768,000
Nonutility Property - Net	76,889	Unamortized Debt Issuance Costs	(5,583,980)
Financing & Operating Lease ROU	3,757,943	Operating Lease Liabilities	3,528,210
Investment in Assoc. Organizations	6,422,673	Finance Lease Liabilities	184,734
Special Funds	32,422,061	Total Long-Term Debt	\$ 1,060,813,626
Restricted Cash Equivalents & Other	30,000	Notes Payable	234,968,039
Long-term Prepayments	84,159	Accounts Payable	23,505,851
Total Other Property & Investments	\$ 42,793,725	Consumer Deposits	3,793,490
Cash & Restricted Cash	17,199,078	Other Current & Accrued Liabilities	42,924,983
Special Deposits	56,800	Total Current & Accrued Liabilities	\$ 305,192,363
Accounts Receivable - Net	45,696,902	Deferred Compensation	1,875,039
Materials and Supplies, Fuel Stock	69,880,453	Other Liabilities, Non-Current	873,156
Prepayments	6,382,460	Deferred Liabilities	17,376,323
Other Current & Accrued Assets	45,713,249	BRU Regulatory Liability	76,307,892
Total Current & Accrued Assets	\$ 184,928,942	Cost of Removal Obligation	132,207,910
Deferred Debits	100,142,950		
Total Assets & Other Debits	\$ 1,815,380,414	Total Liabilities & Other Credits	\$ 1,815,380,414

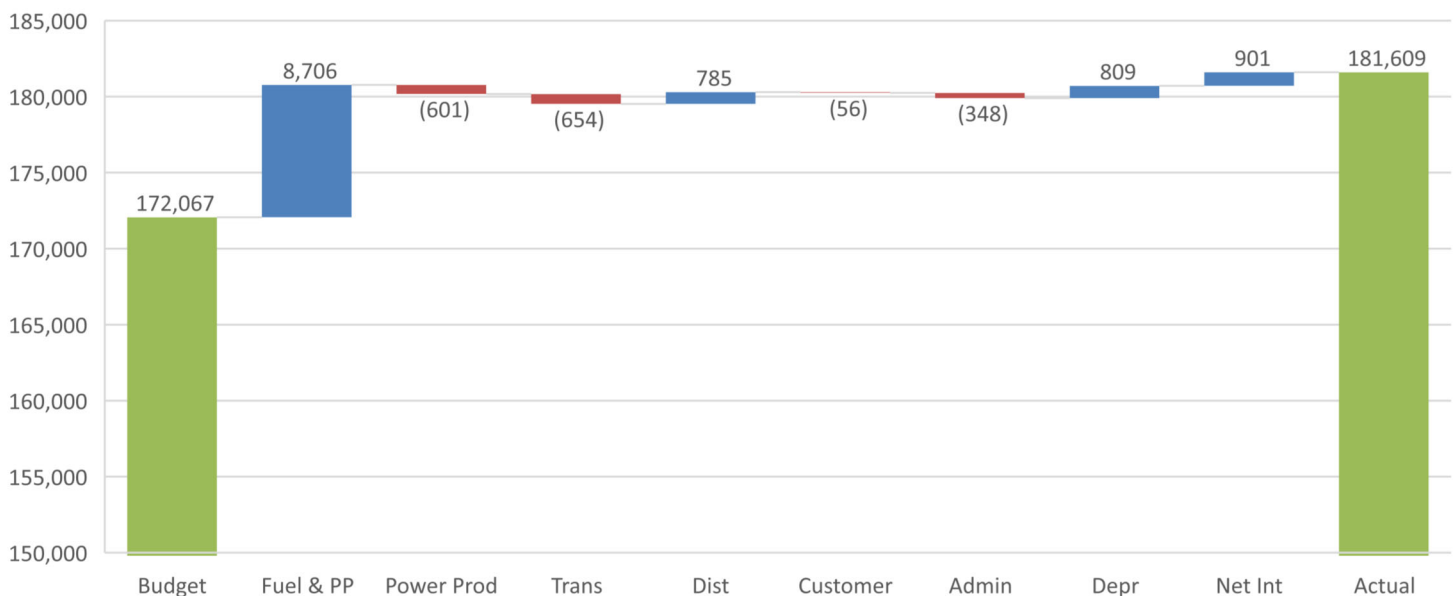


COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2024 YTD ACTUAL TO BUDGET

CATEGORY	ACTUAL	BUDGET	VARIANCE
Operating Revenue & Patronage Capital	\$ 182,665,363	\$ 173,165,057	\$ 9,500,306
Fuel and Purchased Power	52,978,382	44,272,659	8,705,723
Power Production	20,406,670	21,007,857	(601,187)
Transmission	4,853,633	5,507,533	(653,900)
Distribution	14,871,765	14,086,834	784,931
Customer	5,681,274	5,737,232	(55,958)
Administrative, General and Other	25,688,993	26,036,852	(347,859)
Depreciation & Amortization	34,533,879	33,724,543	809,336
Interest Expense, Net	22,594,218	21,693,680	900,538
Total Cost of Electric Service	\$ 181,608,814	\$ 172,067,190	\$ 9,541,624
Patronage Capital & Operating Margins	\$ 1,056,549	\$ 1,097,867	\$ (41,318)
Non-Operating Margins - Interest	1,170,385	229,202	941,183
AFUDC	210,829	140,049	70,780
Non-Operating Margins - Other	530,586	54,900	475,686
Patronage Capital or Margins	\$ 2,968,349	\$ 1,522,018	\$ 1,446,331
MFI/I	1.13	1.07	
TIER	1.16	1.08	

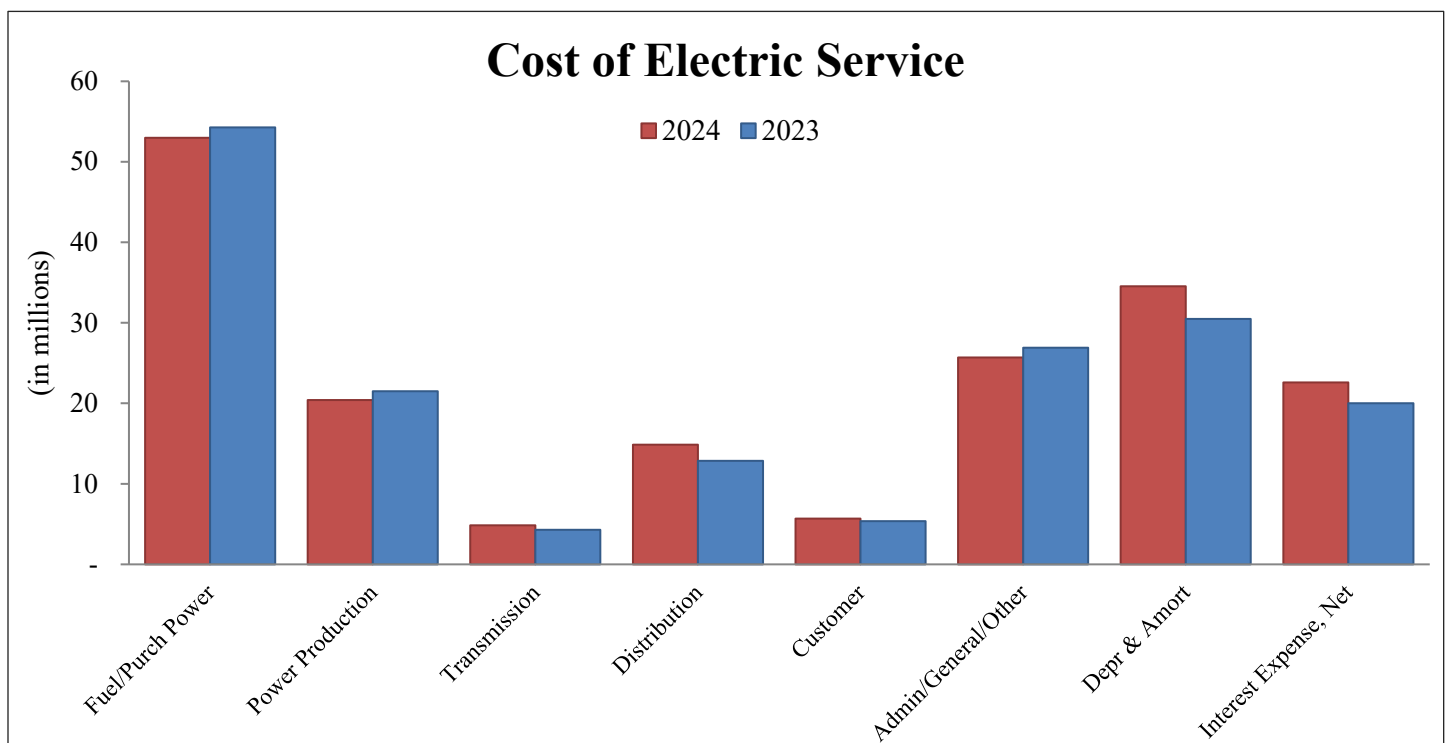
YTD Operating Expense
(In Thousands)

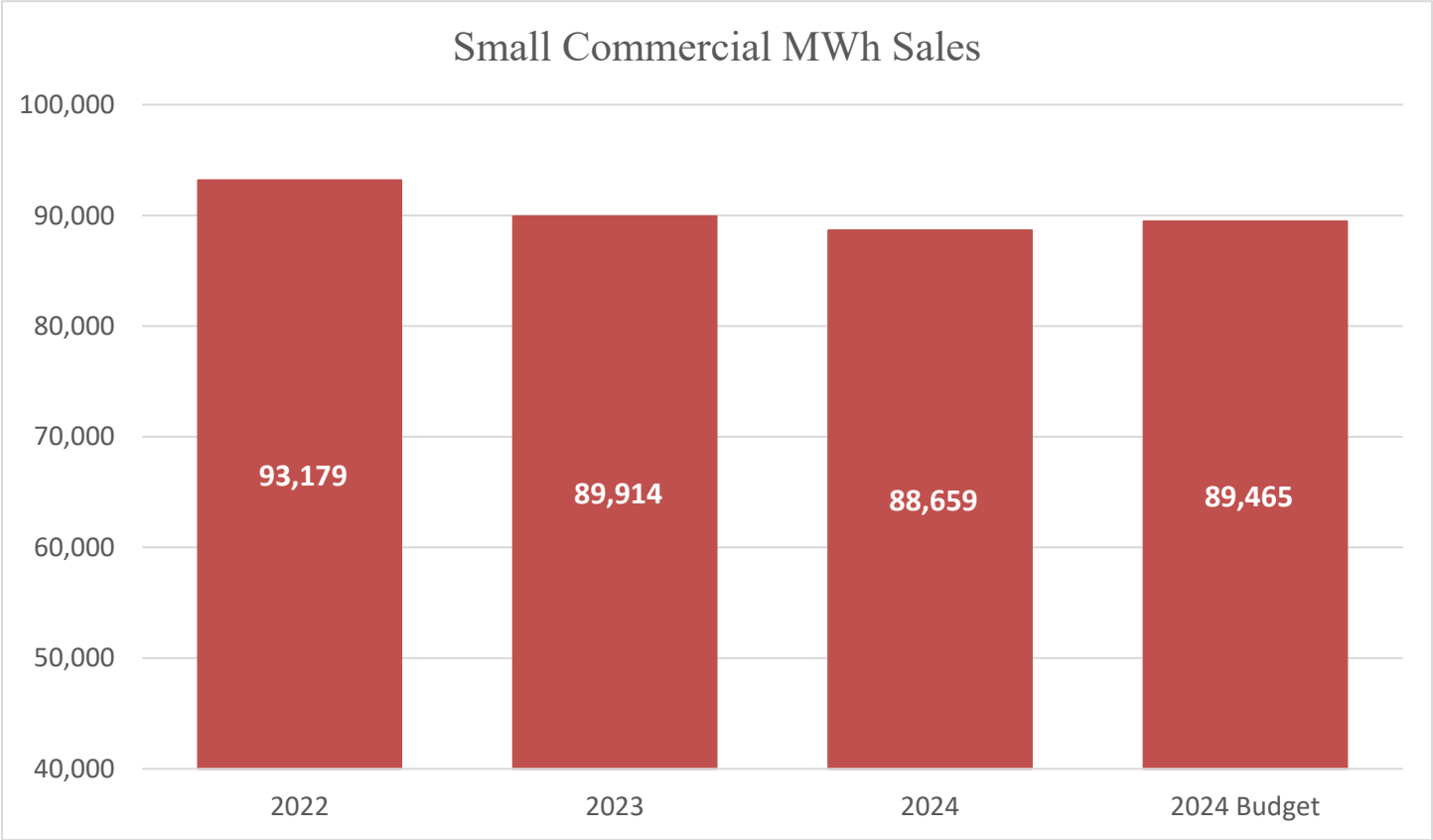
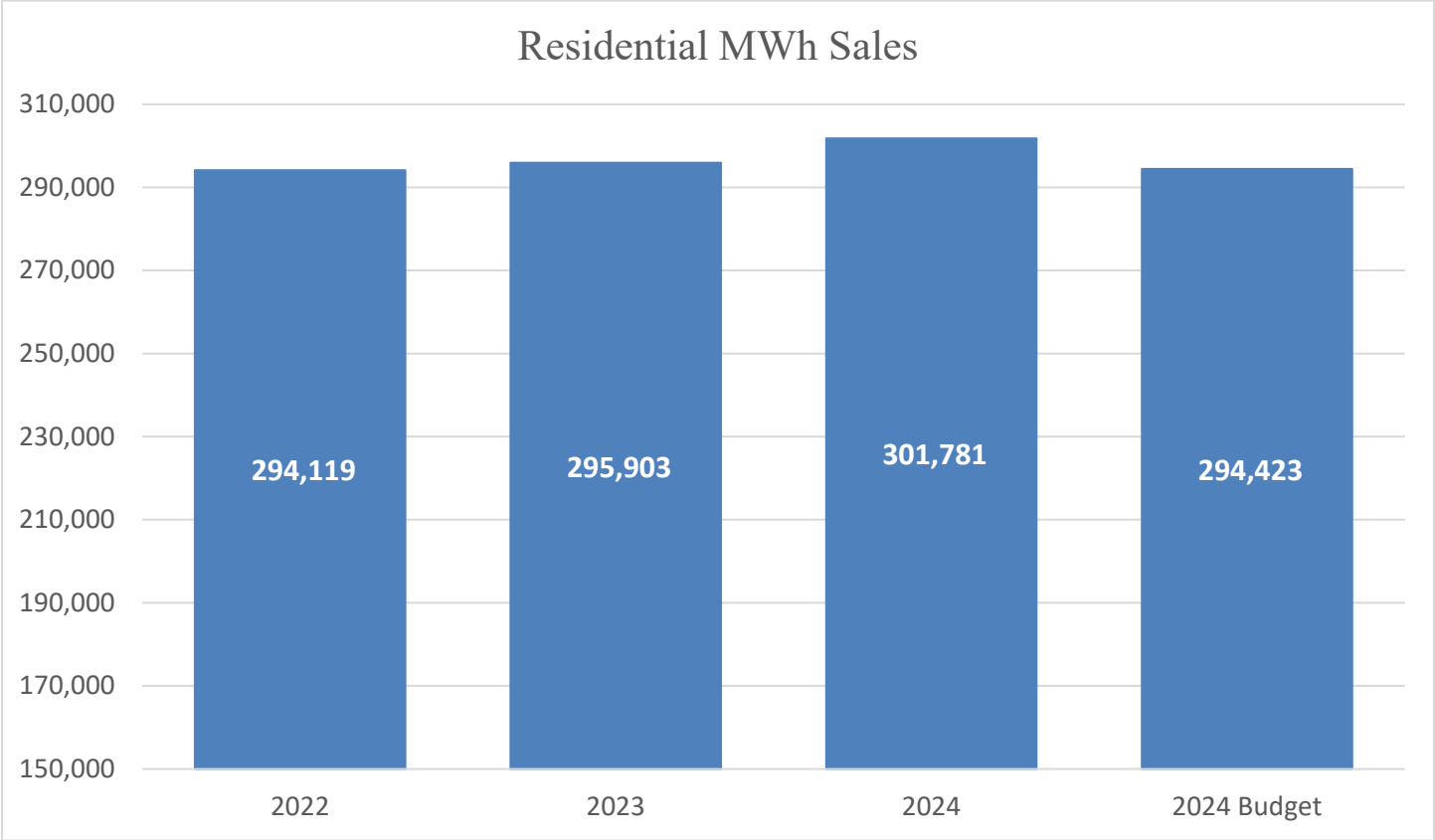
■ Increase ■ Decrease ■ Total



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

CATEGORY	2024	2023	VARIANCE
Operating Revenue & Patronage Capital	\$ 182,665,363	\$ 176,467,325	\$ 6,198,038
Fuel and Purchased Power	52,978,382	54,263,653	(1,285,271)
Power Production	20,406,670	21,497,061	(1,090,391)
Transmission	4,853,633	4,287,212	566,421
Distribution	14,871,765	12,852,015	2,019,750
Customer	5,681,274	5,364,837	316,437
Administrative, General and Other	25,688,993	26,903,236	(1,214,243)
Depreciation & Amortization	34,533,879	30,477,551	4,056,328
Interest Expense, Net	22,594,218	20,000,109	2,594,109
Total Cost of Electric Service	\$ 181,608,814	\$ 175,645,674	\$ 5,963,140
Patronage Capital & Operating Margins	\$ 1,056,549	\$ 821,651	\$ 234,898
Non-Operating Margins - Interest	1,170,385	578,851	591,534
AFUDC	210,829	80,879	129,950
Non-Operating Margins - Other	530,586	(73,898)	604,484
Patronage Capital or Margins	\$ 2,968,349	\$ 1,407,483	\$ 1,560,866
MFI/I	1.13	1.07	
TIER	1.16	1.07	

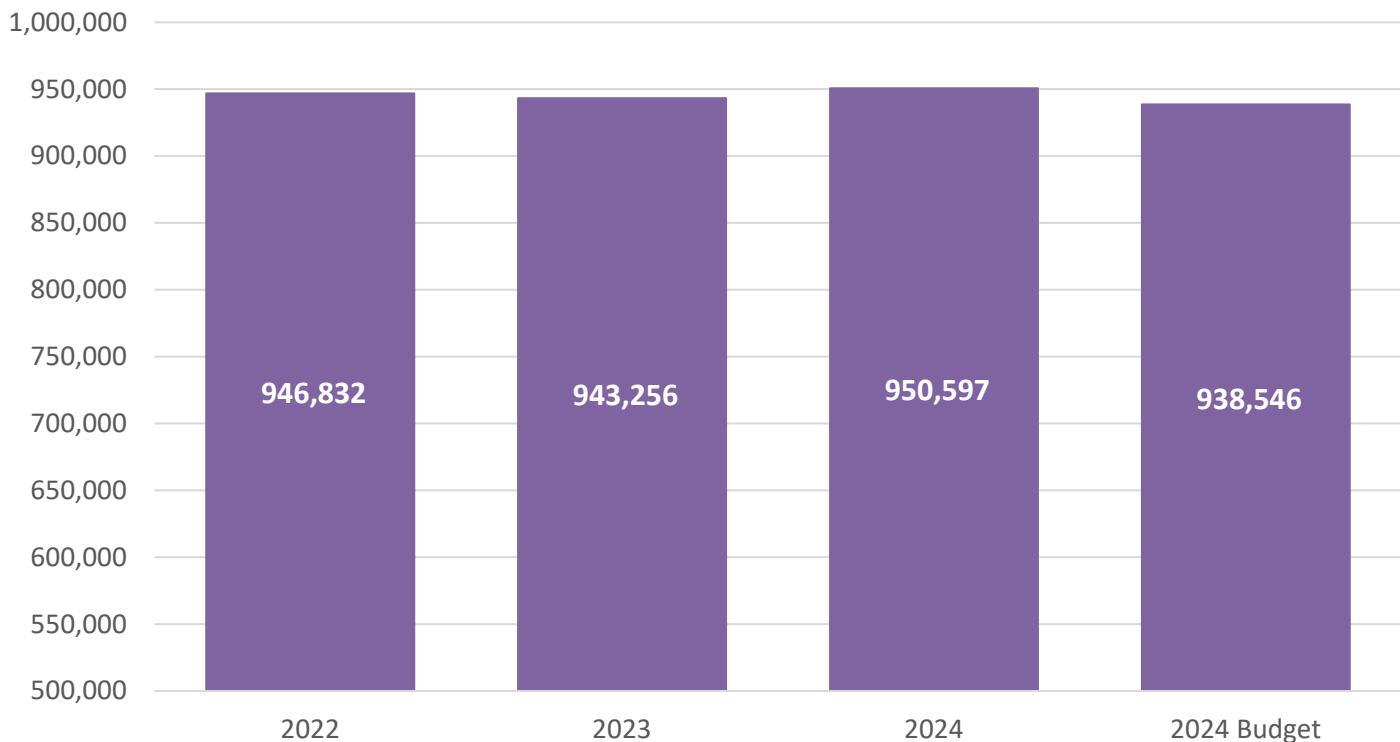




Large Commercial MWh Sales

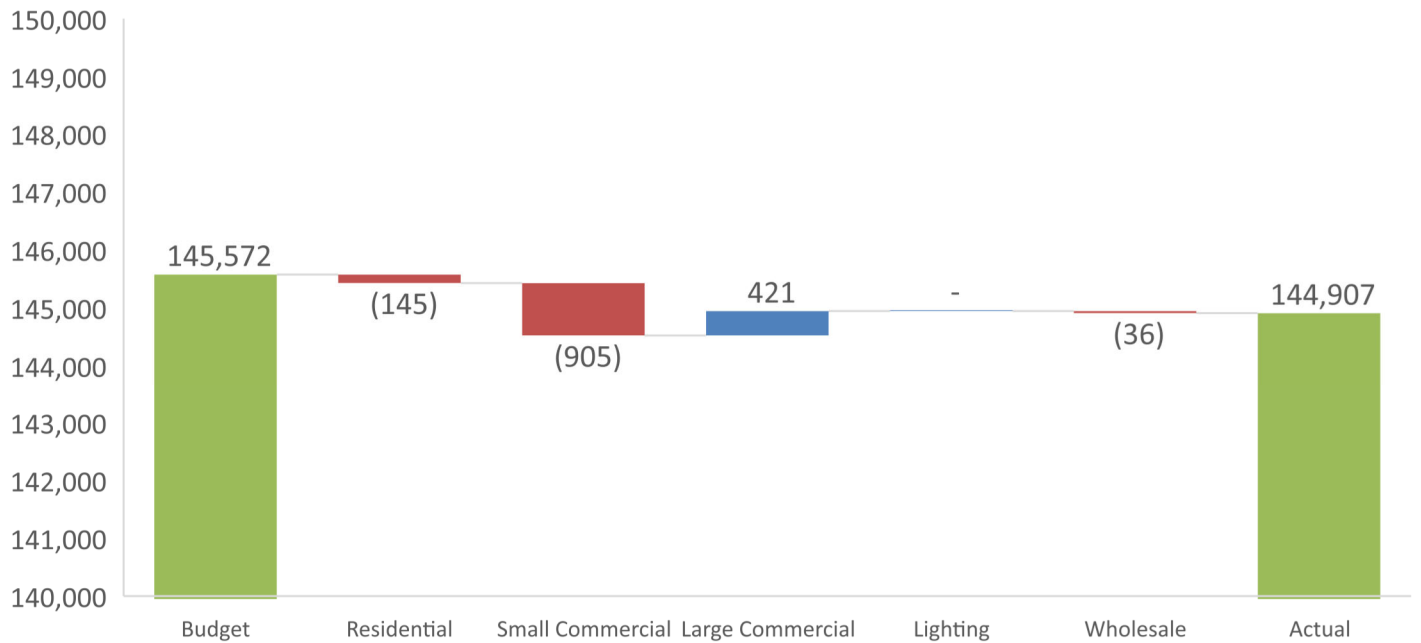


Total Retail MWh Sales



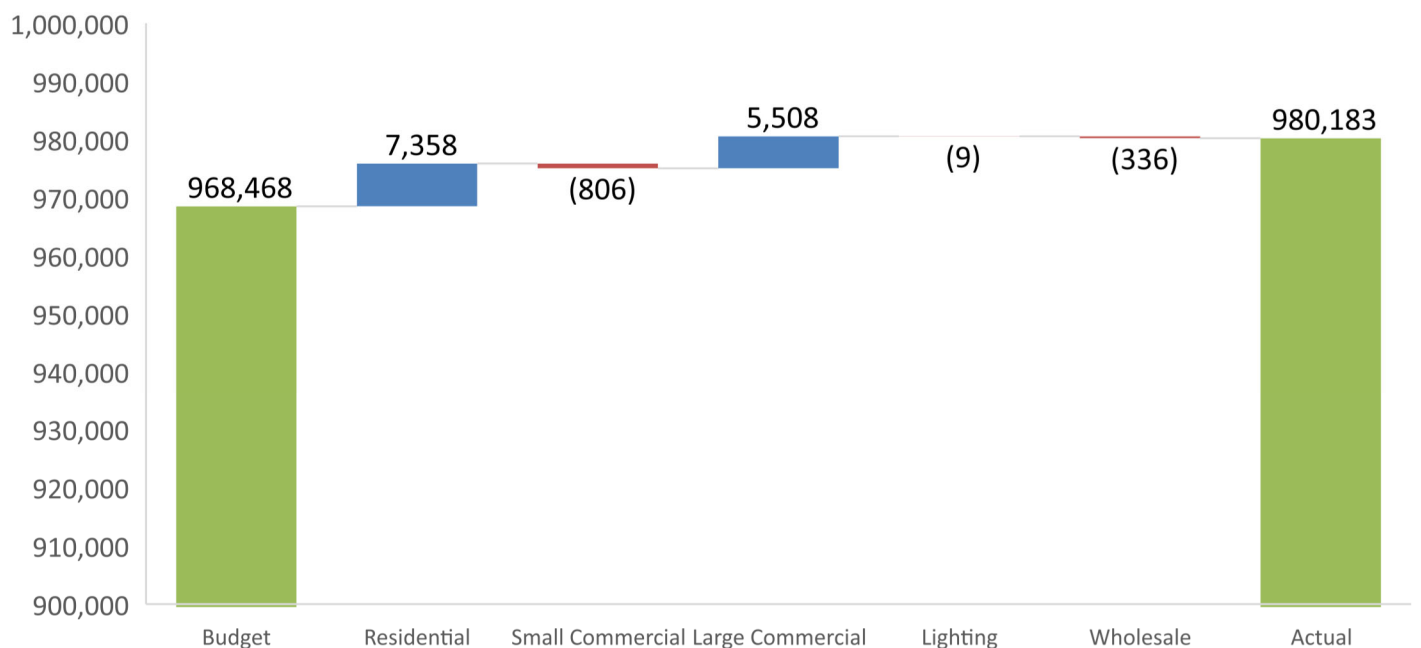
Firm MWh Sales (MTD)

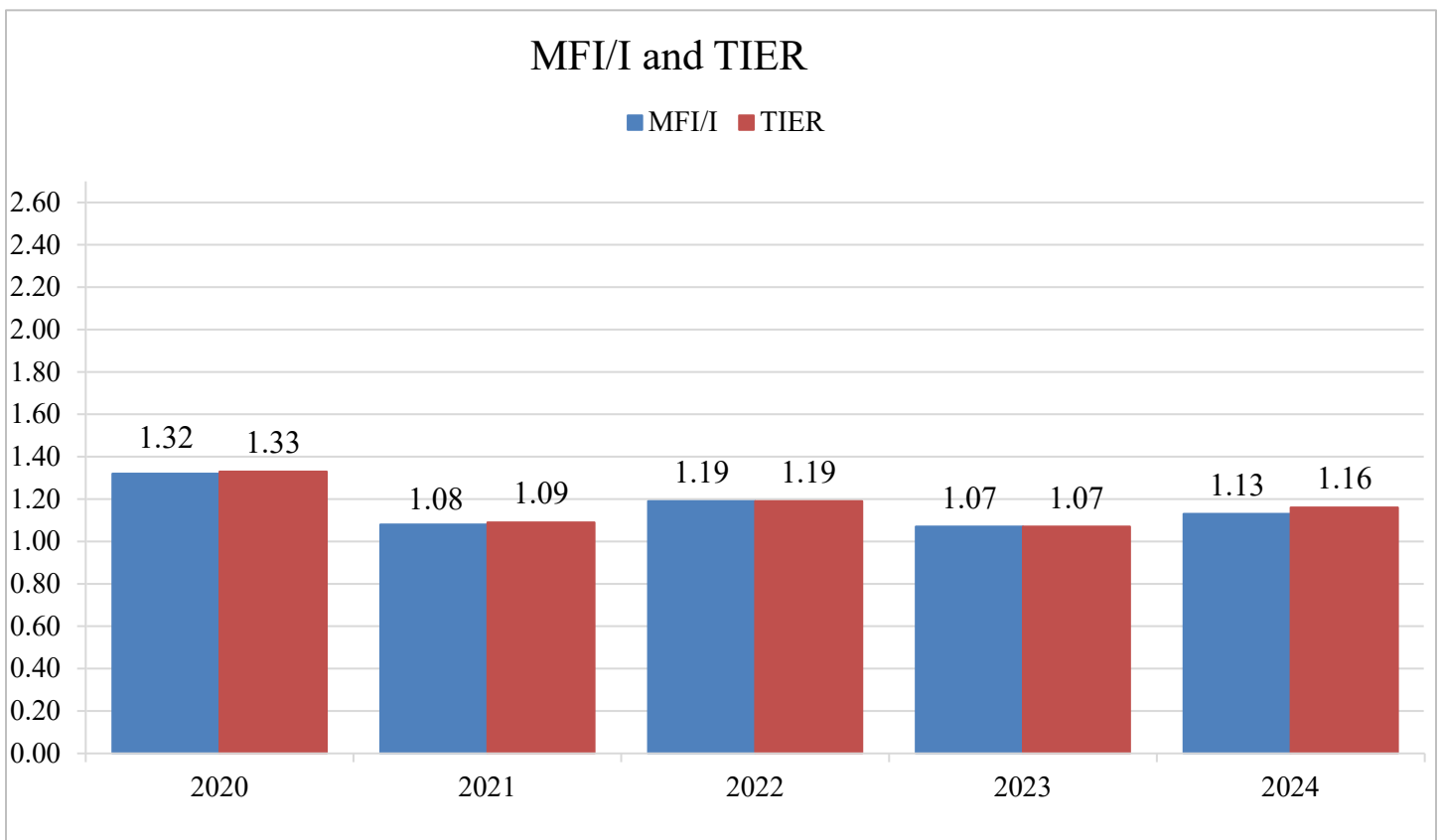
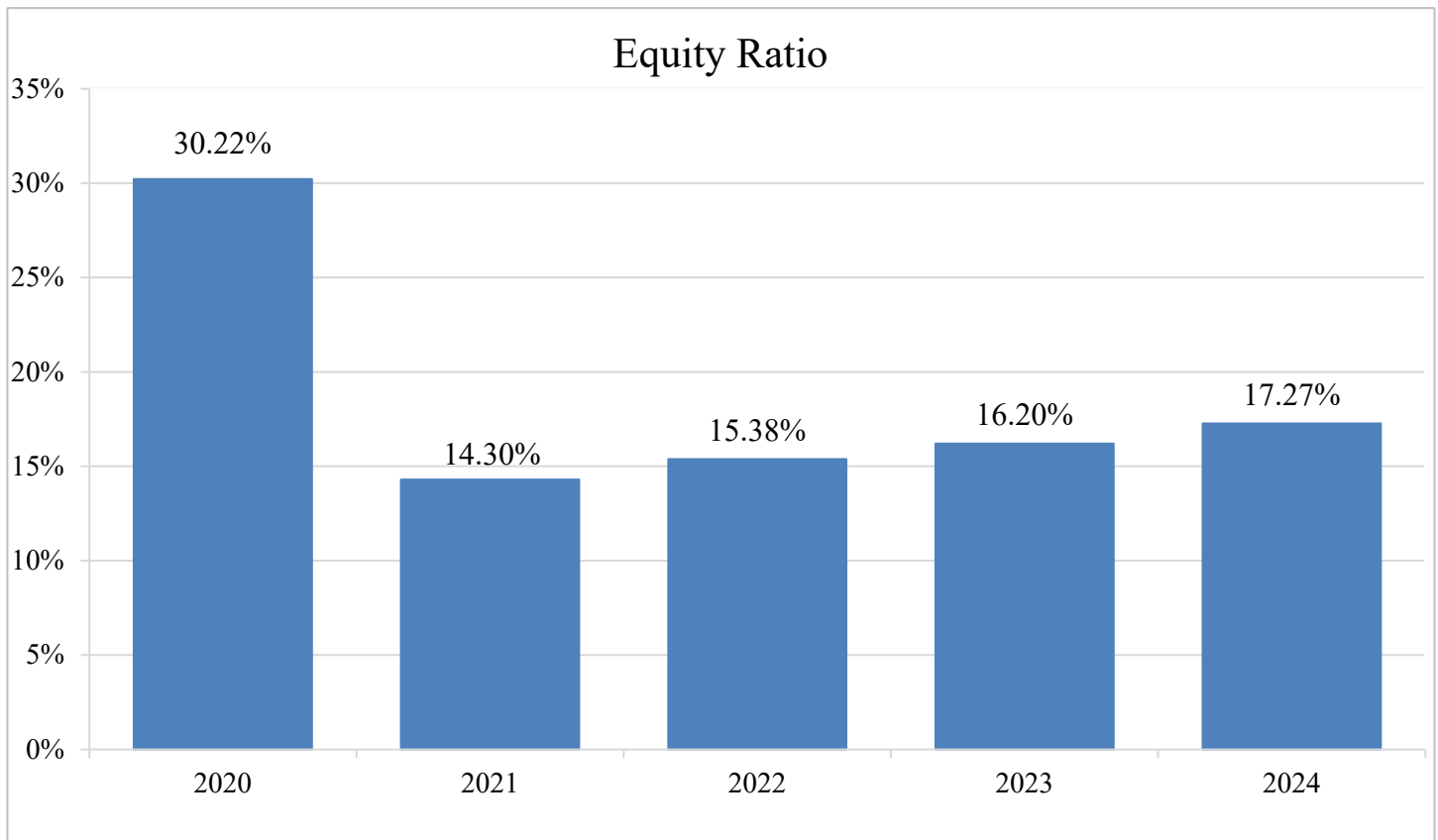
■ Increase ■ Decrease ■ Total



Firm MWh Sales (YTD)

■ Increase ■ Decrease ■ Total





ENERGY SALES (kWh)

	2024 YTD Actual	2024 YTD Budget
Retail Energy Sales	950,596,407	938,545,550
Wholesale Energy Sales	29,587,228	29,920,740
Total Firm Energy Sales	980,183,635	968,466,290
Economy Energy/Capacity	64,882,000	77,706,483
Power Pool Sales	32,232,000	116,155,226
Total Energy Sales	1,077,297,635	1,162,327,999

Firm energy sales totaled 980,183,635 kWh, which was a 1.2% favorable variance compared to budget. This favorable variance was due to higher residential and large commercial sales. Economy energy and capacity sales were under budget by 16.5% due to lower than anticipated sales to GVEA, while power pool sales to MEA were under budget by 72.3%.

OPERATING REVENUE & PATRONAGE CAPITAL (in millions)

	2024 YTD Actual	2024 YTD Budget
Retail Revenue	\$ 173.0	\$ 162.1
Wholesale Revenue	3.0	2.4
Total Firm Revenue	176.0	164.5
Economy Energy/Capacity Revenue	3.0	3.3
Power Pool Revenue	0.6	1.8
Other Operating Revenue	3.1	3.6
Total Revenue	\$ 182.7	\$ 173.2

Revenue from firm sales was over budget at \$176.0 million compared to a budget of \$164.5 million. This favorable variance was due primarily to higher retail revenue as a result of higher residential and large commercial sales, and higher fuel recovered in revenue. Economy energy and capacity revenue was under budget by 7.9% due to lower economy energy sales. Power pool revenue was under budget at \$0.6 million compared to a budget of \$1.8 million. This unfavorable variance was due primarily to lower than anticipated power pool sales, as a result of Chugach's steam unit outage, during the first quarter of 2024. Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, grants, AWWU revenue, miscellaneous services, and other electric revenue. Other operating revenue was under budget by 12.4%, due to lower wheeling revenue.

FUEL AND PURCHASED POWER (in millions)

	2024 YTD Actual	2024 YTD Budget
Fuel	\$ 38.1	\$ 27.5
Purchased Power	14.9	16.8
Total	\$ 53.0	\$ 44.3

Fuel expenses include fuel, storage, transportation, and BRU operating costs. Fuel expenses were over budget at \$38.1 million compared to \$27.5 million in the budget. This unfavorable variance was primarily caused by higher BRU operating expenses, and more fuel purchased due to retail sales, which was somewhat offset due to a lower average effective price.

Fuel purchased or withdrawn from inventory for native production was 2,249,161 Mcf at an average effective price of \$9.25 per Mcf. Fuel purchased or withdrawn from inventory for economy energy production for GVEA was 211,291 Mcf at an average effective price of \$8.66. This resulted in 2,460,452 Mcf at a combined average effective price of \$9.20 per Mcf compared to 1,353,539 Mcf budgeted at an average effective price of \$10.08 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 under budget at \$14.9 million compared to \$16.8 million in the budget. This favorable variance was due primarily to lower purchases from Bradley Lake and MEA through power pooling, which was somewhat offset by a higher average effective price.

Energy purchased was 179,287 MWh at an average effective price of 6.3 cents per kWh compared to 264,987 MWh budgeted at an average effective price of 5.1 cents per kWh.

POWER PRODUCTION (in millions)

	2024 YTD Actual	2024 YTD Budget
Power Production	\$ 20.4	\$ 21.0

Power production expense was \$20.4 million compared to \$21.0 million in the budget. This favorable variance was due to lower maintenance costs at the Cooper Lake and Sullivan Plants and at the Southcentral Power Project.

TRANSMISSION (in millions)

	2024 YTD Actual	2024 YTD Budget
Transmission	\$ 4.9	\$ 5.5

Transmission operations and maintenance expenses were \$4.9 million compared to \$5.5 million in the budget. This favorable variance was due to lower labor costs and the timing of certain projects and studies.

DISTRIBUTION (in millions)

	2024 YTD Actual	2024 YTD Budget
Distribution	\$ 14.9	\$ 14.1

Distribution operations and maintenance expenses were \$14.9 million compared to \$14.1 million in the budget. This unfavorable variance was due primarily to higher outage related costs and substation maintenance, which was somewhat offset by lower tree clearing costs and fleet fuel expenses.

CONSUMER (in millions)

	2024 YTD Actual	2024 YTD Budget
Consumer/Customer Information	\$ 5.7	\$ 5.7

Consumer accounts and customer information expenses were on par with the budget at \$5.7 million.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	2024 YTD Actual	2024 YTD Budget
Administrative, General and Other	\$ 25.7	\$ 26.0

Administrative, general, and other expenses include 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 expenses were \$25.7 million compared to \$26.0 million in the budget. The favorable variance was due primarily to lower labor and PILT costs.

DEPRECIATION, AMORTIZATION AND INTEREST (in millions)

	2024 YTD Actual	2024 YTD Budget
Depreciation and Amortization	\$ 34.5	\$ 33.7
Interest Expense, Net	22.6	21.7
Total Depreciation, Amortization and Interest	57.1	55.4

Depreciation, interest, and interest during construction expense totaled \$57.1 million compared to \$55.4 million in the budget. The unfavorable variance was attributed to higher interest expense caused by higher short-term interest rates and a larger than budgeted commercial paper balance.

NON-OPERATING MARGINS (in millions)

	2024 YTD Actual	2024 YTD Budget
Non-Operating Margins - Interest	\$ 1.2	\$ 0.2
AFUDC	0.2	0.1
Non-Operating Margins - Other	0.5	0.1
Total Non-Operating Margins	1.9	0.4

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 \$1.9 million compared to \$0.4 million in the budget due primarily to higher non-operating interest income and a realized gain from the BRU ARO fund.

The current forecast projects year-end margins of \$8.3 million, an MFI/I of 1.18 and TIER of 1.22.

COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2024 YEAR-END FORECAST				
CATEGORY	YTD ACTUAL	YTD BUDGET	YEAR-END BUDGET	YEAR-END FORECAST
Operating Revenue and Patronage Capital	\$ 182,665,363	\$ 173,165,057	\$ 357,104,031	\$ 370,026,385
Fuel and Purchased Power Expense	52,978,382	44,272,659	93,937,929	106,065,700
Power Production Expense	20,406,670	21,007,857	42,111,376	41,510,196
Transmission Expense	4,853,633	5,507,533	11,159,354	10,222,863
Distribution Expense	14,871,765	14,086,834	28,570,830	29,173,619
Customer Expense	5,681,274	5,737,232	11,516,793	11,502,678
Administrative, General & Other	25,688,993	26,036,852	51,395,436	51,056,519
Depreciation and Amortization Expense	34,533,879	33,724,543	67,450,047	68,743,772
Interest Expense, Net	22,594,218	21,693,680	43,535,030	45,821,138
Total Cost of Electric Service	\$ 181,608,814	\$ 172,067,190	\$ 349,676,795	\$ 364,096,485
Patronage Capital & Operating Margins	\$ 1,056,549	\$ 1,097,867	\$ 7,427,236	\$ 5,929,900
Non-Operating Margins - Interest	1,170,385	229,202	450,201	1,465,672
Allowance for Funds Used During Construction	210,829	140,049	195,934	297,298
Non-Operating Margins - Other	530,586	54,900	109,800	589,146
Patronage Capital or Margins	\$ 2,968,349	\$ 1,522,018	\$ 8,183,171	\$ 8,282,016
MFI/I	1.13	1.07	1.19	1.18
TIER	1.16	1.08	1.22	1.22

Executive Session Motion
(Financial)
August 21, 2024

Chugach Electric Association, Inc.
Audit & Finance Committee Meeting

Agenda Item VIII.

Move that pursuant to Alaska Statute 10.25.175(c)(1) the Board of Directors go into executive session to discuss and receive reports regarding matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative.

Chugach Electric Association, Inc.
Anchorage, Alaska

Summary of Executive Session Topics for
Audit & Finance Committee Meeting on August 21, 2024
Agenda Item VIII.

Discussion of confidential and sensitive information concerning internal controls of Chugach's accounting department, public disclosure of which could have an adverse effect on the finances of the Association. (AS 10.25.175(c)(1))