



Chelan PUD
Power Management and Finance
Quarterly Update

Board Meeting
February 20, 2007



Discussion Topics

- Power Management Update
- 2006 Operational Highlights
- 2006 Financial Highlights

- No action required today



Power Management Year in Review

- Good year for wholesale sales
- Back up control center completed
- New technology platform is performing well
- Increased regulation of control area operations
- Preparing for full compliance audit by NECC/WECC



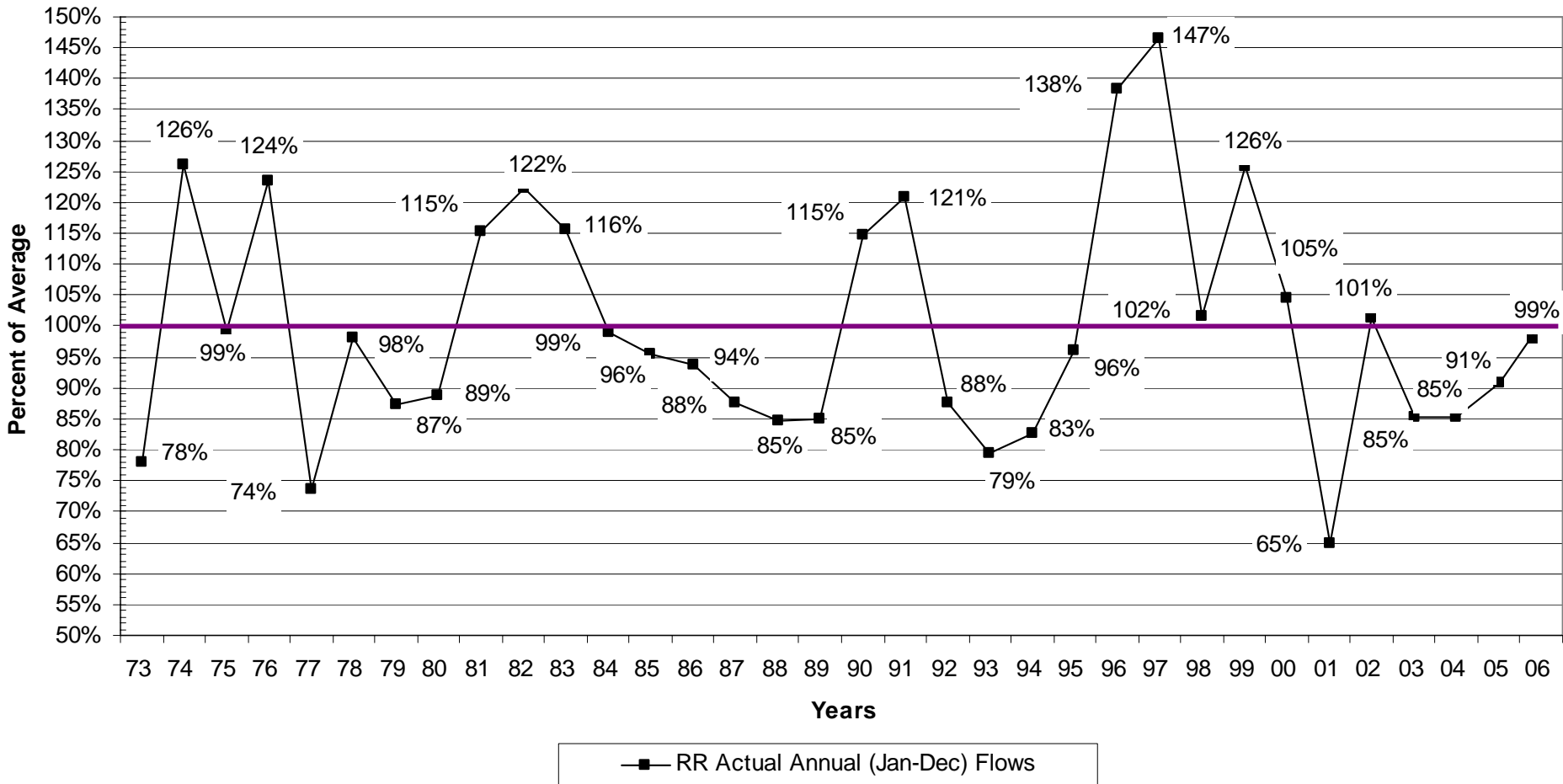
Net Wholesale Revenue

- \$57.2 million Net Wholesale Revenue
- Slightly less than \$58.1 million budgeted
- Challenging year
 - Increasing forecast during year
 - Periods of very high natGas and crude oil price
 - Water year near average
 - Ladder strategy successful

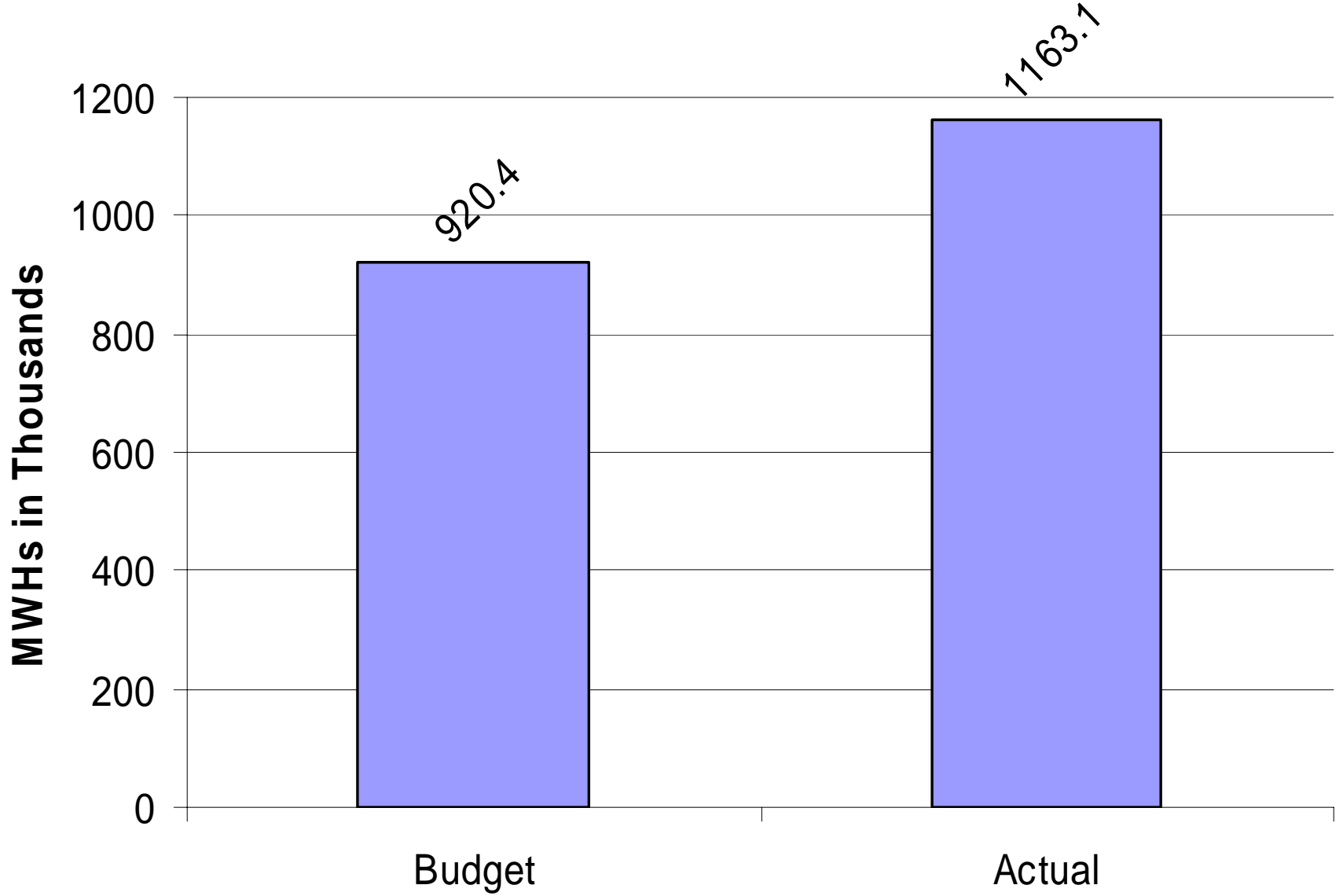


Rocky Reach Average Yearly Flows 1973-2006

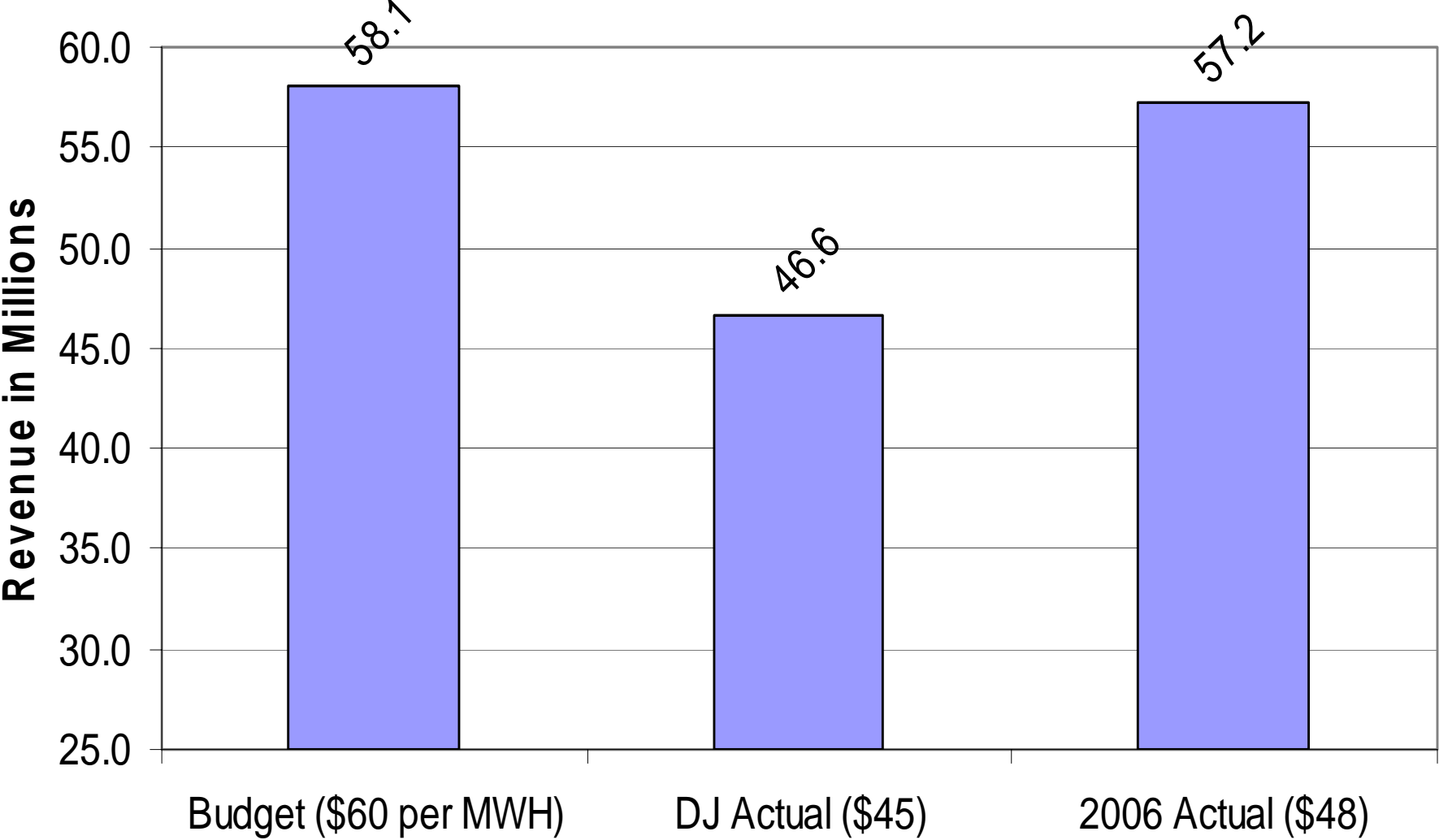
1973 through 2006 Average of 110.8 KCFS



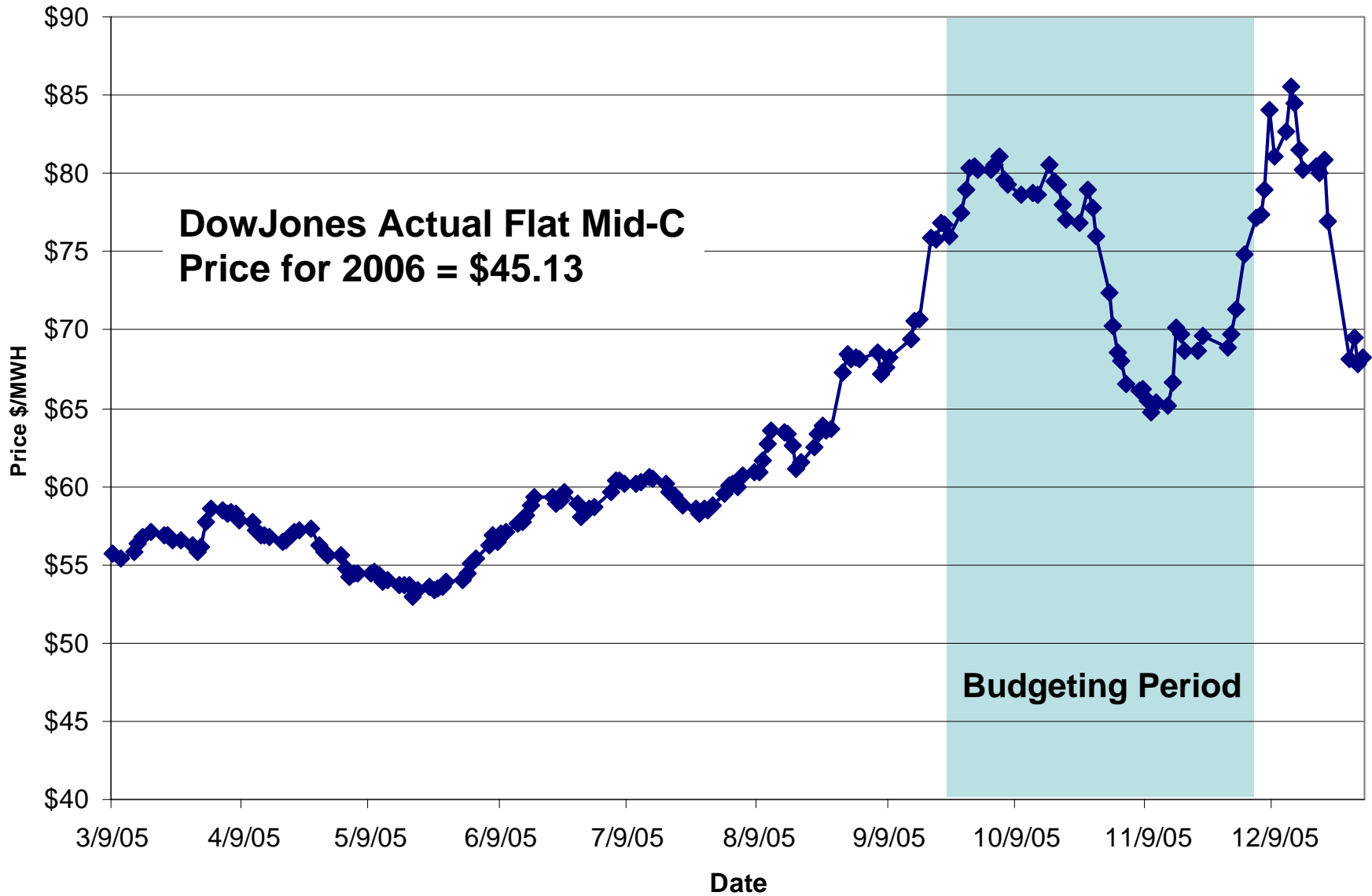
2006 Surplus MWHs



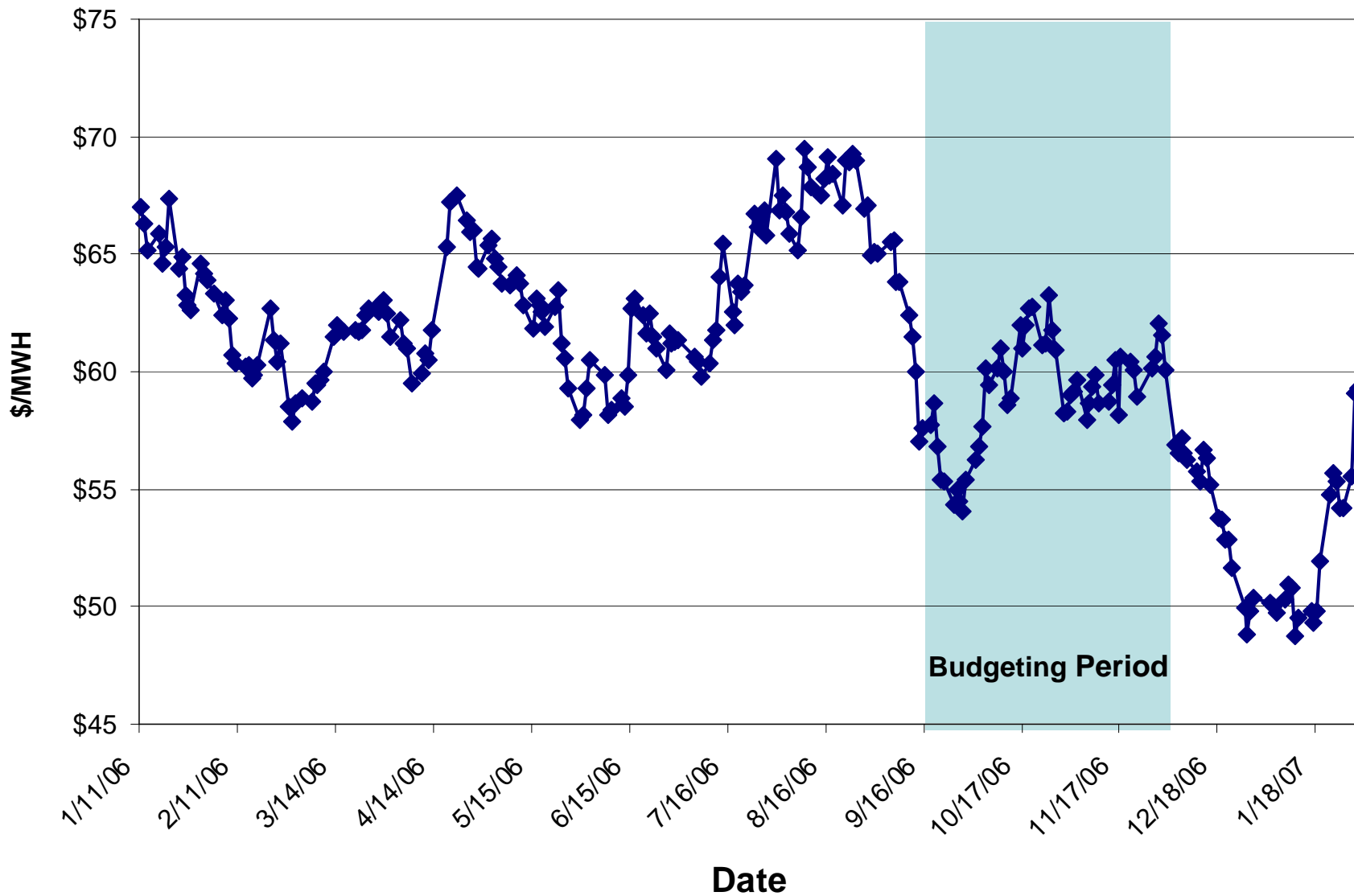
2006 Surplus Sales



Calendar 2006 Flat Mid-C Price



Calendar 2007 Flat Price





Questions ...?

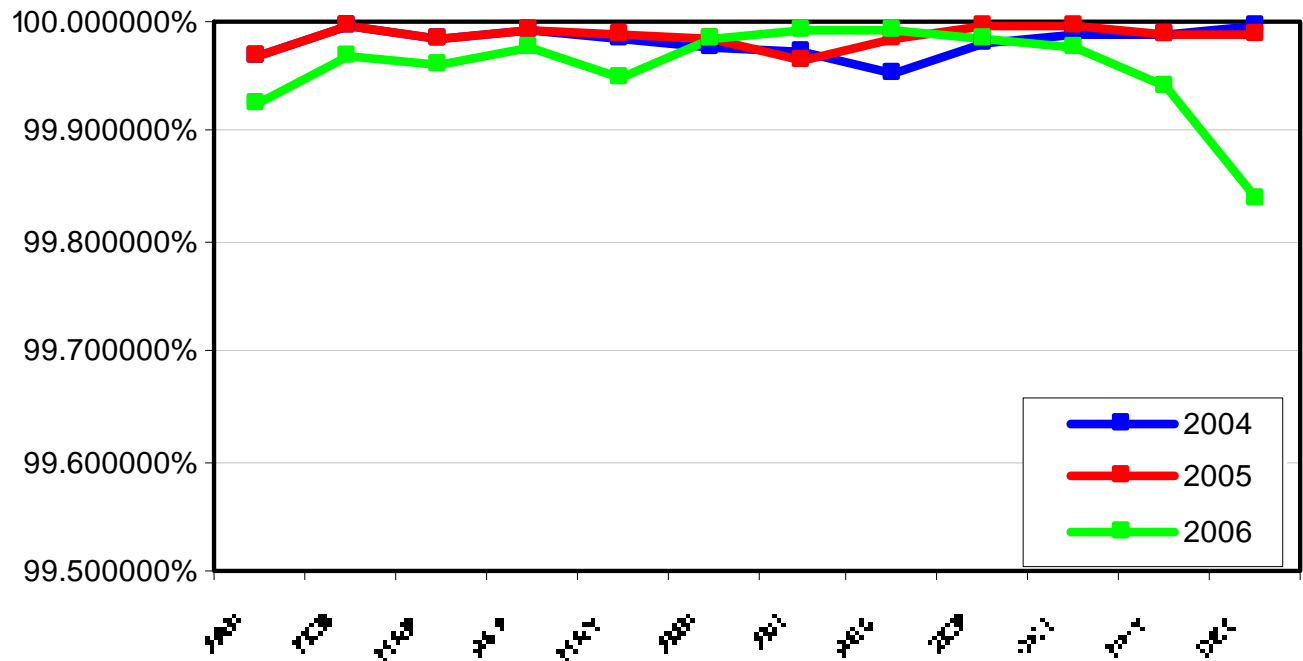
2006 Operational Highlights



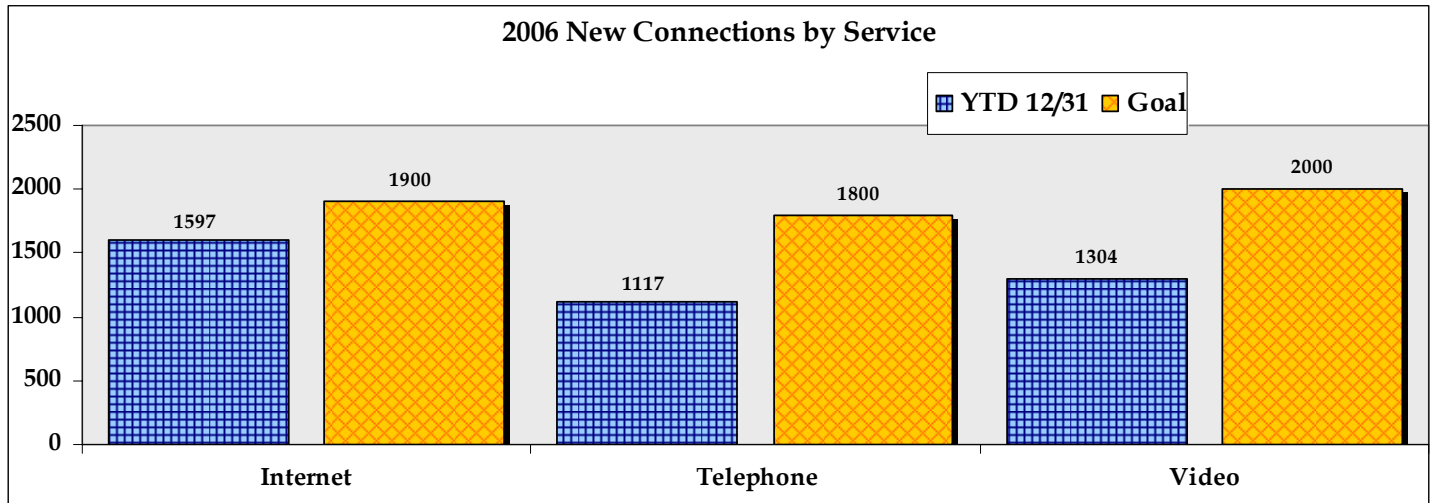
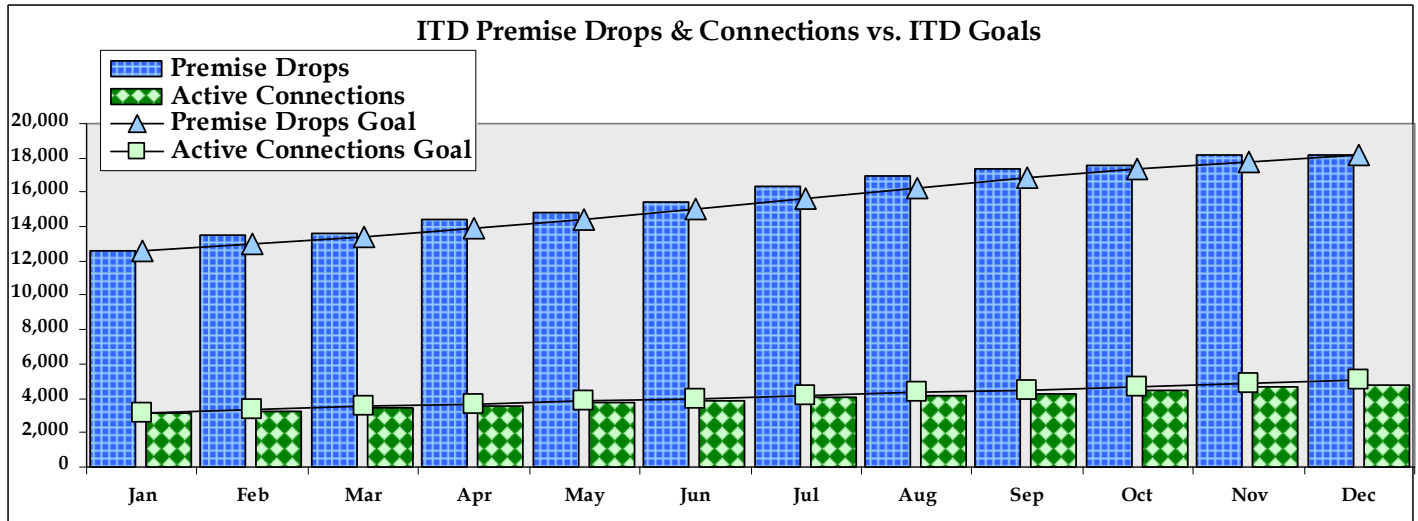
Distribution Reliability

- YTD 12/31/06 - 99.95%

Power Reliability - ASAI



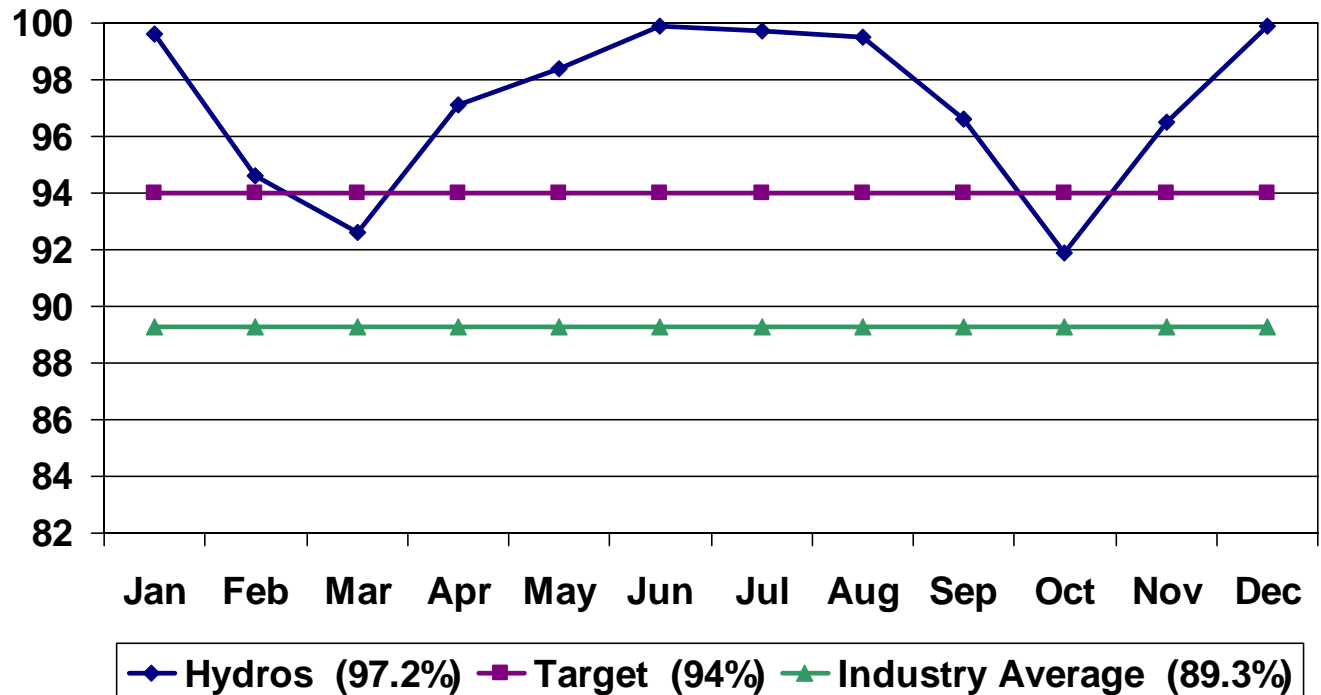
Networks Targets



Hydro Availability

YTD as of 12/31/06

- Rocky Reach - 96.2%
- Lake Chelan - 99.9%
- Rock Island – 97.6%



2006 District Financial Highlights



Combined Revenue and Expense

YTD 12/31/06 (in millions) - *Unaudited*

	Actual	Budget	Variance
Operating Revenue	202.9	205.6	(2.7)
Operating Expense	119.0	121.5	(2.5)
Net Power Supply	(7.3)	(4.9)	(2.4)
Deprec/Amort/Taxes	48.9	45.1	3.8
Non-Operating Expense	28.8	38.0	(9.2)
Chg in Net Assets Before CIAC	13.5	6.0	7.5
Capital Contributions	4.3	4.7	(0.4)
Inc/(Dec) in Net Assets	17.8	10.7	7.1

Includes Internal Service and Financing Systems

Electric Distribution

12/31/06 (\$000s)

	Actual	Budget	Variance
Operating Revenue	44,207	40,604	3,603
Net Power Supply	(7,268)	(4,865)	(2,403)
Operating Expenses	35,620	34,279	1,341
Operating Income	15,855	11,190	4,665
Non-Op Exp (Inc)	(5,775)	(2,419)	(3,356)
Cap Contributions	3,159	3,560	(401)
Inc/(Dec) in Net Assets	24,789	17,170	7,620



Networks

12/31/06 (\$000s)

	Actual	Budget	Variance
Operating Revenue	3,051	3,172	(121)
Operating Expenses	6,607	6,545	62
Operating Income	(3,556)	(3,373)	(183)
Non-Op Exp (Inc)	3,169	3,240	(71)
Inc/(Dec) in Net Assets	(6,725)	(6,613)	(112)

Water

12/31/06 (\$000s)

	Actual	Budget	Variance
Operating Revenue	3,671	3,515	156
Operating Expenses	4,861	4,802	59
Operating Income	(1,190)	(1,287)	97
Non-Op Exp (Inc)	827	715	112
Cap Contributions	888	915	(27)
Inc/(Dec) in Net Assets	(1,129)	(1,087)	(42)






Wastewater

12/31/06 (\$000s)

	Actual	Budget	Variance
Operating Revenue	396	409	(13)
Operating Expenses	927	1,015	(88)
Operating Income	(531)	(606)	75
Non-Op Exp (Inc)	9	26	(17)
Cap Contributions	84	245	(161)
Inc/(Dec) in Net Assets	(456)	(387)	(69)

Combined Hydro

12/31/06 (\$000s)



	Actual	Budget	Variance
Operating Revenue	144,880	150,959	(6,079)
Operating Expenses	79,952	83,054	(3,102)
Depreciation/Amort.	26,177	23,463	2,714
Operating Income	38,751	44,442	(5,691)
Non-Op Exp (Inc)	40,903	42,651	(1,748)
Cap Contributions	127	0	127
Inc/(Dec) in Net Assets	(2,025)	1,790	(3,815)

2006 Capital Expenditures

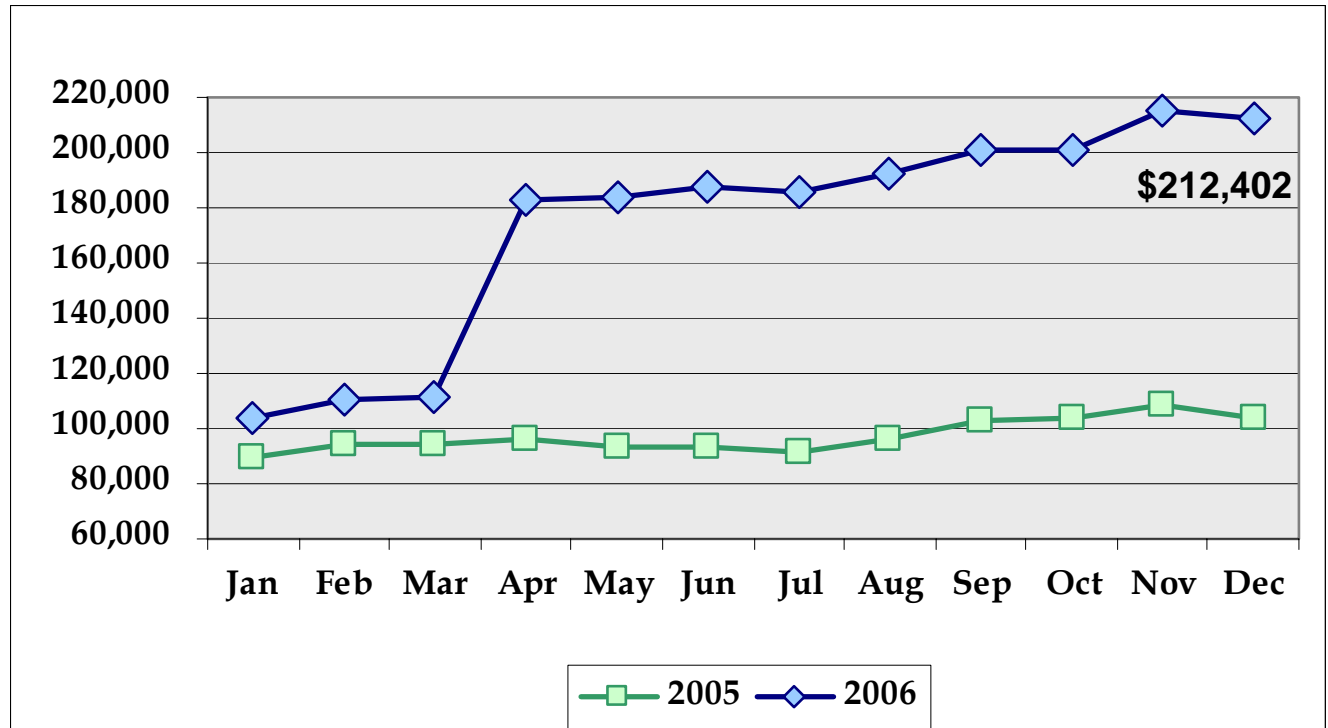
	12/31/06 (\$000s)			%
	Actual	Budget	Unspent	Spent
Distribution	14,646	19,085	4,439	77%
Networks	11,190	11,530	340	97%
Water/WW	4,028	4,894	866	82%
Generation	40,907	51,485	10,578	79%
Internal Service	3,150	5,092	1,942	62%
Total	73,920	92,085	18,165	80%



Includes Deferred (Relicensing) Costs

Utility Services Cash Reserves

(\$000)



* \$89M capacity reservation payment received from Puget Sound Energy on April 26th for its new power sales contract with the District.

Demands on Reserves

- Volatility
- Utility Services capital projects
- Our share of plant modernization
- RR & LC License implementation
- Potential debt reduction

