

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

November 19, 2003

BOARD OF DIRECTORS'
MEETING MINUTES

A regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:03 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

The following board members were present:

Bruce Davison – Board Chair
Red Boucher – Vice Chair (by phone 4:04 p.m.)
Pat Jasper - Secretary
Jeff Lipscomb – Treasurer
Chris Birch – Director
Sam Cason – Director
Dave Cottrell - Director

The following employees, members, and guests attended:

Ron Vecera	Mike Cunningham	Bill Stewart
Lee Thibert	Bill Bernier	Mike Massin
Chris O'Brien	Mary Tesch	Dianne Hillemeier
Patti Bogan	John Cooley	Greg Archibald
Paula Neas-Arnold	Jamie Stout	Gina Armstrong
Don Edwards	Kathy Harris	Katrina Storjohann
Jody Wolf	Rick Freymiller	Carol Johnson
Carol Heyman	Brad Evans	Mike Fenwick
Erin Hall Meade	John W. See	Mike Pauley
Lori Kirkendall	Ken Thomas	

Deanna Scott, Executive Assistant, recorded meeting proceedings.

Chair Davison led the board and audience in the Pledge of Allegiance.

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Jasper moved and Director Cason seconded the motion to approve the agenda. The motion passed unanimously.

III. APPROVAL OF CONSENT AGENDA

Director Jasper moved and Director Cason seconded the motion to approve the Consent Agenda.

A. Calendar of Events (November 2003 – February 2004)

- Legislative Reception on December 5, 2003, at 5:30 p.m.
- Director Davison will be out December 1 – 2, 2003
- Joe Griffith will be out of office November 22 - December 3, 2003
- Director Jasper will be out November 21 - 24, 2003
- January 31, 2004, meeting with Senator Murkowski and Director Boucher

B. Minutes (October 15, 2003 - Regular Board Meeting)

No Changes.

C. Financial Reports – September 2003.

No Changes.

The motion to approve the Consent Agenda passed unanimously.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Attendee Comments

Erin Hall-Meade from Life Alaska spoke to the Board of the organization and their efforts in Alaska. She requested that Chugach allow their organization to add stuffers in the monthly billing to our customers. This item was referred to the Operations Committee to address at their December 3, 2003, meeting.

V. CEO Report

The following topics were covered in the CEO report:

- Chugach's Lobbyist Update
- Energy Task Force Update
- Bill Stewart was appointed to the Anti-Terrorism Advisory Council
- Turkey donations
- October 2003 Financials presented by Mike Cunningham, CFO
- System Peak presented by Lee Thibert, Sr. Vice President, Power Delivery
- Third Quarter Overtime Report presented by Mary Tesch, Vice President, Human Resources
- Treeline USA Certification presented by John See, Alaska Urban and Community Forestry Program Coordinator

- Governor Murkowski Award presented to Greg Archibald, Manager Division Budget & Reporting
- Anchorage Caucus
- Federal Energy Bill Update and the Denali Commission
- NWPPA/APA Conference November 20-21, 2003 at the Captain Cook Hotel
- Power Pooling Presentation presented by Mark Fouts, Manager, Corporate Planning & Analysis
- Holiday Party – December 6, 2003, at the Egan Convention Center
- 2004 Safety Calendar

VI. CORRESPONDENCE

Letter received from Dave Calvert, Manager of City of Seward – Light & Power Division, notifying that Seward will be withdrawing from the Southern Intertie Project.

VII. DIRECTORS' REPORTS

A. Chairman's Report

None.

B. Committee Reports

Chair Davison reported that the Operations Committee met on November 12, 2003, and made a recommendation to the Board for appointments to the 2004 Bylaws Committee, received an update on the Energy Task Force, and conducted an Executive Session.

Director Lipscomb reported that the Finance Committee reviewed the proposed 2004 Operating and Capital Budget. Presentations were made to the Committee by the Chief Executive Officer, Chief Financial Officer, and the Senior Vice Presidents on November 5, 6, and 12, 2003. The Committee made a recommendation to submit the 2004 Budget to the Board for approval.

C. APA Report

Director Jasper reported on the November 14, 2003, Alaska Power Association (APA) meeting where they discussed the 2004 draft budget. The 2002 audit is not yet complete; however, progress is being made. Board packet distribution continues to be a problem. There will be an increase in the membership dues by 2.4% for 2004. Update on status to be reported at the next meeting.

D. Meeting Reports

Director Jasper briefly reported on the November 10, 2003, Matanuska Electric Association (MEA) regular board meeting.

Director Davidson reported on the meetings with the rating agencies in San Francisco. Summary reports are available for review.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. 2004 Operating and Capital Budget

Director Jasper moved that the Board of Director's adopt the 2004 Operating and Capital Budget as presented. Director Lipscomb seconded. The motion passed unanimously.

B. Appointments to 2004 Bylaws Committee

Director Cason moved and Director Jasper seconded the motion to appoint Gerald Covey, Diane Lommel, and Wayne Lahti to serve on the "C" Term (2004, 2005, 2006) of the Bylaws Committee. The motion passed unanimously.

C. Southern Intertie Participation

Director Cason moved and Director Lipscomb seconded the motion to approve the resolution in support of postponing the decision date for deciding participation in the Anchorage-Kenai Intertie. The motion passed unanimously.

D. Directors' Expenses

Director Cason moved and Director Jasper seconded the motion to approve directors' expenses. The motion passed unanimously. Director Boucher abstained from voting.

X. DIRECTORS' COMMENTS

Director Boucher – No comments.

Director Cottrell – Stated that the Board needs to spend 15 to 20 minutes every board meeting addressing a priority that came up during the strategic planning session. This would allow the Board to provide clear direction to Management.

Director Jasper – Stated that she appreciated the awards that were given tonight and that she was glad Chugach is moving ahead with our efficiency and disabled people are finding a good place to work here.

Director Cason – Stated that he was very interested to know that 54% of the emails are filtered out as "spam mail" and 8% of those emails contain viruses. Director Cason also inquired if there has been a response from Kevin Meyers at ConocoPhillips on the Beluga Unit 3 investigation as to why a slug of water went through the gas line.

Director Birch – Congratulated Chugach employees, the Finance Committee, and the Board for the adoption of the 2004 Operating and Capital Budget for the year. Director Birch stated that each year there is consistent improvement. Their questions were answered; the staff was engaged and well-prepared for presentations to the

Board. He added that hopefully next year, we will be looking at healthy margins and we will not encounter the problems we did last year.

Director Lipscomb – Encouraged Chugach employees to concern themselves with safety. He said that slips, trips, and falls seem to be a problem this time of year. He warned everyone to be careful, especially through the holiday season, and he wished everybody a safe and healthy holiday. He also commended Director Jasper for all of her work with APA.

Chair Davison – Thanked Director Jasper for her efforts with the APA Board. He said he was happy to see the reduction in overtime hours and would like to have those numbers translated into dollars. He added that the trip to the rating agencies in San Francisco was very productive and positive. He said he was nervous and didn't know what to expect but was impressed with how well the agency knew the utility. He said the presentation prepared by Joe Griffith, Mike Cunningham, and the management staff was very interactive and was well prepared. He said a comment that needed to be passed along was made after completion of the presentation to Fitch. They said, "Gee, this was really an unusual presentation." He said he asked why and they said usually the board members sit around the table and never say a word. He said he thought about the comment and realized board members did, in fact, do more talking than Joe and Mike. He said it made him feel that we have an extremely good relationship between our Board and management and when we make joint presentations there is an equal task. He said this is a good indication as to why Chugach is a successful utility.

XI. EXECUTIVE SESSION

At 5:55 p.m., Director Cason moved and Director Jasper seconded the motion that pursuant to Alaska statute 10.25.175(c)(1) and (3), the Board go into executive session to discuss matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, and to discuss matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

XII. ADJOURNMENT

At 6:55 p.m. the Board reconvened out of Executive Session and adjourned immediately.

Patricia Jasper, Secretary

Date Approved: December 17, 2003