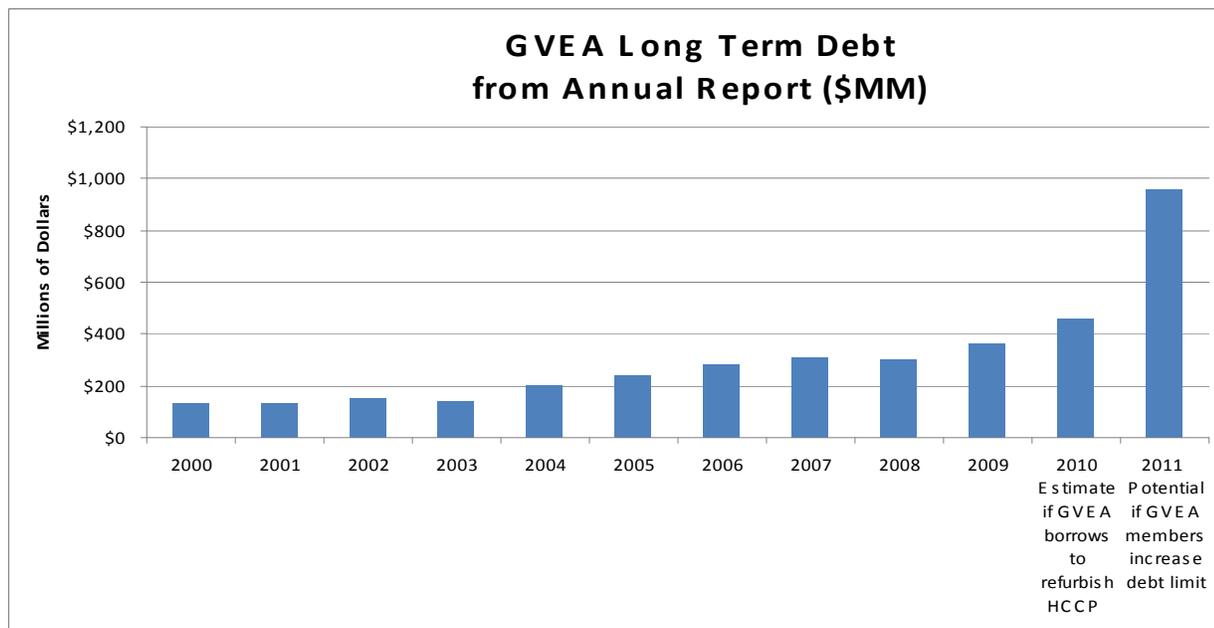


GVEA long-term debt analysis

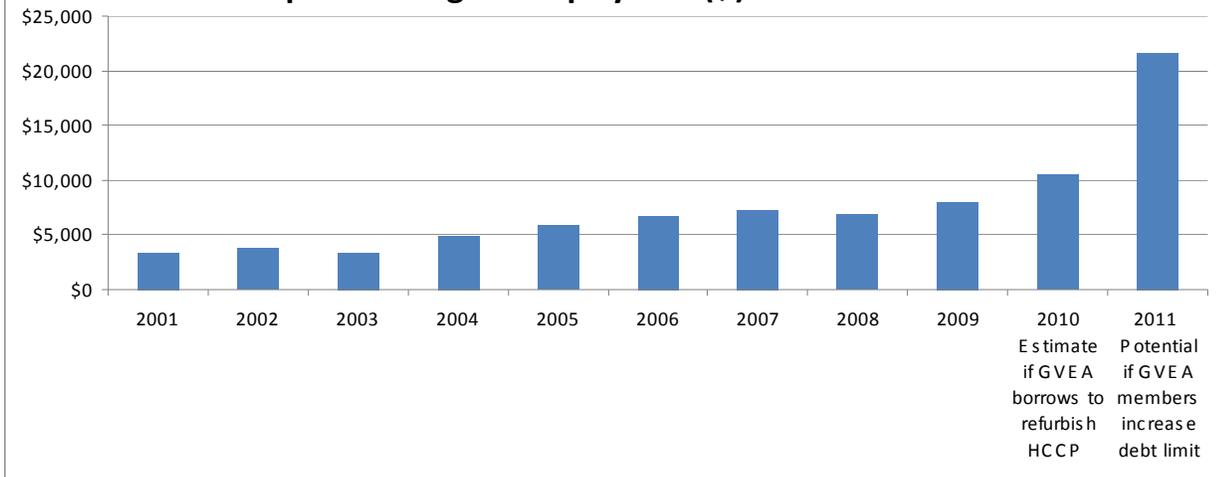
How much debt should be added to our future electric bills?

GVEA's long term debt ¹ has more than doubled since 2003, and could grow to exceed \$20,000 for the average ratepayer ², should:

- a) GVEA proceed with the purchase and refurbishment of the Healy Clean Coal Plant (HCCP) for \$95 million, as proposed
- b) GVEA ratepayers vote to remove the current \$460 million debt ceiling limit, leaving the board to set its own debt ceiling, currently proposed between \$600 and \$960 million. Among other things, this debt increase could cover:
 - Continuing cost over-runs for refurbishing HCCP ³, and
 - Borrowing to upgrade power transmission and generation projects between Homer and Fairbanks ⁴



GVEA Long Term Debt per average ratepayer** (\$)



¹ The 2009 long term debt is based on reported increase of \$65 million for a 2010-2011 work plan for maintenance projects. 2010 debt reflects a \$95 million increase to purchase and refurbish HCCP. 2011 reflects a proposed debt ceiling increase approved by the GVEA board on 3/29/10 that could fund HCCP refurbishment cost over-runs, generation/transmission upgrades throughout the Railbelt, and potential large-scale renewable energy projects.

² Average long term debt/ratepayer is based on number of meters served, from GVEA's annual report. There were 43,304 meters served in the most recent report for 2008, a number that is assumed to grow by 500 meters/year.

³ HCCP cost overruns are already "off the charts", see our analysis at <http://www.savegvea.com/HCCP%20costs%20are%20unprecedented.html>

⁴ Proposals are on the table that would merge power generation and transmission assets from Homer to Fairbanks under a separate corporation. Utilities to the south of Fairbanks need to invest far more than GVEA to meet their future needs. GVEA's proposed debt limit expansion to \$960 million could potentially "subsidize" those upgrades.