

Figure 6

**Chugach Electric Association
Preliminary Benchmarking Study Assessment Summary**

	Distribution			Generation & Transmission			Total
	CEA	Average Distribution	Percent Difference	CEA	Average G&T	Percent Difference	
<i>Payroll / Cost of Living Assessment:</i>							
Pay per Hour	\$27.37	\$14.64	87%	\$36.50	\$19.65	86%	
COLA Pay per Hour	\$26.32	\$15.64	68%	35.09	\$20.70	70%	
Straight Time Hours / employee	1986	2116		1986	1931		
Overtime Hours / employee	140	105	34%	140	97	45%	
Overtime Percent	7.1%	5.0%		7.1%	5.0%		
<i>Productivity Assessment:</i>							
Total Hours / employee	2126	2221	-4%	2126	2028	5%	
Number of employees	273			134			
Total Hours worked	579,830			285,588			
Predicted number of hours	501,056			285,588			
Deviation from norm in hours	78,774			0			
Deviation from norm in FTE employee	35			0			
Deviation percent	13.6%			0.0%			
<i>Net Inefficiency Cost:</i>							
Productivity Loss	(1)	\$2,160,000		\$0			\$2,160,000
Excess Pay Rate	(2)	\$5,350,000		\$4,110,000			\$9,460,000
Total Operating Inefficiency		<u>\$7,510,000</u>		<u>\$4,110,000</u>			<u>\$11,620,000</u>
<i>Estimated impact of inefficiencies on Depreciation, and Interest on Long Term Debt:</i>							
Dept & Int Inefficiency		<u>\$1,590,000</u>		<u>\$5,300,000</u>			<u>\$6,890,000</u>
<i>Total Impact</i>		<u>\$9,100,000</u>		<u>\$9,410,000</u>			<u>\$18,510,000</u>
Inefficiency per Retail KWH		\$0.00976		\$0.00466			\$0.01442
Inefficiency per Wholesale KWH				\$0.00466			\$0.00466
Inefficiency as a percent of the Retail rate per KWH of			\$0.08114				17.8%
Inefficiency as a percent of the Wholesale rate per KWH of			\$0.03714				12.5%

(1) - Deviation from predicted norm x average hours/employee x pay per hour

(2) - Predicted number of employees x average hours/employee x (CEA-average COLA rate per hour)

Figure 7

**ANNUAL EXCESS CHARGES TO RATE PAYERS
AS A RESULT OF APPARENT LABOR OVERPAYMENT AND OVERSTAFFING**

	Excess Costs Resulting from Labor Overpayments & Overstaffing					Retail Excess per KWH				Wholesale Excess per KWH			
	Correctable		Non-Correctable		Total	Total Excess in ¢ per Retail KWH	Total Annual Labor Costs to Retail Customers	Retail Rate in ¢ per KWH	Retail Excess as a Percent of Total Cost	Total Excess in ¢ per Wholesale KWH	Total Annual Labor Costs to Wholesale Customers	Wholesale Rate in ¢ per KWH	Wholesale Excess as a Percent of Total Cost
	Excess Distribution Payroll	Excess G&T Payroll	Estimated Distribution Excess Depreciation, Amort, Interest	Estimated G&T Excess Depreciation, Amort, Interest	Total Excess								
CEA	\$7,510,000	\$4,110,000	\$5,300,000	\$1,590,000	\$18,510,000	1.442	\$13,450,000	8.114	17.8%	0.466	\$5,060,000	3.715	12.5%
MEA	\$4,180,000	\$0	\$1,470,000		\$5,650,000	1.361	\$5,650,000	9.689	14.1%				
Kodiak	\$1,630,000	\$690,000	\$770,000		\$3,090,000	2.716	\$3,090,000	14.214	19.1%				
HEA	\$4,150,000	\$0	\$2,000,000		\$6,150,000	1.563	\$6,150,000	8.951	17.5%				
GVEA	\$3,790,000	\$1,040,000	\$700,000	\$1,320,000	\$6,850,000	1.362	\$6,810,000	9.005	15.1%	0.340	\$40,000	6.337	5.4%
Naknek	\$240,000	(\$40,000)	\$40,000		\$240,000	1.293	\$240,000	19.393	6.7%				
Metlakatla	\$120,000	(\$70,000)	(\$10,000)		\$40,000	0.191	\$40,000	10.649	1.8%				
Kotzebue	\$160,000	\$10,000	\$50,000		\$220,000	1.270	\$220,000	18.623	6.8%				
CVEA	\$1,230,000	\$200,000	\$290,000		\$1,720,000	3.150	\$1,720,000	15.985	19.7%				
Nushagak	\$510,000	\$280,000	\$90,000		\$880,000	5.950	\$880,000	17.628	33.8%				
AVEC	\$660,000	\$0	\$270,000		\$930,000	2.333	\$930,000	38.734	6.0%				
Tlingit-Haid	\$480,000	\$30,000	\$100,000		\$610,000	5.395	\$610,000	28.094	19.2%				
Cordova	\$180,000	\$50,000	\$70,000		\$300,000	1.495	\$300,000	20.089	7.4%				
	<u>\$24,840,000</u>	<u>\$6,300,000</u>	<u>\$11,140,000</u>	<u>\$2,910,000</u>	<u>\$45,190,000</u>		<u>\$40,090,000</u>				<u>\$5,100,000</u>		

Excess labor costs on depreciation, amortization and interest is based on the assumption that overstaffing and overpayments of labor are the same, on a percentage basis, on capital projects as in baseline distribution operations and maintenance labor. Based on 1995 CEA Capital Projects, project labor is estimated to be about 40% of total project costs, assuming 60% of contractor support is labor. The same assumption was used for G&T labor effects on capital projects and resulting effects on depreciation and interest expense.

CEA retail and wholesale cost per KWH, and distribution vs. generation depreciation and interest were derived from the 1992 data used in the March 1993 Simplified Rate Filing.

For other co-ops, depreciation, amortization, and interest assumed to be proportionate to distribution plant and production plant as reported on their 1992 Form 7.

Assumes that distribution is for retail customers only for GVEA.

Figure 8

**Matanuska Electric Association & Homer Electric Association
Preliminary Benchmarking Study Assessment Summary**

	Matanuska Electric Association			Homer Electric Association		
	MEA	Average Distribution	Percent Difference	HEA	Average Distribution	Percent Difference
<i>Payroll / Cost of Living Assessment:</i>						
Pay per Hour	\$23.59	\$14.64	61%	\$27.26	\$14.64	86%
COLA Pay per Hour	\$22.54	\$15.64	44%	\$26.04	\$15.64	66%
Straight Time Hours / employee	2304	2116		2220	2116	
Overtime Hours / employee	140	105	33%	33	105	-69%
Overtime Percent	6.1%	5.0%		1.5%	5.0%	
<i>Productivity Assessment:</i>						
Total Hours / employee	2444	2221	10%	2253	2221	1%
Number of employees	144			110		
Total Hours worked	351,920			247,810		
Predicted number of hours	246853			154737		
Deviation from norm in hours	105,067			93,073		
Deviation from norm in FTE employe	47			42		
Deviation percent	29.9%			37.6%		
<i>Net Inefficiency Cost:</i>						
Productivity Loss	(1)	\$2,480,000		\$2,540,000		
Overtime / Payroll	(2)	\$1,700,000		\$1,610,000		
Total Operating Inefficiency		<u>\$4,180,000</u>		<u>\$4,150,000</u>		
<i>Estimated impact of inefficiencies on Depreciation, and Interest on Long Term Debt:</i>						
Dept & Int Inefficiency		<u>\$1,470,000</u>		<u>\$2,000,000</u>		
<i>Total Impact</i>		<u>\$5,650,000</u>		<u>\$6,150,000</u>		
Inefficiency per Retail KWH		\$0.01361		\$0.01563		
Retail Rate per KWH		\$0.09689		\$0.08951		
Inefficiency percent		14.1%		17.5%		

(1) - Deviation from predicted norm x average hours/employee x pay per hour

(2) - Predicted number of employees x average hours/employee x (CEA-average COLA rate per hour)