

PILT Agreement
Municipality of Anchorage and Chugach Electric Association, Inc.

Exhibit A
Example: Calculation of Payments in Lieu of Taxes (PILT)
For Illustrative Purposes Only

Summary Calculations - All Values Are for Illustrative Purposes Only

Line No.	[A]	[B]	[C]	[D]
	At Closing	Contract Year 1	Contract Year 2	Contract Year 3
1	NBV at Closing, ML&P Legacy Territory	\$ 704,901,046		
2	NBV at Closing, Chugach Legacy	\$ 626,025,041		
3	NBV at Closing, Total System	\$ 1,330,926,087	\$ 1,346,897,200	\$ 1,407,103,505
4	Incremental System NBV Growth Rate		1.20%	4.47%
5	Blended Mill Rate		13.57	13.84
				14.19
<u>Calculation (Terms as Defined in the PILT Agreement)</u>				
6	Overall Plant in Service Change <i>Line 3 / Line 3 Column [A]</i>		1.0120	1.0572
7	Adjusted Net Book Value <i>Line 1 Column [A] * Line 6</i>	\$ 704,901,046	\$ 713,359,859	\$ 745,247,044
8	PILT Payment <i>Line 7 * Line 5 / 1,000</i>		\$ 9,680,561	\$ 10,314,799
				\$ 10,307,978

Detailed Calculations - All Values Are for Illustrative Purposes Only

At Closing:			
Net Book Value (NBV) of Plant in Service within the Municipality of Anchorage (MOA)			
Service Area	NBV at Closing: Assets within MOA		System NBV
District	ML&P Legacy Territory	Chugach Legacy	at Closing ¹
1	\$211,740,497		
3	\$139,036,868		
5	\$15,132		
10	\$576,112		
16	\$348,326,106		
22	\$4,778,530		
51	\$427,801		
Total	\$704,901,046	\$626,025,041	\$1,330,926,087

¹ System net book value based on Chugach Electric Association, Inc.'s total net plant within the Municipality of Anchorage, at Closing. The net book value shall be based on account balances on the first day of the month following closing.

Contract Year 1

Overall Plant in Service Change

System NBV within MOA at Closing	\$1,330,926,087
System NBV within MOA on January 1, Contract Year 1	\$1,346,897,200
Difference	\$15,971,113
Percent Difference	1.20%

Service Area District	Net Plant - ML&P Legacy Territory at Closing	Overall Plant in Service Change	Adjusted NBV, Contract Year 1	Mill Levy	PILT
1	\$211,740,497	1.20%	\$214,281,383	16.40	\$3,514,215
3	\$139,036,868	1.20%	\$140,705,310	16.40	\$2,307,567
5	\$15,132	1.20%	\$15,314	13.45	\$206
10	\$576,112	1.20%	\$583,026	16.07	\$9,369
16	\$348,326,106	1.20%	\$352,506,019	10.70	\$3,771,814
22	\$4,778,530	1.20%	\$4,835,872	14.68	\$70,991
51	\$427,801	1.20%	\$432,935	14.78	\$6,399
Total	\$704,901,046		\$713,359,859		\$9,680,561

Contract Year 2

Overall Plant in Service Change

System NBV within MOA at Closing	\$1,330,926,087
System NBV within MOA on January 1, Contract Year 2	\$1,407,103,505
Difference	\$76,177,418
Percent Difference	5.72%

Service Area District	Net Plant - ML&P Legacy Territory at Closing	Overall Plant in Service Change	Adjusted NBV, Contract Year 2	Mill Levy	PILT
1	\$211,740,497	5.72%	\$223,859,761	16.73	\$3,745,174
3	\$139,036,868	5.72%	\$146,994,837	16.73	\$2,459,224
5	\$15,132	5.72%	\$15,998	13.72	\$219
10	\$576,112	5.72%	\$609,087	16.39	\$9,983
16	\$348,326,106	5.72%	\$368,263,038	10.91	\$4,017,750
22	\$4,778,530	5.72%	\$5,052,035	14.97	\$75,629
51	\$427,801	5.72%	\$452,287	15.08	\$6,820
Total	\$704,901,046		\$745,247,044		\$10,314,799

Contract Year 3

Overall Plant in Service Change

System NBV within MOA at Closing	\$1,330,926,087
System NBV within MOA on January 1, Contract Year 3	\$1,371,925,917
Difference	\$40,999,830
Percent Difference	3.08%

Service Area District	Net Plant - ML&P Legacy Territory at Closing	Overall Plant in Service Change	Adjusted NBV, Contract Year 3	Mill Levy	PILT
1	\$211,740,497	3.08%	\$218,263,267	17.15	\$3,743,215
3	\$139,036,868	3.08%	\$143,319,967	17.15	\$2,457,937
5	\$15,132	3.08%	\$15,598	14.06	\$219
10	\$576,112	3.08%	\$593,860	16.80	\$9,977
16	\$348,326,106	3.08%	\$359,056,462	11.18	\$4,014,251
22	\$4,778,530	3.08%	\$4,925,735	15.34	\$75,561
51	\$427,801	3.08%	\$440,980	15.46	\$6,818
Total	\$704,901,046		\$726,615,868		\$10,307,978