CHUGACH ELECTRIC ASSOCIATION, INC.

Financial Statements

December 31, 2024 and 2023

(With Report of Independent Registered Accounting Firm Thereon)

KPMG LLP
Suite 200
3800 Centerpoint Drive
Anchorage, AK 99503

Independent Auditors' Report

The Board of Directors
Chugach Electric Association, Inc.:

Opinion

We have audited the consolidated financial statements of Chugach Electric Association, Inc. and its subsidiary (the Company), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the related consolidated statements of operations, changes in equities and margins, and cash flows for each of the years in the three-year period ended December 31, 2024, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024 in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

KPMG LLP

Anchorage, Alaska
April 2, 2025

Chugach Electric Association, Inc.
Consolidated Balance Sheets
As of December 31, 2024 and 2023

Assets	December 31, 2024	December 31, 2023
Utility plant:		
Electric plant in service	$ 2,272,412,168	$ 2,138,053,513
Construction work in progress	109,800,333	106,643,658
Total utility plant	2,382,212,501	2,244,697,171
Less accumulated depreciation	(835,757,114)	(759,799,995)
Net utility plant	1,546,455,387	1,484,897,176
Other property and investments, at cost:		
Nonutility property	76,889	76,889
Operating lease right-of-use assets	3,546,195	3,582,805
Financing lease right-of-use assets	190,389	204,525
Investments in associated organizations	6,420,215	6,635,234
Special funds	37,679,446	29,275,168
Restricted cash equivalents	30,000	30,000
Long-term prepayments	79,288	110,308
Total other property and investments	48,022,422	39,914,929
Current assets:		
Cash and cash equivalents	24,660,980	4,935,690
Special deposits	54,800	56,800
Restricted cash equivalents	500,000	450,000
Fuel cost / other under-recovery	10,457,347	8,447,415
BRU capital surcharge under-recovery	35,134,484	33,062,308
Accounts receivable, less provision for doubtful accounts of $706,568 in 2024 and $767,999 in 2023	63,574,644	62,436,741
Materials and supplies	55,455,397	53,672,215
Fuel stock	16,397,532	10,149,976
Prepayments	6,327,462	5,559,353
Other current assets	6,355,720	1,363,234
Total current assets	218,918,366	180,133,732
Other non-current assets:		
Deferred charges, net	100,915,293	102,973,793
Total other non-current assets	100,915,293	102,973,793
Total assets	$ 1,914,311,468	$ 1,807,919,630

(Continued)

Chugach Electric Association, Inc.
Consolidated Balance Sheets
As of December 31, 2024 and 2023

Liabilities, Equities and Margins	December 31, 2024	December 31, 2023
Equities and margins:		
Memberships	$ 2,050,603	$ 2,019,553
Patronage capital	201,159,028	199,208,815
Other	18,234,436	16,832,685
Total equities and margins	221,444,067	218,061,053
Long-term obligations, excluding current installments:		
Bonds payable	1,180,916,662	1,083,733,329
Notes payable	10,944,000	14,820,000
Less unamortized debt issuance costs	(6,188,050)	(5,763,629)
Operating lease liabilities	3,507,814	3,545,670
Financing lease liabilities	183,461	193,192
Total long-term obligations	1,189,363,887	1,096,528,562
Current liabilities:		
Current installments of long-term obligations	56,740,177	48,968,978
Commercial paper	122,000,000	138,000,000
Accounts payable	26,288,560	34,146,210
Consumer deposits	3,780,072	4,198,551
Accrued interest	11,367,280	8,058,734
Salaries, wages, and benefits	12,478,608	12,015,865
Fuel	5,446,060	5,754,117
Undergrounding ordinance liability	4,310,931	9,385,101
Provision for rate refund	3,125,127	0
Other current liabilities	2,187,150	2,511,439
Total current liabilities	247,723,965	263,038,995
Other non-current liabilities:		
Deferred compensation	1,926,163	1,817,393
Other liabilities, non-current	756,807	728,963
Deferred liabilities	13,840,284	14,783,832
BRU regulatory liability	70,602,268	84,019,067
Cost of removal obligation / asset retirement obligation	168,654,027	128,941,765
Total other non-current liabilities	255,779,549	230,291,020
Total liabilities, equities, and margins	$ 1,914,311,468	$ 1,807,919,630

See accompanying notes to consolidated financial statements

Chugach Electric Association, Inc.
Consolidated Statements of Operations
Years Ended December 31, 2024, 2023, and 2022

		2024		2023		2022
Operating revenues	$	358,414,052	$	362,719,790	$	354,418,746
Operating expenses:						
Fuel		72,378,079		81,591,442		83,474,943
Production		38,948,381		40,744,453		37,961,076
Purchased power		27,548,251		31,643,099		23,268,040
Transmission		9,276,836		8,713,758		9,690,024
Distribution		29,911,027		27,150,488		26,319,170
Consumer accounts		11,173,911		10,590,900		10,298,655
Administrative, general, and other		49,305,949		52,317,820		52,203,530
Depreciation and amortization		71,750,564		62,721,621		64,660,942
Total operating expenses	$	310,292,998	$	315,473,581	$	307,876,380
Interest expense:						
Long-term debt and other		48,890,559		44,310,173		41,607,914
Charged to construction		(2,093,424)		(2,711,529)		(2,521,899)
Interest expense, net	$	46,797,135	$	41,598,644	$	39,086,015
Net operating margins	$	1,323,919	$	5,647,565	$	7,456,351
Nonoperating margins:						
Interest income		2,803,939		1,885,161		639,406
Allowance for funds used during construction		1,018,466		243,706		96,433
Capital credits, patronage dividends and other		1,074,777		323,349		(68,453)
Total nonoperating margins	$	4,897,182	$	2,452,216	$	667,386
Assignable margins	$	6,221,101	$	8,099,781	$	8,123,737

See accompanying notes to consolidated financial statements.

Chugach Electric Association, Inc.
Consolidated Statements of Changes in Equities and Margins
Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
Memberships:			
Balance at beginning of period	$ 2,019,553	$ 1,986,171	$ 1,949,262
Memberships and donations received	31,050	33,382	36,909
Balance at end of period	$ 2,050,603	$ 2,019,553	$ 1,986,171
Other equities and margins:			
Balance at beginning of period	16,832,685	15,594,172	15,477,923
Unclaimed capital credits retired	1,178,053	1,087,783	(19,685)
Memberships and donations received	223,698	150,730	135,934
Balance at end of period	$ 18,234,436	$ 16,832,685	$ 15,594,172
Patronage capital:			
Balance at beginning of period	199,208,815	194,755,133	188,573,753
Assignable margins	6,221,101	8,099,781	8,123,737
Retirement/net transfer of capital credits	(4,270,888)	(3,646,099)	(1,942,357)
Balance at end of period	$ 201,159,028	$ 199,208,815	$ 194,755,133
Total equities and margins	$ 221,444,067	$ 218,061,053	$ 212,335,476

See accompanying notes to consolidated financial statements.

Chugach Electric Association, Inc.
Consolidated Statements of Cash Flows
Years Ended December 31, 2024, 2023, and 2022

	2024	2023	2022
Cash flows from operating activities:			
Assignable margins	$ 6,221,101	$ 8,099,781	$ 8,123,737
Adjustments to reconcile assignable margins to net cash provided by operating activities:			
Depreciation and amortization	71,750,563	62,721,621	64,660,942
Amortization and depreciation cleared to operating expenses	8,938,883	13,029,130	12,657,577
Allowance for funds used during construction	(1,018,466)	(243,706)	(96,433)
PILT and other non-cash charges	5,035,162	(650,153)	1,550,965
(Increase) decrease in assets:			
Accounts receivable, net	1,408,224	(12,136,257)	(3,138,384)
Fuel cost under-recovery	(2,009,932)	(6,953,672)	(1,579,375)
Materials and supplies	(2,051,749)	(3,775,749)	(5,155,732)
Fuel stock	(6,424,966)	8,282,360	(4,132,265)
Prepayments	(737,089)	875,546	(1,342,531)
Other assets	(120,121)	(385,095)	(28,625)
Deferred charges	(10,891,511)	(6,800,754)	(6,607,593)
Increase (decrease) in liabilities:			
Accounts payable	(6,145,876)	8,447,779	8,070
Consumer deposits	(418,479)	(676,247)	(788,269)
Fuel cost over-recovery	0	0	(1,281,307)
Accrued interest	3,308,546	(395,414)	(297,873)
Salaries, wages and benefits	462,743	(77,402)	(937,893)
Fuel	(153,462)	(1,085,859)	673,326
Other current liabilities	70,207	56,490	(115,126)
Deferred liabilities	5,706,711	(8,247,368)	(18,333,080)
Net cash provided by operating activities	72,930,489	60,085,031	43,840,131
Cash flows from investing activities:			
Return of capital from investment in associated organizations	214,983	359,834	288,329
Investment in special funds	(5,555,079)	(4,606,433)	(1,411,673)
Proceeds from capital grants	0	0	238,604
Proceeds from sale of property and equipment	0	0	(390,946)
Extension and replacement of plant	(157,809,836)	(132,882,823)	(56,854,713)
Net cash used in investing activities	(163,149,932)	(137,129,422)	(58,130,399)
Cash flows from financing activities:			
Net increase (decrease) in short-term obligations	(16,000,000)	93,000,000	23,000,000
Proceeds from long-term obligations	150,000,000	0	0
Repayments of long-term obligations	(48,920,667)	(48,920,667)	(42,192,667)
Memberships and donations received	254,747	1,271,895	153,158
Retirement of patronage capital and estate payments	(3,488,347)	(2,683,126)	(1,859,857)
Proceeds from consumer advances for construction	28,149,000	23,982,503	13,419,340
Repayments of consumer advances for construction	0	(75,263)	0
Net cash (used in) provided by financing activities	109,994,733	66,575,342	(7,480,026)
Net change in cash, cash equivalents, and restricted cash equivalents	19,775,290	(10,469,049)	(21,770,294)
Cash, cash equivalents, and restricted cash equivalents at beginning of year	$ 5,415,690	$ 15,884,739	$ 37,655,033
Cash, cash equivalents, and restricted cash equivalents at end of year	$ 25,190,980	$ 5,415,690	$ 15,884,739
Supplemental disclosure of non-cash investing and financing activities:			
Cost of removal obligation / ARO	$ 39,712,262	$ 5,978,933	$ (1,031,160)
Extension and replacement of plant included in accounts payable	$ 14,242,128	$ 12,887,541	$ 13,545,751
Patronage capital retired/net transferred and included in other current liabilities	$ 651,454	$ 1,045,473	$ 82,500
Supplemental disclosure of cash flow information - interest expense paid, net of amounts capitalized	$ 42,287,267	$ 40,607,064	$ 38,235,264

See accompanying notes to consolidated financial statements.

(1) Description of Business and Presentation of Financial Information

Description of Business

Chugach Electric Association, Inc. ("Chugach") is the largest electric utility in Alaska engaged in the generation, transmission, and distribution of electricity in Anchorage and the upper Kenai Peninsula area. Chugach is on an interconnected regional electrical system referred to as the Alaska Railbelt, an area stretching from the coastline of the southern Kenai Peninsula to the interior of the state, including Alaska's largest cities, Anchorage and Fairbanks.

Chugach's retail and wholesale members are the consumers of the electricity sold. Chugach supplies much of the power requirements to the City of Seward ("Seward"), as a wholesale customer. Occasionally, Chugach sells available generation, in excess of its own needs, to Matanuska Electric Association, Inc. ("MEA"), Homer Electric Association, Inc. ("HEA"), and Golden Valley Electric Association, Inc. ("GVEA"). Power pool sales to MEA began in April 2021.

Chugach was organized as an Alaska electric cooperative in 1948 and operates on a not-for-profit basis and, accordingly, seeks only to generate revenues sufficient to pay operating and maintenance costs, the cost of purchased power, capital expenditures, depreciation, and principal and interest on all indebtedness and to provide for reserves. Chugach is subject to the authority of the Regulatory Commission of Alaska ("RCA").

On October 30, 2020, Chugach acquired substantially all of the assets of ML&P from the Municipality of Anchorage, Alaska ("MOA"). Chugach's North District refers to the ML&P legacy service area, while the South District refers to Chugach's service area pre-acquisition. As a requirement related to the ML&P acquisition, power pool sales to MEA began in April 2021.

The consolidated financial statements include the activity of Chugach and the activity of the Beluga River Unit ("BRU"). Chugach accounts for its share of BRU activity using proportional consolidation (see "*Note 15 – Beluga River Unit*"). Intracompany activity has been eliminated for presentation of the consolidated financial statements.

(2) Significant Accounting Policies

a. Management Estimates

In preparing the financial statements in conformity with United States generally accepted accounting principles ("GAAP"), the management of Chugach is required to make estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities as of the date of the balance sheet and revenues and expenses for the reporting period. Estimates include the allowance for credit losses, workers' compensation liability, deferred charges and liabilities, unbilled revenue, estimated useful life of utility plant, cost of removal and asset retirement obligation ("ARO"), and remaining proved BRU reserves. Actual results could differ from those estimates.

b. Regulation

The accounting records of Chugach conform to the Uniform System of Accounts as prescribed by the Federal Energy Regulatory Commission ("FERC"). Chugach meets the criteria, and accordingly, follows the accounting and reporting requirements of Financial Accounting Standards Board ("FASB") ASC 980, "Topic 980 – Regulated Operations." FASB ASC 980 provides for the recognition of regulatory assets and liabilities as allowed by regulators for costs or credits that are reflected in current rates or are considered probable of being included in future rates. Our regulated rates are established to recover all our specific costs of providing electric service. In each rate filing, rates are set at levels to recover all our specific allowable costs, and those rates are then collected from our retail and wholesale customers. The regulatory assets or liabilities are then reduced as the cost or credit is reflected in earnings and our rates, see "*Note (2n) – Deferred Charges and Liabilities*."

c. Utility Plant and Depreciation

Utility plant is stated at original cost when first placed in service. Such cost includes contract work, direct labor and materials, allocable overhead, and capitalized interest less contributions in aid of construction ("CIAC"). Upon the partial sale or retirement of plant assets, the original cost and current disposal costs less sale proceeds, if any, are charged or credited to accumulated depreciation. In accordance with industry practice, no profit or loss is recognized in connection with normal sales and retirements of property units.

Maintenance and repairs costs are expensed as incurred. Replacements and renewals of items considered to be units of property are capitalized to the property accounts.

Chugach uses the group method of depreciation and periodically conducts depreciation studies and updates rates, if necessary.

In 2022, a depreciation rate study was completed on the combined plant of both Chugach and assets acquired from Municipal Light & Power ("ML&P"). This was the first depreciation study completed since the acquisition. Acquired ML&P assets were depreciated at rates effective at acquisition. As a result of the 2022 study, Chugach filed a petition with the RCA to combine the depreciation rates of Chugach and ML&P plant based on asset group. On December 29, 2022, the RCA approved the combined depreciations rates effective January 1, 2023. As with Chugach's legacy depreciation rates, the combined depreciation rates include a provision for cost of removal. Chugach records a separate liability for the estimated obligation related to the cost of removal. Other plant consists of intangibles, which were omitted from the depreciation study. The assets in this group continue to depreciate using legacy rates, which were 2.75% for Chugach assets and 3.33% for acquired ML&P assets.

Depreciation and amortization rates at December 31, 2024 and 2023 are as follows:

Annual Depreciation Rate Ranges

	Combined Depreciation Rates		
Steam production plant	3.10%	-	3.52%
Hydroelectric production plant	1.26%	-	2.66%
Other production plant	2.52%	-	3.24%
Transmission plant	0.74%	-	5.81%
Distribution plant	1.69%	-	5.99%
General plant	1.82%	-	33.33%
Other	2.75%	-	3.33%

Depreciation and amortization rates at December 31, 2022 were as follows:

Annual Depreciation Rate Ranges

	Legacy Chugach	Legacy ML&P
Steam production plant	3.03% - 3.26%	2.70% - 11.97%
Hydroelectric production plant	0.88% - 2.71%	2.09% - 2.79%
Other production plant	2.18% - 3.46%	2.90% - 4.52%
Transmission plant	1.01% - 10.50%	1.68% - 2.45%
Distribution plant	1.40% - 10.00%	1.61% - 5.09%
General plant	1.95% - 33.33%	1.66% - 14.87%
Other	2.75% - 2.75%	3.33% 18.54%

Chugach records Depreciation, Depletion and Amortization ("DD&A") expense on the BRU assets based on units of production using the following formula: 67% of the total production from the BRU as provided by the operator divided by 67% of the estimated remaining proved reserves (in thousand cubic feet (Mcf)) in the field multiplied by Chugach's total assets in the BRU.

d. Full Cost Method

Chugach has elected the Full Cost method to account for exploration and development costs of gas reserves.

e. Asset Retirement Obligation

Chugach calculates and records ARO associated with the BRU. Prior to October 2022, Chugach used certain financing rates as its credit adjusted risk free rate and the expected cash flow approach to calculate the fair value of the ARO liability. After the completion of the ARO study in October 2022, the expiration of the ARO changed from 2037 to 2034. The ARO asset is depreciated using the Depreciation, Depletion and Amortization ("DD&A") formula previously discussed. The ARO liability is accreted using the interest method of allocation.

Effective January 1, 2023, BRU ARO Surcharge revenue, accretion and deprecation is recognized on the statement of operations with differences in related revenue and expense reclassified to either regulatory assets or liabilities. Prior to this change, all BRU ARO revenue and expenses were reclassified from the statement of operations to the ARO surcharge deferred charges account. This change had no impact to margins.

f. Investments in Associated Organizations

The loan agreement with National Rural Utilities Cooperative Finance Corporation ("NRUCFC") requires as a condition of the extension of credit, that an equity ownership position be established by all borrowers. Chugach's equity ownership in this organization is less than 1%. Chugach also has an equity ownership in CoBank, ACB ("CoBank") acquired in connection with prior loan agreements, which have since been repaid. Although Chugach no longer has a patronage-earning loan with CoBank, there remains an existing equity investment balance in this organization.

These equity investments do not have readily determinable fair values and are accounted for at cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. No impairment or observable price changes were recorded during 2024, 2023, or 2022.

g. Special Funds

Special funds include deposits associated with the deferred compensation plan and investments associated with the BRU. Once the BRU becomes no longer economically feasible to produce hydrocarbons, the BRU owners will cease operations and remove facilities and abandon the field. Chugach collects funds based on estimates prepared by an engineering team and restricts the funds for this liability. The BRU ARO investment fund was established pursuant to an agreement with the State of Alaska.

The BRU ARO investment fund is a separately managed investment portfolio specifically for the purpose of dismantling the field. These funds are not expected to be used until the BRU owners retire the BRU gas field. Therefore, the portfolio of funds benefit from being in a separate investment portfolio with separate, distinct, and broad investment criteria that is consistent with the timing of when the funds are expected to be utilized. The investment portfolio is managed to maximize capital appreciation with a long-term rate of return. The portfolio has specific investment guidelines approved by the Board of Directors ("Board") to accomplish the purpose of the ARO fund.

The investment allocations are detailed below:

Investment Allocations

Investment Type	Target	Min	Max	At December 31, 2024
Equity	47%			47%
U.S. Large-Cap Equity	22%	12%	32%	22%
U.S. Mid-Cap Equity	10%	5%	15%	10%
U.S. Small-Cap Equity	5%	0%	10%	5%
International Developed Equity	6%	0%	12%	6%
Emerging Markets Equity	4%	0%	8%	4%
Alternatives	21%			20%
Real Estate	3%	0%	6%	3%
Alternative Beta	10%	0%	15%	9%
Infrastructure	5%	0%	10%	5%
Commodities	3%	0%	6%	3%
Fixed Income	32%			33%
U.S. Fixed Income	18%	8%	28%	18%
U.S. High Yield Fixed Income	5%	0%	10%	5%
TIPS	2%	0%	10%	2%
International Fixed Income	5%	0%	10%	5%
Cash	2%	0%	10%	3%

The BRU ARO investment fund was $35.8 million and $27.5 million as of December 31, 2024 and December 31, 2023, respectively.

Additional funds associated with the BRU for which the RCA has specified the use amounted to $0.6 thousand and $0.5 thousand as of December 31, 2024, and December 31, 2023, respectively. Currently, its use is for fuel price volatility in future periods. On May 16, 2022, Chugach received approval to adopt a forward-funding recovery structure for BRU capital expenditures through a BRU Capital Reserve

Surcharge on an interim, non-refundable basis, and received final approval on December 23, 2022. This account is being used to fund current and future years BRU capital requirements. The BRU Capital Reserve Surcharge provides for the exact recovery of BRU capital requirements through a balancing account.

h. Cash, Cash Equivalents, and Restricted Cash Equivalents

The following table provides a reconciliation of cash, cash equivalents, and restricted cash equivalents reported within the Consolidated Balance Sheet that sum to the total of the same such amounts shown in the Consolidated Statements of Cash Flows.

	December 31, 2024	December 31, 2023
Cash and cash equivalents	$ 24,660,980	$ 4,935,690
Restricted cash equivalents	500,000	450,000
Restricted cash equivalents included in other property and investments	30,000	30,000
Total cash, cash equivalents and restricted cash equivalents shown in the consolidated statements of cash flows	$ 25,190,980	$ 5,415,690

Restricted assets, including cash equivalents, are recognized on Chugach's Consolidated Balance Sheet when they are restricted as to withdrawal or usage. Restricted cash equivalents include funds on deposit for future workers' compensation claims.

i. Gas Transfer Price ("GTP")

The BRU GTP functions as an intercompany pricing mechanism for the purchase of BRU gas from Chugach's Working Interest Ownership ("WIO") in BRU. The cost of BRU gas, gas purchased from other sources, and purchased power are all recovered through rates approved by the RCA.

The GTP is comprised of three rate-factor components: operating expenses ("OPEX"), Asset Retirement Obligation ("ARO") surcharge, and capital reserve surcharge ("CRS"). The full BRU GTP is used to recognize the expense of gas purchased from Chugach's WIO. BRU GTP is not a rate factor on member bills, instead it is included in the cost of power adjustment ("COPA") as a fuel expense.

j. Accounts Receivable

Trade accounts receivable are recorded at the invoiced amount. Accounts receivable are recorded net of an allowance for credit losses which is management's best estimate based on its historical write-off experience and current and forecast economic conditions. Chugach reviews its allowance for credit losses monthly. Past due balances over 90 days above a specified amount are reviewed individually for collectability. All other balances are reviewed in aggregate. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The estimate of expected credit losses includes expected recoveries of amounts previously written off as well as amounts expected to be written off. Chugach does not have any off–balance-sheet credit exposure related to its customers.

k. Materials and Supplies

Materials and supplies are stated at average cost.

l. Fuel Stock

Fuel Stock is the weighted average cost of fuel injected into Cook Inlet Natural Gas Storage Alaska ("CINGSA").

m. Fuel and Purchased Power Cost Recovery

Expenses associated with electric services include fuel purchased from others and produced from Chugach's interest in the BRU, both of which are used to generate electricity, as well as power purchased from others. Chugach is authorized by the RCA to recover fuel and purchased power costs, excluding costs associated with the Eklutna Purchased Power Agreement ("PPA"), through the fuel and purchased power adjustment process, which is adjusted quarterly to reflect increases and decreases of such costs. Differences between projected recoverable fuel and purchased power costs and amounts recovered through rates are recognized. The fuel cost under/over recovery on our balance sheet represents the net accumulation of any under - or over - collection of fuel and purchased power costs. Fuel cost under recovery will appear as an asset on our balance sheet and will be collected from our members in subsequent periods. Conversely, fuel cost over-recovery will appear as a liability on our balance sheet and will be refunded to our members in subsequent periods.

n. Deferred Charges and Liabilities

Included in deferred charges and liabilities on Chugach's financial statements are regulatory assets and liabilities recorded in accordance with FASB ASC 980. See Note 8 – "Deferred Charges and Liabilities." Continued accounting under FASB ASC 980 requires that certain criteria be met. All or part of costs that would otherwise be charged to expense are capitalized if it is probable that future revenue in an amount at least equal to the capitalized cost will result from inclusion of that cost in allowable costs for ratemaking purposes and future revenue will be provided to permit recovery of the previously incurred cost. Management believes Chugach's operations currently satisfy these criteria.

Chugach's regulatory asset recoveries are embedded in base rates approved by the RCA. Specific costs incurred and recorded as regulatory assets, including the amortization period for recovery, are approved by the RCA either in standard Simplified Rate Filings ("SRF"), general rate case filings, or specified independent requests or filings. The rates approved related to the regulatory assets are matched to the amortization of actual expenses recognized. The regulatory assets are amortized and collected through rates over differing periods depending upon the period of benefit as established by the RCA. Deferred liabilities include refundable CIAC, which are credited to the associated cost of construction of property units. Refundable CIAC are held in deferred liabilities pending their return or other disposition. If events or circumstances should change so the criteria are not met, the write-off of regulatory assets and liabilities could have a material effect on Chugach's financial position, results of operations or cash flows.

o. Patronage Capital

Revenues in excess of current period costs (net operating margins and nonoperating margins) in any year are designated on Chugach's statement of operations as assignable margins. These excess amounts (i.e. assignable margins) are considered capital furnished by the members and are credited to their accounts and held by Chugach until such future time as they are retired and returned without interest at the discretion of the Board. Retained assignable margins are designated on Chugach's balance sheet as patronage capital. This patronage capital constitutes the principal equity of Chugach. The Board may also approve the return of capital to former members and estates who request early retirements at discounted rates under a discounted capital credits retirement plan, which was authorized by the Board in September of 2002.

p. Consumer Deposits

Consumer deposits include amounts certain customers are required to deposit to receive electric service. Consumer deposits at December 31, 2024 and 2023, totaled $1.6 million and $1.8 million, respectively. Consumer deposits also represent customer credit balances from prepaid accounts. Credit balances at December 31, 2024 and 2023, totaled $2.2 million and $2.4 million, respectively.

q. Operating Revenues

Revenues are recognized upon delivery of electricity and services. Energy sales revenues are Chugach's primary source of revenue and are recognized upon delivery of electricity. Wheeling revenue is recognized when energy is wheeled across Chugach's transmission lines. Other miscellaneous services are billed monthly as provided. Operating revenues are based on billing rates authorized by the RCA, which are applied to customers' usage of electricity. Chugach's rates are established, in part, on test period sales levels that reflect actual operating results. Chugach's tariffs include provisions for the recovery of fuel costs according to fuel supply contracts, as well as certain purchased power costs. For more information, see "*Note 16 – Revenue From Contracts with Customers*."

r. Capitalized Interest

Allowance for funds used during construction ("AFUDC") and interest charged to construction - credit ("IDC") are the estimated costs of the funds used during the period of construction from both equity and borrowed funds. AFUDC and IDC are applied to specific projects during construction. AFUDC and IDC calculations use the net cost of borrowed funds when used and is recovered through RCA approved rates as utility plant is depreciated. For all projects Chugach capitalized such funds at the weighted average rate of 3.6%, 3.4%, and 3.3% during 2024, 2023, and 2022, respectively.

s. Environmental Remediation Costs

Chugach accrues for losses and establishes a liability associated with environmental remediation obligations when such losses are probable and can be reasonably estimated. Such accruals are adjusted as further information develops or circumstances change. Estimates of future costs for environmental remediation obligations are not discounted to their present value. However, various remediation costs may be recoverable through rates and accounted for as a regulatory asset.

t. Income Taxes

Chugach is exempt from federal income taxes under the provisions of Section 501(c)(12) of the Internal Revenue Code and for the years ended December 31, 2024, 2023, and 2022 was in compliance with that provision. In addition, as described in Note 18 – "*Commitments and Contingencies*," Chugach collects sales tax and is assessed gross revenue and excise taxes which are presented on a net basis in accordance with FASB ASC 606-10-65, "Topic 606 - Revenue from Contracts with Customers."

Chugach applies a more-likely-than-not recognition threshold for all tax uncertainties. FASB ASC 740, "Topic 740 – Income Taxes," only allows the recognition of those tax benefits that have a greater than 50% likelihood of being sustained upon examination by the taxing authorities. Chugach's management reviewed Chugach's tax positions and determined there were no outstanding or retroactive tax positions that were not highly certain of being sustained upon examination by the taxing authorities.

Management has concluded that there are no significant tax positions requiring recognition in its financial statements for all periods presented. Chugach's evaluation was performed for the tax periods ended December 31, 2022, through December 31, 2024 for United States Federal Income Tax, the tax years which remain subject to examination by major tax jurisdictions as of December 31, 2024.

(3) Accounting Pronouncements

Issued, not yet adopted:

18 Code of Federal Regulations ("CFR") Part 101 update "Accounting and Reporting Treatment of Certain Renewable Energy Assets".

On June 29, 2023, the FERC issued docket No. RM21-11-000 amending the Uniform System of Accounts ("USofA") for public utilities. This amendment creates new accounts for wind, solar and other renewable generating assets, codifies the accounting treatment of certain renewable energy assets, as well as requires relevant FERC forms to be amended to accommodate these changes.This amendment is effective January 1, 2025, and will require Chugach to adjust its current chart of accounts. Adoption is not expected to have a material effect on our results of operations, financial position or cash flows.

(4) Fair Value of Assets and Liabilities

Fair Value Hierarchy

In accordance with FASB ASC 820, Chugach groups its financial assets and liabilities measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 – Valuation is based upon quoted prices for identical instruments traded in active exchange markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect Chugach's estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

The tables below present the balances of Chugach's investment accounts associated with the BRU ARO and other obligations, which are comprised of bond and equity securities. Chugach had no other assets or liabilities measured at fair value on a recurring basis at December 31, 2024, or December 31, 2023.

December 31, 2024	Total	Level 1	Level 2	Level 3
BRU ARO Fund	$ 35,752,151	$ 29,365,345	$ 6,386,806	$ 0
Future Natural Gas Purchases Fund	$ 567	$ 564	$ 2	$ 0
Totals	35,752,717	29,365,909	6,386,808	$ 0

December 31, 2023	Total	Level 1	Level 2	Level 3
BRU ARO Fund	$ 27,457,229	$ 24,717,543	$ 2,739,686	$ 0
Future Natural Gas Purchases Fund	$ 545	$ 545	$ 0	$ 0
Totals	$ 27,457,774	$ 24,718,088	$ 2,739,686	$ 0

Fair Value of Financial Instruments

Fair value estimates are dependent upon subjective assumptions and involve significant uncertainties resulting in variability in estimates with changes in assumptions.

The estimated fair values of long-term obligations included in the financial statements at December 31, 2024, are as follows (dollars in thousands):

	Carrying Value	Fair Value Level 2
Long-term obligations (including current installments)	$ 1,248,553	$ 1,044,730

(5) Regulatory Matters

BRU Surcharge and Rebate Petition

On January 17, 2024, Chugach filed a petition to modify the BRU Contributed Capital Surcharge and Rebate required by the RCA's final order approving Chugach's acquisition of most of the assets of ML&P. The BRU Surcharge and Rebate requires Chugach to collect $17.6 million per year from South District members and correspondingly credit that same amount to North District members. Chugach's North District refers to the ML&P legacy service area, while the South District refers to Chugach's service area pre-acquisition. The RCA intended that this adjustment mechanism would reconcile a perceived mismatch between historical BRU capital contributions from legacy ML&P customers and future benefits received from BRU by the combined Chugach membership post-acquisition. Chugach's petition points out that despite the RCA's intent, the BRU Surcharge and Rebate has resulted in discriminatory, unjust and unreasonable, preferential rate treatment in favor of Chugach's North District members. Chugach's petition proposes a methodology change that would remedy the situation and more equitably spread the costs and benefits of BRU between Chugach's North and South District members. The RCA had opened a docket to investigate Chugach's petition, granted intervention by several interested parties including the Attorney General, Department of Regulatory Affairs and Public Advocacy ("RAPA"), and established a procedural schedule to guide adjudication of Chugach's petition. On June 7, 2024, the RCA heard oral arguments including a Motion for Dismissal. After hearing oral arguments, the RCA decided to grant the motion, dismissing Chugach's petition.

General Rate Case Filing

On June 30, 2023, Chugach submitted a general rate case filing to the RCA. The filing included a revenue requirement study, a cost of service study, a cost of capital study, and a proposed rate design to unify the rates for Chugach's North and South Districts. Chugach requested approval to increase its system authorized Times Interest Earned Ratio ("TIER") from 1.55 to 1.75, and to eliminate the current differentiated TIER levels between Chugach's Generation and Transmission ("G&T") and Distribution functions. The filing presents an alternative rate design that mitigates some of the rate impacts resulting from consolidating two different rate structures.

On August 17, 2023, the RCA suspended Chugach's tariff filing into a formal docket and approved across-the-board interim, refundable rate increases of 5.54% for retail customers and 10.55% for the wholesale service class to Seward, providing Chugach with approximately $12.7 million in additional annual revenue. The RCA held a hearing from June 18 to July 19, 2024, and as of August 9, 2024, the parties completed post-hearing briefing. The parties filed a partial stipulation on June 24, 2024, resolving certain allowable expenses and settling miscellaneous rate design issues.

On September 25, 2024, the RCA issued an order deciding Chugach's rate case. The RCA approved the partial stipulation and set a single TIER of 1.55 for electric services, resulting in a final, permanent system base rate increase of 4.3% for Chugach, which is a 0.9% reduction from the interim rates. Given the final rate increase is lower than the interim rate, Chugach issued a one-time bill credit to members, refunding the approximately $3.1 million difference which was recorded as a provision rate of refund in 2024.This one time bill appeared on March 2025 billing statements. The RCA also approved Chugach's proposed BRU TIER of 2.20, as well as a Time-of-Use Pilot program for residential and small commercial customers, ship interconnection rates to serve large vessels, and the removal of the demand ratchet for large commercial customers.

Between October 24, 2024, and January 3, 2025, Chugach filed revised schedules and tariff sheets, and a refund plan with the RCA related to its compliance filings associated with its general rate case. On January 30, 2025, the RCA approved Chugach's compliance filings and refund plan related to its general rate case. The North and South District rates are now unified with the approval.

The RCA ordered the immediate unification of rates for legacy Chugach and former ML&P customers, rejecting Chugach's proposed gradual rate unification plan to reduce customer rate shock. The RCA also acknowledged the importance of Chugach re-entering the SRF process.

On February 3, 2025, Chugach received an order from the RCA approving its 2023 General Rate Case Filing and revoking its Certificate of Public Convenience and Necessity ("CPCN") for its North District Service Territory, as both districts are now consolidated under CPCN 8. Chugach's new rate schedules took effect in February 2025.

Simplified Rate Filing

On December 20, 2024, Chugach filed a request with the RCA to re-enter the SRF process and an 8% increase to demand and energy rates based a September 30, 2024, test year. This rate change equates to an annual revenue increase of approximately $18.9 million. Considering the overall impact on customer bills, which include fuel and purchased power costs as well as customer charges, the estimated increase is approximately 5.2% for retail and 3.7% for Seward. The proposed 8% demand and energy rate is capped pursuant to SRF regulations. Without the cap, the SRF calculations indicated a demand and energy rate increase of 9.1% to retail and 10.2% to Seward or an annual revenue increase of $21.7 million. On February 5, 2025, the RCA approved Chugach's request to re-enter the SRF process and approved Chugach's rate increase effective February 10, 2025. In the future, Chugach will be submitting SRFs on a semi-annual basis with test years ending June 30 and December 31 and filing due dates within 90 days after the end of each semi-annual period. Chugach is obligated to make informational filings if a rate change is not requested with the semi-annual filings.

Operation and Regulation of the Alaska Railbelt Electric and Transmission System

In 2020 the Alaska Legislature enacted Senate Bill ("SB") 123, requiring an Electric Reliability Organization ("ERO") to be formed for the Railbelt electric grid. The ERO's primary tasks are to develop and enforce reliability standards, develop transmission and interconnection standards, and conduct integrated resource planning for the Railbelt. On March 25, 2022, the Railbelt Reliability Council ("RRC") formally submitted its application for certification as the ERO. The RRC is structured as a combination independent and balanced stakeholder board, which means that consumers, providers, and non-consumer/provider interests are all represented on the RRC board. The RCA opened a docket to investigate the RRC's application, received testimony, and held a hearing on the matter. Comments related to the RRC's application were primarily focused on potential measures for reducing costs while still allowing the RRC to complete its mission as the ERO. Following the hearing, the RCA issued an order indicating that certain modifications to the RRC's application were required as a condition of certification. The RRC reviewed and accepted the RCA's required changes and submitted its compliance filing demonstrating as much on September 14, 2022. On September 23, 2022, the RCA issued its order approving the RRC's application to be certificated as the ERO.

On March 1, 2023, the RCA approved the RRC 2023 budget on an interim and non-refundable basis effective April 1, 2023. On April 6, 2023, the RRC issued its initial monthly surcharge to Chugach in the amount of $109,278. As permitted by 3 AAC 46.420(e), beginning June 1, 2023, Chugach implemented the ERO surcharge on member bills for recovery of amounts paid to the RRC. The ERO surcharge is applied to member bills based on their monthly energy usage and is treated as a pass-through charge. Chugach collects no more and no less than the amount paid to the RRC and uses a balancing account to record under- and over- recovery amounts to be resolved through periodic rate adjustments.

Railbelt Reliability Standards

In March 2018, Railbelt Reliability Standards were completed and submitted to the RCA on April 5, 2018. These reliability standards are based on North American Electric Reliability Corporation ("NERC") standards, modified to meet the unique characteristics of the islanded Railbelt grid. The standards govern the secure operation of the Railbelt electric grid and will be adopted for the further development, administration, and enforcement of the ERO. Beginning in 2024, the Railbelt Reliability Council began systemic revisions of Railbelt reliability standards. The first tranche of updated standards were filed with the RCA in December 2024. Revisions will continue into 2025 and beyond.

On December 30, 2024, the Railbelt utilities filed a certificate of public convenience and necessity to establish a Railbelt Transmission Organization ("RTO") which will establish and administer a Railbelt-wide open access transmission tariff ("OATT"). The Alaska Legislature in 2024 directed the utilities to establish an RTO by December 31, 2024, and file an OATT by July 1, 2025. This requirement for Railbelt utilities is the result of House Bill 307 passing the legislature signed into law on September 3, 2024.

Railbelt Cybersecurity Standards

In June 2016, in response to RCA Docket I-16-002, a cybersecurity working group began developing Railbelt cybersecurity standards. In July 2019, a status update was provided to the RCA announcing the completion of Alaska Critical Infrastructure Protection Cybersecurity Standards ("AKCIP") and a collective agreement for adoption effective January 1, 2020. Implementation schedules are contained in the specific standards.

Beluga River Unit

The BRU is located on the western side of Cook Inlet, approximately 35 miles from Anchorage, and is an established natural gas field that was originally discovered in 1962. Effective October 30, 2020, Chugach acquired ML&P's 57% ownership share of the BRU, increasing Chugach's ownership share of the BRU to 66.7%. Hilcorp owns the remaining 33.3%.

Chugach uses GTP as the internal rate for transferring natural gas from its owned gas field to its electricity generation facilities. This price is essential, as it establishes the internal cost of natural gas for power generation and determines the basis for cost recovery from Chugach's members. GTP is set by Chugach and approved by the RCA using a cost-recovery methodology rather than reflecting external market rates. On March 29, 2024, the RCA suspended Chugach's proposed updates to the BRU GTP to allow for further review. On February 13, 2025, the RCA accepted a stipulation and closed the docket.

(6) Utility Plant

Major classes of utility plant, net of contributions in aid of construction, as of December 31 are as follows:

	2024	2023
Steam production plant	$ 299,302,689	$ 295,198,697
Hydroelectric production plant	31,275,567	31,019,073
Other production plant	518,052,141	515,872,860
Transmission plant	351,854,154	350,242,798
Distribution plant	525,881,324	521,282,969
General plant	93,097,809	90,382,993
Unclassified electric plant in service[1]	227,864,312	142,318,359
Intangible plant[1]	8,823,072	8,812,908
Beluga River Natural Gas Field (BRU Asset & ARO Asset)	214,675,923	181,388,543
Other[1]	1,585,177	1,534,313
Total electric plant in service	2,272,412,168	2,138,053,513
Construction work in progress	109,800,333	106,643,658
Total electric plant in service and construction work in progress	$ 2,382,212,501	$ 2,244,697,171

[1] Unclassified electric plant in service consists of complete unclassified general plant, generation plant, transmission plant and distribution plant. Depreciation of unclassified electric plant in service has been included in functional plant depreciation accounts in accordance with the anticipated eventual classification of the plant investment. Intangible plant represents Chugach's share of a Bradley Lake transmission line financed internally. Other represents Electric Plant Held for Future Use.

(7) Investments in Associated Organizations

Investments in associated organizations include the following at December 31:

	2024	2023
NRUCFC Capital Term Certificates	$ 5,902,230	$ 5,902,230
CoBank	470,737	683,302
Other	47,248	49,702
Total investments in associated organizations	$ 6,420,215	$ 6,635,234

(8) Deferred Charges and Liabilities

Deferred Charges

Regulatory assets and deferred charges, net of amortization, consisted of the following at December 31:

	2024	2023
Short-term debt issuance and reacquisition costs	$ 728,399	$ 593,438
Refurbishment of transmission equipment	30,864	40,124
Feasibility studies	3,413,796	545,724
Cooper Lake relicensing / projects	4,239,184	4,369,287
Fuel supply	1,019,818	1,169,474
Other regulatory deferred charges	7,087,384	5,146,396
Bond interest - market risk management	2,209,649	2,521,338
Environmental matters	661,365	706,716
Beluga parts and materials	1,843,038	3,071,731
NRECA pension plan prepayment	2,161,377	2,881,836
ML&P acquisition, integration, & consolidation	45,969,491	47,628,345
ML&P regulatory assets acquired	358,391	833,166
ML&P acquisition price premium	26,418,071	27,389,628
Incremental COVID-19 costs	4,774,466	6,076,594
Total regulatory assets and deferred charges	$ 100,915,293	$ 102,973,797

Regulatory assets and deferred charges, not currently being recovered in rates charged to consumers, consisted of the following at December 31:

	2024	2023
Total regulatory assets and deferred charges	$ 8,339,537	$ 4,668,785

All regulatory assets and deferred charges not currently being recovered in rates charged to consumers are probable of recovery in the future based upon prior recovery of similar costs allowed by our regulator or rate orders currently approved by the RCA. The recovery of regulatory assets and deferred charges is approved by the RCA either in standard SRFs, general rate case filings or specified independent requests or filings. In most cases, regulatory assets and deferred charges are recovered over the life of the underlying asset.

Deferred Liabilities

Deferred liabilities, at December 31 consisted of the following:

	2024	2023
Refundable consumer advances for construction	$ 520,751	$ 1,270,764
Post-retirement benefit obligation	423,298	414,037
Regulatory liability – gas sales	86,906	86,906
Future gas purchases	7,753,705	7,753,681
ARO surcharge deferred liability	5,060,274	5,281,464
Eklutna clearing	(4,650)	(23,020)
Total deferred liabilities	$ 13,840,284	$ 14,783,832

Future gas purchases represent funds that ML&P received for BRU underlift for which the RCA has specified the use.

(9) Patronage Capital

Chugach has a Board approved capital credit retirement policy. It establishes, in general, a plan to return the capital credits of wholesale and retail customers based on the members' proportionate contribution to Chugach's assignable margins. At December 31, 2024, Chugach had $201,159,028 of patronage capital (net of capital credits retired), which included $194,937,927 of patronage capital that had been assigned and $6,221,101 of patronage capital to be assigned to its members. At December 31, 2023, Chugach had $199,208,815 of patronage capital (net of capital credits retired in 2023), which included $191,109,034 of patronage capital that had been assigned and $8,099,781 of patronage capital to be assigned to its members. Approval of actual capital credit retirements is at the discretion of the Board. Chugach records a liability when the retirements are approved by the Board.

The Second Amended and Restated Indenture of Trust ("Indenture") and the CoBank Second Amended and Restated Master Loan Agreement, as amended, prohibit Chugach from making any distribution of patronage capital to Chugach's members if an event of default under the Indenture or debt agreements exists. Otherwise, Chugach may make distributions to Chugach's members in each year equal to the lesser of 5% of Chugach's patronage capital or 50% of assignable margins for the prior fiscal year. This restriction does not apply if, after the distribution, Chugach's aggregate equities and margins as of the end of the immediately preceding fiscal quarter are equal to at least 30% of Chugach's total long-term debt and equities and margins. In October 2024, the Board authorized retirement not to exceed $3.7 million utilizing a 75% First In – First Out (FIFO) and 25% Last In – First Out (LIFO) retirement method. In October 2023, the Board authorized retirement of the remaining balance of 1991 retail capital credits in an amount not to exceed $3.4 million by the end of the year.

(10) Other Equities

A summary of other equities at December 31 follows:

		2024		2023
Nonoperating margins, prior to 1967	$	23,625	$	23,625
Donated capital		3,527,064		3,303,366
Unclaimed capital credit retirement[1]		14,683,747		13,505,694
Total other equities	$	18,234,436	$	16,832,685

[1]Represents unclaimed capital credits that have met all requirements of Alaska Statute section 34.45.200 regarding Alaska's unclaimed property law and have therefore reverted to Chugach.

(11) Debt

Long-term obligations at December 31 are as follows:	2024	2023
2011 Series A Bond of 4.20%, maturing in 2031, with interest payable semi-annually March 15 and September 15 and principal due annually beginning in 2012	31,500,000	36,000,000
2011 Series A Bond of 4.75%, maturing in 2041, with interest payable semi-annually March 15 and September 15 and principal due annually beginning in 2012	104,833,329	110,999,996
2012 Series A Bond of 4.01%, maturing in 2032, with interest payable semi-annually March 15 and September 15 and principal due annually beginning in 2013	30,000,000	33,750,000
2012 Series A Bond of 4.41%, maturing in 2042, with interest payable semi-annually March 15 and September 15 and principal due annually between 2013 and 2020 and between 2032 and 2042	67,000,000	67,000,000
2012 Series A Bond of 4.78%, maturing in 2042, with interest payable semi-annually March 15 and September 15 and principal due annually beginning in 2023	45,000,000	47,500,000
2017 Series A Bond of 3.43%, maturing in 2037, with interest payable semi-annually March 15 and September 15 and principal due annually beginning in 2018	26,000,000	28,000,000
2019 Series A Bond of 3.86%, maturing in 2049, with interest payable semi-annually May 15 and November 15 and principal due annually beginning in 2021	59,400,000	63,300,000
2020 Series A Bond of 2.38%, maturing in 2039, with interest payable semi-annually April 30 and October 30 and principal payments beginning in 2025	275,000,000	275,000,000
2020 Series A Bond of 2.91%, maturing in 2050, with interest payable semi-annually April 30 and October 30 and principal payments beginning in 2021	445,000,000	467,000,000
2024 Series A Bond of 5.48%, maturing in 2044, with interest payable semi-annually January 29 and July 29 and principal payments beginning in 2025	150,000,000	-
2016 CoBank Note, 2.58% fixed rate note maturing in 2031, with interest and principal due quarterly beginning in 2016	14,820,000	18,924,000
Total long-term obligations	$ 1,248,553,329	$ 1,147,473,996
Less current installments	56,692,667	48,920,667
Less unamortized debt issuance costs	6,188,050	5,763,629
Long-term debt, excluding current installments	$ 1,185,672,612	$ 1,092,789,700

Covenants

Chugach is required to comply with all covenants set forth in the Second Amended and Restated Indenture of Trust that secures the 2011, 2012, 2017, 2019, 2020 and 2024 Series A Bonds, and the 2016 CoBank Note. The CoBank Note is governed by the Second Amended and Restated Master Loan Agreement, as amended, which is secured by the Indenture dated January 20, 2011.Chugach is also required to comply with the Amended and Restated Credit Agreement, between Chugach and NRUCFC, Bank of America, N.A., KeyBank National Association and CoBank, ACB, governing loans and extensions of credit associated with Chugach's commercial paper program. Chugach is also required to comply with other covenants set forth in the Revolving Line of Credit Agreement with NRUCFC.

Security

The Indenture, which became effective on January 20, 2011, imposes a lien on substantially all of Chugach's assets to secure Chugach's long-term debt obligations. On October 30, 2020, a lien was granted on certain ML&P acquired assets to secure the debt associated with the acquisition. Assets that are generally not subject to the lien of the Indenture include cash (other than cash deposited with the indenture trustee); instruments and securities; patents, trademarks, licenses and other intellectual property; vehicles and other movable equipment; inventory and consumable materials and supplies; office furniture, equipment and supplies; computer equipment and software; office leases; other leasehold interests for an original term of less than five years; contracts (other than power sales agreements with members having an original term exceeding three years, certain contracts specifically identified in the indenture, and other contracts relating to the ownership, operation or maintenance of generation, transmission or distribution facilities); non-assignable permits, licenses and other contract rights; timber and minerals separated from land; electricity, gas, steam, water and other products generated, produced or purchased; other property in which a security interest cannot legally be perfected by the filing of a Uniform Commercial Code financing statement, and certain parcels of real property specifically excepted from the lien of the Indenture. The lien of the Indenture may be subject to various permitted encumbrances that include matters existing on the date of the Indenture or the date on which property is later acquired; reservations in United States patents; non-delinquent or contested taxes, assessments and contractors' liens; and various leases, rights-of-way, easements, covenants, conditions, restrictions, reservations, licenses and permits that do not materially impair Chugach's use of the mortgaged property in the conduct of Chugach's business.

Rates

The Indenture also requires Chugach, subject to any necessary regulatory approval, to establish and collect rates reasonably expected to yield margins for interest equal to at least 1.10 times total interest expense. If any material change occurs in the circumstances contemplated at the time rates were most recently reviewed, the Indenture requires Chugach to seek appropriate adjustment to those rates so that they would generate revenues reasonably expected to yield margins for interest equal to at least 1.10 times interest charges, provided, however, upon review of rates based on a material change in circumstances, rates are required to be revised in order to comply and there are less than six calendar months remaining in the current fiscal year, Chugach can revise its rates so as to reasonably expect to meet the covenant for the next succeeding 12-month period after the date of any such revision.

The Second Amended and Restated Master Loan Agreement with CoBank, which became effective on June 30, 2016, as amended November 26, 2019, also requires Chugach to establish and collect rates reasonably expected to yield margins for interest equal to at least 1.10 times interest expense.

The Amended and Restated Credit Agreement governing the unsecured facility providing liquidity for Chugach's commercial paper program requires Chugach to achieve minimum margins for interest of at least 1.10 times interest charges for each fiscal year. Margins for interest generally consist of Chugach's assignable margins plus total interest expense, excluding amounts capitalized. Additionally, Chugach must maintain a minimum Consolidated Margins and Equities balance of $150.0 million, excluding any unrealized gain or loss on any Hedging Agreement, for each fiscal quarter and fiscal year-end.

Distributions to Members

Under the Indenture and debt agreements, Chugach is prohibited from making any distribution of patronage capital to Chugach's members if an event of default under the Indenture or debt agreements exists. Otherwise, Chugach may make distributions to Chugach's members in each year equal to the lesser of 5% of Chugach's patronage capital or 50% of assignable margins for the prior fiscal year. This restriction does not apply if, after the distribution, Chugach's aggregate equities and margins as of the end of the immediately preceding fiscal quarter are equal to at least 30% of Chugach's total long-term debt and equities and margins.

Maturities of Long-term Obligations

Long-term obligations at December 31, 2024, mature as follows (dollars in thousands):

Year ending December 31	2011 Series A Bonds	2012 Series A Bonds	2016 CoBank Note	2017 Series A Bonds	2019 Series A Bonds	2020 Series A Bonds	2024 Series A Bonds	Total
2025	10,667	6,250	3,876	2,000	3,900	22,000	8,000	56,693
2026	10,667	6,250	3,192	2,000	3,900	28,000	6,000	60,009
2027	10,667	6,250	2,508	2,000	3,900	28,000	7,000	60,325
2028	10,667	6,250	2,052	2,000	3,900	28,000	7,000	59,869
2029	10,667	6,250	1,596	2,000	3,900	28,000	8,000	60,413
Thereafter	82,998	110,750	1,596	16,000	39,900	586,000	114,000	951,244
	$ 136,333	$ 142,000	$ 14,820	$ 26,000	$ 59,400	$ 720,000	$ 150,000	$ 1,248,553

Lines of credit

Chugach maintains a $50.0 million line of credit with NRUCFC. There was no outstanding balance on this line of credit at December 31, 2024. The borrowing rate is calculated using the total rate per annum and may be fixed by NRUCFC. The borrowing rate was 6.50% and 7.25% at December 31, 2024 and 2023, respectively. The NRUCFC Revolving Line of Credit Agreement requires that Chugach, for each 12-month period, for a period of at least five consecutive days, pay down the entire outstanding principal balance. The NRUCFC line of credit was renewed December 15, 2021 and expires December 21, 2026. This line of credit is immediately available for unconditional borrowing.

Commercial Paper

Chugach maintains a $300.0 million senior unsecured credit facility, as amended June 2019, ("Credit Agreement"), which is used to back Chugach's commercial paper program. On July 28, 2023, Chugach closed on an Amended and Restated Credit Agreement. The total amount decreased from $300.0 million to $270.0 million. On July 26, 2024, Chugach closed on an amendment to the Amended and Restated Credit Agreement, reinstating the amount of $300.0 million and extending the expiration date to July 27, 2029. The calculation of the interest on borrowings under the facility is based upon the Secured Overnight Financing Rate ("SOFR"). The participating banks include NRUCFC, Bank of America, N.A., KeyBank National Association and CoBank, ACB.

Our commercial paper can be repriced between 1 day and 397 days. Chugach is expected to continue to issue commercial paper in 2025, as needed. The following table provides information regarding 2024 monthly average commercial paper balances outstanding (dollars in millions), as well as corresponding weighted average interest rates:

Month	Average Balance	Weighted Average Interest Rate	Month	Average Balance	Weighted Average Interest Rate
January	$ 138.0	5.55%	July	$ 211.7	5.64%
February	$ 141.9	5.54%	August	$ 35.0	5.58%
March	$ 153.7	5.57%	September	$ 66.7	5.41%
April	$ 166.0	5.56%	October	$ 79.6	5.29%
May	$ 177.3	5.79%	November	$ 103.3	5.03%
June	$ 177.3	5.66%	December	$ 114.9	4.79%

Financing

In January 2011, Chugach issued $275.0 million of First Mortgage Bonds, 2011 Series A, in two tranches, Tranche A and Tranche B, for the purpose of refinancing the 2001 and 2002 Series A Bonds in 2011 and 2012, and for general corporate purposes. Interest is paid semi-annually on March 15 and September 15 commencing on September 15, 2011. Principal on the 2011 Series A Bonds is paid in equal annual installments beginning March 15, 2012.

In January 2012, Chugach issued $250.0 million of First Mortgage Bonds, 2012 Series A, in three tranches, Tranche A, Tranche B and Tranche C, for the purpose of repaying outstanding commercial paper used to finance Southcentral Power Project ("SPP") construction and for general corporate purposes. Interest is paid semi-annually March 15 and September 15 commencing on September 15, 2012. The 2012 Series A Bonds, Tranche A and Tranche C, pay principal in equal installments on an annual basis beginning March 15, 2013, and 2023, respectively. The 2012 Series A Bonds, Tranche B, pay principal beginning March 15, 2013, through 2020, and on March 15, 2032, through 2042.

In June 2016, Chugach entered into a term loan facility with CoBank, evidenced by the 2016 CoBank Note, issued in the amount of $45.6 million, which is governed by the Second Amended and Restated Master Loan Agreement dated June 30, 2016, amended November 26, 2019, and secured by the Indenture.

In March 2017, Chugach issued $40.0 million of First Mortgage Bonds, 2017 Series A for general corporate purposes. Interest is paid semi-annually on March 15 and September 15, commencing on September 15, 2017. The 2017 Series A Bonds pay principal in equal installments on an annual basis beginning March 15, 2018.

In May 2019, Chugach issued $75.0 million of First Mortgage Bonds, 2019 Series A, for the purpose of repaying outstanding commercial paper used to finance Chugach's capital improvement program and for general corporate purposes. Interest is paid semi-annually on May 15 and November 15, commencing on November 15, 2019. The 2019 Series A Bonds pay principal in equal installments on an annual basis beginning on May 15, 2021.

On October 26, 2020, Chugach issued $800.0 million of First Mortgage Bonds, 2020 Series A, in two tranches, Tranche A and Tranche B, for the purpose of funding the acquisition of certain assets of ML&P and related transaction costs. Interest is paid semi-annually April 30 and October 30 commencing April 30, 2021. The 2020 Series A Bonds, Tranche A, pay principal semi-annually beginning April 30, 2025. The 2020 Series A Bonds, Tranche B pay principal beginning April 30, 2021.

On July 29, 2024, Chugach issued $150.0 million of First Mortgage Bonds, 2024 Series A, for the purpose of repaying existing indebtedness and for general corporate purposes. Interest is paid semi-annually on January 29 and July 29 commencing January 29, 2025. The 2024 Series A Bonds pay principal on an annual basis beginning July 29, 2025.

The bonds and all other long-term debt obligations are secured by a lien on substantially all of Chugach's assets, pursuant to the Indenture, which became effective on January 20, 2011, as previously amended and supplemented. On October 30, 2020, a lien was granted on certain ML&P acquired assets to secure the debt associated with the acquisition.

The following table provides additional information regarding the bonds and the CoBank note at December 31, 2024 (dollars in thousands):

	Maturing	Average Life (Years)	Interest Rate	Issue Amount	Carrying Value
2011 Series A, Tranche A	2031	3.7	4.20 %	$ 90,000	$ 31,500
2011 Series A, Tranche B	2041	8.7	4.75 %	185,000	104,833
2012 Series A, Tranche A	2032	4.2	4.01 %	75,000	30,000
2012 Series A, Tranche B	2042	13.3	4.41 %	125,000	67,000
2012 Series A, Tranche C	2042	9.2	4.78 %	50,000	45,000
2017 Series A, Tranche A	2037	6.7	3.43 %	40,000	26,000
2019 Series A, Tranche A	2049	9.0	3.86 %	75,000	59,400
2020 Series A, Tranche A	2039	7.5	2.38 %	275,000	275,000
2020 Series A, Tranche B	2050	17.8	2.91 %	525,000	445,000
2024 Series A, Tranche A	2044	10.5	5.48 %	150,000	150,000
2016 CoBank Note	2031	2.7	2.58 %	45,600	14,820
Total				$ 1,635,600	$ 1,248,553

(12) Employee Benefit Plans

Pension Plans

Pension benefits for substantially all of Chugach's union employees are provided through the Alaska Electrical Pension Trust Fund and the UNITE HERE National Retirement Fund, multiemployer plans. Chugach pays an hourly amount per eligible union employee pursuant to the collective bargaining unit agreements. In these master, multiemployer plans, the accumulated benefits, and plan assets are not determined or allocated separately to the individual employer.

Pension benefits for non-union employees are provided by the National Rural Electric Cooperative Association ("NRECA") Retirement and Security Plan ("RS Plan"). The RS Plan is a defined benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. Under ASC 960, "Topic 960 – Plan Accounting – Defined Benefit Pension Plans," the RS Plan is a multiemployer plan, in which the accumulated benefits and plan assets are not determined or allocated separately to individual employers. Chugach makes annual contributions to the RS Plan equal to the amounts accrued for pension expenses. Chugach made contributions to all significant pension plans for the years ended December 31, 2024, 2023, and 2022 of $11.5 million, $11.2 million, and $11.0 million, respectively.

In December 2012, a committee of the NRECA Board of Directors approved an option to allow participating cooperatives in the RS Plan to make a prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1 of the year in which the amount is paid to the RS Plan. The 25% differential in billing rates is expected to continue for approximately 15 years from January 1, 2013. However unexpected changes in interest rates, asset returns and other plan experience, plan assumption changes, and other factors may have an impact on the differential in billing rates and the 15-year period.

On December 29, 2016, Chugach made a prepayment of $7.9 million to the NRECA RS Plan. Chugach recorded the long-term prepayment in deferred charges and is amortizing the deferred charge to administrative, general, and other expense, over 11 years, which represents the difference between the normal retirement age of 62 and the average age of Chugach's employees in the RS Plan. The balance of the prepayment in deferred charges at December 31, 2024 and 2023 was $2.2 million and $2.9 million, respectively.

The following table provides information regarding pension plans which Chugach considers individually significant:

	Alaska Electrical Pension Plan[3]			NRECA Retirement Security Plan[3]		
Employer Identification Number	92-6005171			53-0116145		
Plan Number	001			333		
Year-end Date	December 31			December 31		
Expiration Date of CBA's	June 30, 2025			N/A[2]		
Subject to Funding Improvement Plan	No			No[4]		
Surcharge Paid	N/A			N/A[4]		
	2024	2023	2022	2024	2023	2022
Zone Status	Green	Green	Green	N/A[1]	N/A[1]	N/A[1]
Required minimum contributions	None	None	None	N/A	N/A	N/A
Contributions (in millions)	$7.2	$7.1	$6.9	$4.3	$4.1	$4.1
Contributions > 5% of total plan contributions	Yes	Yes	Yes	No	No	No

[1]A "zone status" determination is not required, and therefore not determined under the Pension Protection Act (PPA) of 2006.

[2]The CEO is the only participant in the NRECA RS Plan who is subject to employment agreements. The CEO's employment agreement is effective through May 1, 2026.

[3]The Alaska Electrical Pension Plan financial statements are available upon request.

[4]The provisions of the PPA do not apply to the RS Plan, therefore, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the RS Plan and may change as a result of plan experience.

Health and Welfare Plans

Health and welfare benefits for union employees are provided through the Alaska Electrical Health and Welfare Trust and the Alaska Hotel, Restaurant and Camp Employees Health and Welfare and Pension Trust Fund. Chugach participates in multiemployer plans that provide substantially all union workers with health care and other welfare benefits during their employment with Chugach. Chugach pays a defined amount per union employee pursuant to collective bargaining unit agreements. Amounts charged to benefit costs and contributed to the health and welfare plans for these benefits for the years ending December 31, 2024, 2023, and 2022 were $9.3million, $9.1 million, and $9.0 million, respectively.

Chugach participates in a multiemployer plan through the Group Benefits Program of NRECA for non-union employees. Amounts charged to benefit cost and contributed to this plan for those benefits for the years ended December 31, 2024, 2023, and 2022 totaled $3.7 million, $3.6 million, and $3.5 million, respectively.

Money Purchase Pension Plan

Chugach participates in a multiemployer defined contribution money purchase pension plan covering some employees who are covered by a collective bargaining agreement. Contributions to this plan are made based on a percentage of each employee’s compensation. Contributions to the money purchase pension plan for the years ending December 31, 2024, 2023, and 2022 were $913.2 thousand, $905.03 thousand, and $889.1 thousand, respectively.

401(k) Plan

Chugach has a defined contribution 401(k) retirement plan which covers substantially all employees who, effective January 1, 2008, can participate immediately. Employees who elect to participate may contribute up to the Internal Revenue Service’s maximum of $23,000 in 2024, $22,500 in 2023, $20,500 in 2022, and allowed catch-up contributions for those over 50 years of age of $7,500 in 2024, $7,500 in 2023, and $6,500 in 2022. Chugach does not make contributions to the plan.

Deferred Compensation

Effective January 1, 2011, Chugach participates in Vanguard’s unfunded Deferred Compensation Program to allow highly compensated employees who elect to participate in the Program to defer a portion of their current compensation and avoid paying tax on the deferrals until received. The program is a non-qualified plan under Internal Revenue Code 457(b).

Deferred compensation accounts are established for the individual employees; however, they are considered to be owned by Chugach until a distribution is made. The amounts credited to the deferred compensation account, including gains or losses, are retained by Chugach until the entire amount credited to the account has been distributed to the participant or to the participant’s beneficiary. The balance of the Program at December 31, 2024, and 2023 was $1.9 million and $1.8 million, respectively.

Potential Termination Payments

Pursuant to a Chugach Operating Policy, non-represented employees, including the executive officers except the Chief Executive Officer, who are terminated by Chugach for reasons unrelated to employee performance are entitled to severance pay for each year or partial year of service as follows: two weeks for each year of service to a maximum of 26 weeks for 13 years or more of service. If the CEO is terminated by Chugach without cause, he will receive a lump sum payment equal to 100% of his annual base salary payable and the full cost of health and welfare coverage for a period not in excess of twelve months.

(13) Bradley Lake Hydroelectric Project

Chugach is a participant in the Bradley Lake Hydroelectric Project ("Bradley Lake"), a 120 megawatt (MW) rated capacity hydroelectric facility. Chugach and other participating utilities have entered into take or pay power sales agreements under which shares of the project capacity have been purchased and the participants have agreed to pay a like age of annual costs of the project (including ownership, operation and maintenance costs, debt service costs and amounts required to maintain established reserves). Under these take or pay power sales agreements, the participants have agreed to pay all project costs from the date of commercial operation even if no energy is produced. Chugach has a 56.3% share, or 50.7 MW, as currently operated, of the project's capacity.

The Battle Creek Diversion Project ("Project") increased water available for generation by constructing a diversion on the West Fork of Upper Battle Creek to divert flows to Bradley Lake, increasing annual energy output by an estimated 37,000 MWh. All Bradley Lake participants are now participating in the project. On December 13, 2017, ML&P executed an agreement with HEA selling ML&P's allocated share of water from Battle Creek Project to HEA for a period of 20 years. That agreement was assigned to Chugach through the acquisition of ML&P. On February 8, 2024, Chugach provided notice of its intent to terminate the agreement effective December 13, 2037. The share of Battle Creek indebtedness for which Chugach is responsible for is 30.4%, or approximately $11.3 million as of June 30, 2024, the most recent information available.

In December 2020, the Alaska Energy Authority ("AEA") purchased the Sterling to Quartz section (SSQ) of the 115kV transmission line from HEA. The transmission line connects the Bradley Lake Project to the customers that are located north of the Kenai Peninsula. The section is approximately 39 miles long. AEA closed on the purchase by issuing bonds in the amount of $17.0 million. After an accelerated payment on this debt in June of 2022, the share of the SSQ line indebtedness for which Chugach is responsible is now approximately $3.1 million as of June 30, 2024, the most recent information available.

On November 30, 2022, AEA closed on a $166.0 million bond financing to pay for transmission line upgrades and battery energy storage systems. Each of the Railbelt utilities share the responsibility for the repayment of the debt. Chugach is responsible for 56.3% of this debt, equal to our share of the Bradley Lake project. The share of Bradley Lake indebtedness is approximately $89.3 million as of June 30, 2024, the most recent information available.

The following represents information with respect to Bradley Lake at June 30, 2024 (the most recent date for which information is available):

(In thousands)	Total	Proportionate Share
Plant in service	$ 173,774	$ 97,835
Long-term debt	201,253	103,693
Interest expense	10,400	5,855

Chugach's share of expenses was $11.9 million in 2024, $12.7 million in 2023, and $8.8 million in 2022, and is included in purchased power in the accompanying financial statements. Chugach's share of a Bradley Lake transmission line financed internally is included in Intangible Electric Plant.

(14) Eklutna Hydroelectric Project

Along with two other utilities, Chugach purchased the Eklutna Hydroelectric Project from the Federal Government in 1997. Ownership was transferred from the United States Department of Energy's Alaska Power Administration jointly to Chugach (30%), MEA (17%), and MOA (53%). As of October 30, 2020, the Eklutna PPA became effective. The Eklutna PPA provides for the purchase of a portion of MOA's share of generation from the Eklutna Project.

Plant in service at December 31, 2024, included $5.6 million, net of accumulated depreciation of $4.8 million, which represents Chugach's share of the Eklutna Hydroelectric Project. At December 31, 2023, plant in service included $5.3 million, net of accumulated depreciation of $4.5 million. Each participant contributes their proportionate share for operation, maintenance, and capital improvement costs to the plant, as well as to the transmission line between Anchorage and the plant. Chugach's share of expenses was $3.8 million, $3.8 million, and $4.0 million in 2024, 2023, and 2022, respectively, and is included in purchased power, power production, and depreciation expense in the accompanying financial statements. Chugach performs the major maintenance, daily operation, and maintenance of the power plant, providing personnel who perform daily plant inspections, meter reading, monthly report preparation, and other activities as required.

(15) Beluga River Unit

Chugach has a 66.7% ownership share of the BRU. Chugach invested in the BRU to reduce the cost of electric service to its retail and wholesale members by securing an additional long-term supply of natural gas to meet on-going generation requirements. The acquisition complemented existing gas supplies and provided greater fuel diversity. The ownership shares include the attendant rights and privileges of all gas and oil resources, including 15,500 lease acres (8,200 in Unit / Participating Area and 7,300 held by Unit), Sterling and Beluga producing zones, and working interest in deep oil resources. The BRU is locat ed on the western side of Cook Inlet, approximately 35 miles from Anchorage, and is an established natural gas field that was originally discovered in 1962.

Chugach obtained RCA approval to record BRU acquisition costs as deferred charges on our balance sheet and to amortize these costs based on units of BRU production and recognize as depreciation and amortization on Chugach's statement of operations. Chugach was also permitted to recover the deferred costs in the gas transfer price.

Each of the BRU participants has a right to take their interest of the gas produced. Parties that take less than their interest of the field's output may either accept a cash settlement for their underlift or take their underlifted gas in future years. Chugach was in an underlift position of 1.5 Bcf at December 31, 2024 and an underlift position of 0.54 Bcf at December 31, 2023. Chugach has opted to take any cumulative underlift in gas in the future and will record the gas as fuel expense on the statement of operations when received. In December 2024, Chugach and Hilcorp entered into an amendment to the Beluga River Unit Joint Operating Agreement Amendment No. 3 Gas Balancing Agreement dated January 1, 1994 to underlift certain volumes of gas which Chugach intends to recover over a period of time post-Hilcorp contract expiration. Chugach records depreciation, depletion, and amortization on BRU assets based on units of production. During 2024, Chugach lifted 10.2 Bcf resulting in a cumulative lift since purchase of 38.7 Bcf. In 2023, Chugach lifted 8.6 Bcf resulting in a cumulative lift since purchase of 28.5 Bcf. Chugach's 2022 BRU Gas Reserve Study results estimated that there are 69.0 Bcf in proven developed and undeveloped reserves, net of 2024 gas production, there is approximately 42.4 Bcf remaining gas reserves to be produced. Chugach, and the other owner, Hilcorp, are operating under an existing Joint Operating Agreement. Hilcorp is the operator for BRU. In addition to the operator fees to Hilcorp, other

BRU expenses include royalty expense and interest on long-term debt. All expenses other than depreciation, depletion and amortization, and interest on long-term debt are included as fuel expense on Chugach's statement of operations. Chugach has applied and qualified for a small producer tax credit, provided by the State of Alaska, resulting in an estimate of no liability for production taxes for a period of ten years, through 2026. The revenue in excess of expenses less the allowed TIER from BRU operations is adjusted through Chugach's fuel and purchased power adjustment process.

(16) Revenue From Contracts With Customers

a. Nature of goods and services

The following is a description of the contracts and customer classes from which Chugach generates revenue.

i. Energy Sales

Energy sales revenues are Chugach's primary source of revenue, representing approximately 98.2%, 98.0%, and 97.9% of total operating revenue during the years ended December 31, 2024, 2023, and 2022, respectively. Energy sales revenues are recognized upon delivery of electricity, based on billing rates authorized by the RCA, which are applied to customers' usage of electricity. Chugach's rates are established, in part, on test period sales levels that reflect actual operating results. Chugach's tariffs include provisions for the recovery of gas costs according to gas supply contracts and costs associated with the BRU operations, as well as purchased power costs.

Expenses associated with electric services include fuel purchased from others and produced from Chugach's interest in the BRU, both of which are used to generate electricity, as well as power purchased from others. Chugach is authorized by the RCA to recover fuel and purchased power costs through the fuel and purchased power adjustment process, which is adjusted quarterly to reflect increases and decreases of such certain costs. The amount of fuel and purchased power revenue recognized is equal to actual fuel and purchased power costs. We recognize differences between projected recoverable fuel and purchased power costs and amounts recovered through rates. The fuel cost under/over recovery on our balance sheet represents the net accumulation of any under- or over-collection of fuel and purchased power costs. Fuel cost under-recovery will appear as an asset on our balance sheet and will be collected from our members in subsequent periods. Conversely, fuel cost over-recovery will appear as a liability on our balance sheet and will be refunded to our members in subsequent periods. Payment on energy sales invoices to all customer classes below are due within 15 to 30 days.

Customer Class	Nature, timing of satisfaction of performance obligations, and significant payment terms
Retail	Retail energy customers can have up to four components of monthly billing included in revenue – energy, fuel and purchased power, demand, and customer charge. The energy rate and fuel and purchased power surcharge are applied by kilowatt hour (kWh) usage. The demand charge is applied by kilowatt (kW). The customer charge is a monthly amount applied by meter.
Wholesale	Classified as firm energy sales. Four components of monthly billing are included in revenue – energy, fuel and purchased power, demand, and customer charge. The energy rate and fuel and purchased power surcharge are applied by kWh usage. The demand charge is applied by kW. The customer charge is a monthly amount applied by meter.
Economy	Classified as non-firm energy sales. Three components of monthly billing are included in revenue – fuel, operations and maintenance, and margin. The actual fuel costs are billed per thousand cubic feet (Mcf) used. The operations and maintenance and margin rates are applied by megawatt hour (MWh) usage.
Power Pool	Power pool transactions are generally firm energy sales that are subject to changes in generation unit availability. The two components of monthly billings included in revenue are fuel and operations and maintenance. Power pool transactions are settled using a split-the-savings principle.

Chugach calculates unbilled revenue, for residential and commercial customers, at the end of each month to ensure the recognition of a full month of revenue. Chugach accrued $15.8 million and $15.7 million of unbilled retail revenue at December 31, 2024 and 2023, respectively, which is included in accounts receivable on the balance sheet. Revenue derived from wholesale and economy customers is recorded from metered locations on a calendar month basis, so no estimation is required.

Power Pool sales began in April of 2021. Power Pool revenues are recognized upon delivery of electricity and the transaction is then settled using a split-the-savings principle.

The collectability of our energy sales is very high with typically 0.1% written off as bad debt expense, adjusted annually.

ii. Wheeling

Wheeling represented 0.7%, 1.1%, and 1.1% of our revenue during the years ended December 31, 2024, 2023, and 2022, respectively. Wheeling was recorded through the wheeling of energy across Chugach's transmission lines at rates set by utility tariff and approved by the RCA. The rates are applied to MWh of energy wheeled. The collectability of wheeling is very high, with no adjustment required.

iii. Other Miscellaneous Services

Other miscellaneous services consist of various agreements and gas transfer agreements, pole rentals, Beluga Power Plant equipment and services agreement, and microwave bandwidth. Revenue from these agreements is billed monthly and represented 1.1%, 0.9%, and 1.0% of our total operating revenue during the years ended December 31, 2024, 2023, and 2022, respectively. The revenue recognized from these agreements is recorded as the service is provided over a period of time. The collectability of these agreements is very high, with no adjustment required.

b. Disaggregation of Revenue

The table below details the revenue recognized by customer class and disaggregates base revenue from fuel and purchased power revenue recognized in the Consolidated Statement of Operations for the year ended December 31, 2024 and 2023 (in millions).

	Base Rate Sales Revenue			Fuel and Purchased Power Revenue			Total Revenue		
	2024	2023	% Variance	2024	2023	% Variance	2024	2023	% Variance
Retail	$ 249.0	$ 244.3	1.9%	$ 90.5	$ 88.0	2.8%	$ 339.5	$ 332.3	2.2%
Wholesale	2.5	2.4	4.2%	3.3	3.1	6.5%	5.8	5.5	5.5%
Economy	1.2	2.4	(50.0%)	2.8	14.0	(80.0%)	4.0	16.4	(75.6%)
Power Pool	1.5	0.7	114.3%	1.3	0.7	85.7%	2.8	1.4	100.0%
Total Energy	**$ 254.2**	**$ 249.8**	**1.8%**	**$ 97.9**	**$ 105.8**	**(7.5%)**	**$ 352.1**	**$ 355.6**	**(1.0%)**
Wheeling	0.0	0.0	0.0%	2.5	3.8	(34.2%)	2.5	3.8	(34.2%)
Other	2.7	2.1	28.6%	1.1	1.2	(8.3%)	3.8	3.3	15.2%
Total Miscellaneous	**$ 2.7**	**$ 2.1**	28.6%	**$ 3.6**	**$ 5.0**	(28.0%)	**$ 6.3**	**$ 7.1**	(11.3%)
Total Revenue	**$ 256.9**	**$ 251.9**	**2.0%**	**$ 101.5**	**$ 110.8**	**(8.4%)**	**$ 358.4**	**$ 362.7**	**(1.2%)**

The table below details the revenue recognized by customer class and disaggregates base revenue from fuel and purchased power revenue recognized in the Consolidated Statement of Operations for the year ended December 31, 2023 and 2022 (in millions).

	Base Rate Sales Revenue			Fuel and Purchased Power Revenue			Total Revenue		
	2023	2022	% Variance	2023	2022	% Variance	2023	2022	% Variance
Retail	$ 244.3	$ 242.0	1.0%	$ 88.0	$ 80.1	9.9%	$ 332.3	$ 322.1	3.2%
Wholesale	2.4	2.4	0.0%	3.1	2.7	14.8%	5.5	5.1	7.8%
Economy	2.4	1.9	26.3%	14.0	15.6	(10.3%)	16.4	17.5	(6.3%)
Power Pool	0.7	1.1	(36.4%)	0.7	1.2	(41.7%)	1.4	2.3	(39.1%)
Total Energy	**$ 249.8**	**$ 247.4**	**1.0%**	**$ 105.8**	**$ 99.6**	**6.2%**	**$ 355.6**	**$ 347.0**	**2.5%**
Wheeling	0.0	0.0	0.0%	3.8	3.5	8.6%	3.8	3.5	8.6%
Other	2.1	2.8	(25.0%)	1.2	1.1	9.1%	3.3	3.9	(15.4%)
Total Miscellaneous	**$ 2.1**	**$ 2.8**	**(24.2%)**	**$ 5.0**	**$ 4.6**	**8.7%**	**$ 7.1**	**$ 7.4**	(3.6%)
Total Revenue	**$ 251.9**	**$ 250.2**	**0.7%**	**$ 110.8**	**$ 104.2**	**6.3%**	**$ 362.7**	**$ 354.4**	**2.3%**

c. Contract Balances

The table below provides information about contract receivables and contract liabilities.

	December 31, 2024	December 31, 2023
Contract receivables, included in accounts receivable	46,750,215	53,257,341
Contract liabilities	2,206,224	2,434,926

Contract receivables represent amounts receivable from retail, wholesale, economy, and wheeling.

Contract liabilities consist of credit balances. Credit balances are reported as consumer deposits and represent the prepaid accounts of retail customers and are recognized in revenue as the customer uses electric service.

Significant changes in the contract liabilities balances are as follows:

	December 31, 2024	December 31, 2023
Contract liabilities at beginning of year	2,434,926	2,836,240
Cash received, excluding amounts recognized as revenue during the year	2,201,967	2,412,854
Revenue recognized and transferred from contract liabilities at the beginning of the year	(2,430,669)	(2,814,168)
Contract liabilities at end of year	2,206,224	2,434,926

d. Transaction Price Allocated to Remaining Performance Obligations

The table below includes estimated revenue to be recognized in 2024 related to performance obligations that are unsatisfied (or partially unsatisfied) at December 31, 2024.

		2024
Credit balances	$	2,206,224

Credit balances are primarily associated with Chugach's LevelPay program. The program calculates the monthly amount to be collected from customers annually. It is anticipated the balance will be recognized in revenue within the following year as customers consume electricity.

(17) Leases

Chugach had three financing leases and five operating leases, most of which were various land easements. Chugach's five operating leases, recognized as right-of-use assets, consisted of five land leases, with remaining lease terms of 1 to 47 years and a weighted average lease term of 44 years. Four of the land leases were acquired with the ML&P acquisition. Chugach's operating and financing lease assets are presented as operating or financing right-of-use assets on our Consolidated Balance Sheet. The current portion of lease liabilities is included in current installments of long-term obligations and the long-term portion is presented as operating or financing lease liabilities on our Consolidated Balance Sheet. A weighted discount rate of 3.25% was used in calculating the right-to-use assets and lease liabilities. Chugach's discount rate was calculated using our incremental borrowing rate based on the average borrowing rate of our long-term debt.

Recognition of the right-of-use asset and operating lease liability represents a non-cash investing and financing activity. Chugach entered into a Power Purchase Agreement with Fire Island Wind, LLC, ("FIW") on June 21, 2011. The Fire Island Wind contract contains a lease because the agreement identifies an asset and Chugach controls the use of the asset. The wind farm is explicitly specified in the agreement and FIW does not have substantive substitution rights. Additionally, Chugach takes 100% of the output and, to the extent there is wind, can control how and when the wind farm produces power directly through its supervisory control and data acquisition ("SCADA") system. However, due to the exclusively variable nature of the payments related to Fire Island Wind, no new assets or liabilities have been added to the Consolidated Balance Sheet, no changes were made to the Consolidated Statements of Cash Flow, and the variable payments are still classified as purchased power expense on the Consolidated Statements of Operations. These variable payments, included in purchased power, are reflected in the following table.

Supplemental statement of operations information associated with leases for the year ended December 31:

	2024	2023	2022
Finance lease cost			
Amortization of right-of-use assets	13,617	13,014	4,292
Interest on lease liabilities	6,665	7,056	621
Operating lease cost	151,504	196,794	377,773
Variable lease cost	4,757,536	4,607,926	5,232,117
Total lease cost	4,929,322	4,824,790	5,614,803

Supplemental cash flow information associated with leases for the year ended December 31:

	2024	2023	2022
Cash paid for amounts included in the measurement of liabilities:			
Operating cash flows from operating leases	$ 148,463	$ 199,835	$ 377,773
Operating cash flows from finance leases	17,238	17,841	0
Right-of-use assets obtained in exchange for lease obligations:			
Financing leases	0	0	214,486

Supplemental balance sheet information associated with leases at December 31 were:

	2024		2023	
Operating lease right-of-use assets	$	3,546,195	$	3,582,805
Financing lease right-of-use assets		190,389		204,525
Total right-of-use assets	$	3,736,584	$	3,787,330
Operating lease liabilities		3,507,814		3,545,670
Financing lease liabilities		183,461		193,192
Current installments of lease liabilities		47,510		48,311
Total operating lease liabilities	$	3,738,785	$	3,787,173

Maturities associated with lease liabilities at December 31, 2024:

2025	$	167,523
2026		166,313
2027		164,504
2028		164,504
2029		164,504
Thereafter		6,063,746
Total lease payments		6,891,094
Less imputed interest		3,152,309
Present value of lease liabilities	$	3,738,785

(18) Commitments and Contingencies

Contingencies

Chugach is a participant in various legal actions, rate disputes, personnel matters and claims both for and against Chugach's interests. Management believes the outcome of any such matters will not materially impact Chugach's financial condition, results of operations or liquidity. Chugach establishes reserves when a particular contingency is probable and calculable. Chugach has not accrued for any contingency at December 31, 2024, as it does not consider any contingency to be probable nor calculable. Chugach faces contingencies that are reasonably possible to occur; however, they cannot currently be estimated.

Concentrations

Approximately 72.3% of our employees are members of the International Brotherhood of Electrical Workers ("IBEW"). Chugach has three Collective Bargaining Unit Agreements ("CBA") with the IBEW effective through June 30, 2025. Chugach also has a CBA with the Hotel Employees and Restaurant Employees ("HERE"), which is effective through June 30, 2025. Contract negotiations are currently underway between Chugach's management and the IBEW.

Fuel Supply Contracts

Chugach entered into a gas contract with Hilcorp effective January 1, 2015, which, through various amendments, has a term through March 31, 2028. The total amount of gas supplied under this contract is estimated to be 79.4Bcf. All of the gas production is expected to come from Cook Inlet, Alaska. Under the terms of the Hilcorp Agreement, gas is delivered to pipeline custody transfer meters. Chugach is required to manage the gas transportation over the connecting pipeline systems. Chugach has gas transportation agreements with ENSTAR and Harvest Alaska.

Chugach has two active gas storage contracts with CINGSA that conclude on March 31, 2032. The firm storage agreement provides for up to 2.1 Bcf of capacity. The interruptible storage agreement provides for up to 1.0 Bcf of capacity.

Of the total electric energy produced and purchased by Chugach in 2024, 83.8% was generated from natural gas. Of this, 49.4% of the gas-based power was generated at SPP and 46.1% at Sullivan power plants, and the remaining 4.5% being generated at the Beluga, Nikkels, and Eklutna power plants. In 2023, 81.5% of our power was generated from gas, with 46.6% at SPP, 45.2% at Sullivan, and the remaining 8.2% being generated at the Beluga, Nikkels, and Eklutna power plants.

The following represents the cost of fuel purchased, stored, and or transported from various vendors as a percentage of total contracted fuel costs for the years ended December 31:

	2024	2023	2022
Hilcorp	77.3%	86.8%	74.8%
Furie	0.0%	0.3%	8.1%
CINGSA (Storage)	8.4%	5.2%	6.3%
ENSTAR Pipeline	10.2%	5.9%	8.0%
Harvest (Hilcorp) Pipeline	3.3%	1.9%	2.8%

Regulatory Cost Charge

In 1992, the State of Alaska Legislature passed legislation authorizing the Department of Revenue to collect a Regulatory Cost Charge from utilities to fund the governing regulatory commission, which is currently the RCA. The tax is assessed on all retail consumers and is based on kWh consumption. The tax is collected monthly and remitted to the State of Alaska quarterly.

Sales Tax

Chugach collects sales tax on retail electricity sold to consumers in Whittier, seasonally (April through September), and in the Kenai Peninsula Borough, monthly. This tax is remitted to the City of Whittier and to the Kenai Peninsula Borough quarterly. These taxes are a direct pass-through to consumer bills and therefore do not impact our margins.

Gross Revenue Tax

Chugach pays to the State of Alaska a gross revenue tax in lieu of state and local ad valorem, income and excise taxes on electricity sold in the retail market. The tax is collected monthly and remitted annually.

Payment in Lieu of Taxes ("PILT")

Chugach entered into a PILT agreement with MOA, with the approval of the RCA, as a result of Chugach's acquisition of substantially all of ML&P's assets in late 2020. Under the PILT agreement Chugach is required to make an annual payment, based on the net book value of legacy ML&P assets, to the MOA.

PILT is collected solely from retail customers in the North District until December 31, 2033. Beginning January 1, 2034, Chugach shall collect from all retail customers. PILT payments began in 2021 and will continue until 2071.

Underground Compliance Charge

In 2005, the Anchorage Municipal Assembly adopted an ordinance to require utilities to convert overhead distribution lines to underground. To comply with the ordinance, Chugach must expend two percent of a three-year average of gross retail revenue within the MOA annually in moving existing distribution overhead lines underground. Consistent with Alaska Statutes regarding undergrounding programs, Chugach is permitted to amend its rates by adding a two percent charge to its retail members' bills to recover the actual costs of the program. The rate amendments are not subject to RCA review or approval. Chugach's liability was $4.3 million and $9.4 million for this charge at December 31, 2024 and 2023, respectively, and is included in other current liabilities. These funds are used to offset the costs of the undergrounding program.

Environmental Matters

Chugach includes costs associated with environmental compliance in both our operating and capital budgets. Costs associated with environmental remediation obligations are accrued when they are probable and reasonably estimated. Chugach is subject to numerous environmental statutes including the Clean Air Act, the Clean Water Act, the Emergency Planning and Community Right-to-Know Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Endangered Species Act, and the Comprehensive Environmental Response, Compensation and Liability Act and to the regulations implementing these statutes.

Chugach does not believe that compliance with these statutes and regulations to date has had a material impact on its financial condition, results of operation or cash flows. However, the implementation of any additional new law or regulation, or the limitations thereof, or changes in or new interpretations of laws or regulations could result in significant additional capital or operating expenses. Chugach monitors proposed new regulations and existing regulation changes through industry associations and professional organizations.

The Clean Air Act and Environmental Protection Agency ("EPA") regulations under the Clean Air Act establish ambient air quality standards and limit the emission of many air pollutants. In 2022, The Alaska Department of Environmental Conservation ("ADEC") increased all fees associated with Title I and Title V air emissions. These increased fees affect Beluga, Southcentral, Sullivan, and Nikkels power plants on a yearly basis. Chugach has obtained or applied for all Clean Air Act permits currently required for the operation of generating facilities.

On May 9, 2024, the final rule was published. It appears the final greenhouse gas rule has effectively created an exemption for non-contiguous states. The final rule does not regulate existing combustion turbines anywhere at this time, but EPA has opened a separate docket for future regulation of these sources. There is no announced timeline for the future regulation.

While multiple lawsuits were filed against the EPA to seek judicial review of the final regulation and multiple petitions were filed seeking to stay implementation of the rule, requests to stay the rule were denied. Despite the lawsuits, this ruling is not material to Chugach, as for new and reconstructed combustion turbine ("CT") sources, the final GHG rule states that EPA understands there are no current plans for new combustion turbines in Alaska, but such units would only be subject to the first phase of Best System Emission Reduction ("BSER") (which is high efficiency generation and best operating and maintenance practices). Any new Alaskan Electric Utility Generating Units ("EGU") would not become subject to the 90% carbon capture and storage requirement, which is Phase II (begins 2032). Chugach will, however, continue to monitor this standard.

Chugach replaced two Underground Storage Tanks ("USTs") in 2022. These tanks were approximately thirty years old. Upon excavation, contamination was discovered under the location of the original fuel dispensing units. Chugach has completed all remediation requirements for the contaminated site, and ADEC issued a Cleanup Complete Determination for UTSs 6 and 7 on September 29, 2023.

The utility owners of the Eklutna Hydro Project (Chugach, MOA, and MEA) are obligated under the 1991 Fish & Wildlife Agreement (Agreement) to develop and implement measures to protect, mitigate, and enhance (PME) the fish and wildlife impacted by the project (PME program). The program was approved by the Governor of Alaska by October 2024 with completion of the approved program no later than October of 2032, 35 years after the Eklutna Hydro Project purchase. The owners initiated a required consultation process with key government agencies and interested parties in March 2019, study planning development in 2020, field data collection in 2021 and 2022, and study reporting and program development in 2023 and 2024. The Agreement requires equal consideration of: 1) efficient and economical power production, 2) energy conservation, 3) protection, mitigation of damage to, and enhancement of fish and wildlife, 4) protection of recreation opportunities, 5) municipal water supplies, 6) preservation of other aspects of environmental quality, 7) other beneficial public uses, and 8) requirements of state law when determining the PME alternatives to be included in the program. The Eklutna Hydro Project and municipal water system currently utilize 100% of the Eklutna reservoir water inflows. The PME program has additional capital costs not included in the PME Program development and approval. The proposed final program was sent to the governor of Alaska on April 25, 2024.

On October 2, 2024, the owners' final PME program proposal was approved by the governor, with three amendments. Amendment one, requires the inclusion of a governor-appointed committee member. Amended two dictates the proper allocation of federal funds, in the event it is determined that a fixed well gate is not feasible. Amendment three, allows the MOA and the Native Village of Eklutna to perform their own hydro alternative study as long as doing so does not interfere with the implementation of the final PME program. The proposal adds water to Eklutna River, protects the city's drinking water supply, and allows for the continued used of the low-cost, renewable power from Eklutna.

While Chugach cannot predict the implementation of any additional new law or regulation, or the limitations thereof, it is possible that new laws or regulations could increase capital and operating costs. Chugach does not anticipate that environmental related expenditures will have a material effect on our results of operations or financial condition.

(19) Subsequent Events

The Company has evaluated subsequent events through April 2, 2025, the date at which the consolidated financial statements were available to be issued and determined that there have been no events that have occurred that would require adjustments to our disclosures in the consolidated financial statements.