

**Table E-1
Key Results of Phase 1 Analysis**

	Combination Cases						
	1	2	3	4	5	6	7
Key Results (\$ millions)	MLP Acquires CEA	CEA Acquires ML&P	Private Entity Acquires Both	Gov't. Entity Acquires Both	New G&T (Gov't. Owned)	Joint Contracted Operations	Single Jointly-Owned Power Plant
Retail Rate Savings 2009-2020¹							
Savings (Increase) (\$ millions)	\$168	(\$45)	(\$243)	\$218	\$30	\$97	\$86
Average % Savings (Increase)	6.3%	(1.7%)	(9.1%)	8.2%	1.1%	3.6%	3.2%
Equity Reimbursements							
Chugach Members	\$162 ²	n/a	\$30 ²	\$162	\$45 ⁴	n/a	n/a
Municipality of Anchorage	n/a	\$156 ³	\$29 ³	\$156	\$90 ⁵	n/a	n/a
Acquisition Payment Method							
Bonds Issued for Existing Debt	\$373	\$171	\$546	\$527	\$380	n/a	n/a
Cash/Equity Contribution	-	-	\$254	-	-	n/a	n/a
Total Acquisition Payment							
Total Acquisition Payment	\$535	\$328	\$859	\$846	\$515	n/a	n/a
Notes:							
¹ The study results assume that the combinations are effective January 1, 2009.							
² Chugach capital credits estimated at \$159, amount shown is financed portion. In Case 3, cash is used for the balance.							
³ ML&P capital credits estimated at \$153, amount shown is financed portion. Cash is used for the balance.							
⁴ Allocated portion of \$159 total estimated Chugach capital credits to G&T, plus cost of debt issuance.							
⁵ Allocated portion of \$153 total estimated ML&P retained earnings to G&T, plus cost of debt issuance.							

Retail Rate \$ Savings (Increase) 2009-2020 - The first data line of Table E-1 compares the estimated net present value (NPV) in 2007 dollars of the total savings over the study period for the respective combinations compared to the total annual estimated costs for both ML&P and Chugach systems on a stand-alone basis. As shown on Table E-1, the potential 2009-2020 savings range from a net cost savings of about \$218 million for third party governmental acquisition to combine the two utilities to an over \$240 million *increase* in costs for a private

party acquiring both utilities. The estimated change in cost of electric service of the other five alternatives fall between these boundaries. However, this cost comparison alone is insufficient to rely upon as a sole basis to conclude which alternative is favored.

Levelized Percent Annual Average Retail Rate Savings (Increase) – This metric on the next row of Table E-1 estimates the average annual net present value percent savings of retail rates of the combined two utilities under the various alternatives that corresponds with the total NPV dollar savings over the entire period.

Utility Equity Payment – In addition to savings to retail electric customers, each of the alternatives involving sale of all or part of the utility system is assumed to result in a lump sum payment for the equity to the owners of each utility system. Chugach is a cooperatively-owned utility organization where the electric utility customers own capital credits in the utility based on historic levels of uses of electricity. Chugach’s bylaws and other legal provisions require that its members receive payment for their equity or capital credits upon dissolution or sale of the utility cooperative to a non-cooperatively-owned entity. For purposes of this study, those capital credits of the Chugach customers are estimated at a total of approximately \$159 million that would be paid by any acquiring entity if the utility is sold to any other non-electric cooperative party. The Municipality of Anchorage (“MOA”) has a similarly estimated equity value of about \$153 million as of year-end 2008. For consistency purposes, we have assumed the MOA also receives a lump sum purchase of its equity in the event of any sale of ML&P, and similarly assumed the dividend it receives on ML&P ends due to receipt of value of its equity. However, the MOA might prefer other options to receiving a lump sum payment.

Cash/Equity Contribution – In all but one of the cases, any purchase of one utility by the other, or an outside party purchase is assumed to be a purchase totally from the proceeds of debt issued by the buyer due to lack of an ability to access equity in the form of cash. In Case 3, a private party is assumed to purchase both ML&P and Chugach with a combination of equity (cash) and the proceeds of debt.

Total Acquisition Payment – The final row of Table E-1 shows the equivalent of the acquisition cost that would be paid to the selling utility – the combination of the selling utility’s outstanding debt and the equity or patronage capital. This total assumed acquisition amount is not an assumed valuation of either of the utilities. Actual acquisition price and terms could be different from these amounts. This method of determining an acquisition cost creates reasonable consistency between the cases to compare the effects of combining the utilities under the different alternatives. The main report discusses this issue in more detail, and the full report should be read to better understand key assumptions made in the comparison of alternatives.