

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 21, 2004

BOARD OF DIRECTORS'
MEETING MINUTES

A regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

The following board members were present:

Jeff Lipscomb – Treasurer (Acting Chairman in Bruce Davison’s absence)
Red Boucher – Vice Chairman (By phone)
Pat Jasper - Secretary
Chris Birch – Director
Sam Cason – Director (Arrived at 4:08 p.m.)
Dave Cottrell – Director

Chairman, Bruce Davison, was absent.

The following employees, members, and guests attended:

Bill Bernier	Kathy Harris	Bill Stewart
Patti Bogan	Carol Heyman	Katrina Storjohann
John Cooley	Brian Hickey	Mary Tesch
Mike Cunningham	Dianne Hillemeier	Lee Thibert
Don Edwards	Ed Jenkin	Ken Thomas
Brad Evans	Carol Johnson	Ron Vecera
Rick Freymiller	Mike Massin	Jim Walker (Guest)
Joe Griffith	Arthur Miller	
Dora Gropp	Paul Risse	

Lori Kirkendall, Executive Assistant, recorded meeting proceedings.

Director Lipscomb led the Board and audience in the Pledge of Allegiance.

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

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

III. APPROVAL OF CONSENT AGENDA

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

A. Calendar of Events (April – August 2004)

No additions or changes.

B. Minutes (March 17, 2004)

No changes.

C. February Financial Report

No changes.

The motion to approve the Consent Agenda passed unanimously.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

On behalf of Matanuska Electric Association, Inc. (MEA), Jim Walker made the following statement.

“I would like to comment on two of the projects being presented for authorization on your agenda for today: Item IX.A., the South Anchorage Substation to University Substation 138kV Project, and Item IX.D., the Alternate Supply to Baxter Substation Project.

Regarding the South Anchorage Substation to University Substation project, MEA continues to oppose labeling this as a transmission project. This is clearly a sub-transmission project benefiting only some of Chugach’s retail customers. Any attempt by Chugach to recover costs for this project through future G&T rates will be opposed by MEA.

Regarding the Alternate Supply to Baxter Substation, MEA has previously informed Chugach management that construction of this project affects Eklutna ownership issues outside the scope of the Eklutna operating agreement. We want to inform you that those ownership issues have not yet been resolved.”

B. Member Comments

None.

V. CEO Report

The following topics were covered in the CEO report:

- Fuel & Purchased Power presented by John Cooley, Power Control Manager
- Safety Statistics presented by Ken Thomas, Safety Manager
- NWPPA First Place Safety Award, Defibrillator Locations, and Final Mail Ballot Pickup were reported by Joe Griffith, CEO

VI. CORRESPONDENCE

None.

VII. DIRECTORS' REPORTS

A. Chairman's Report

None.

B. Committee Reports

Director Lipscomb briefly recapped the April 7, 2004, Operations Committee meeting and the April 14, 2004, Finance Committee meeting.

C. Alaska Power Association (APA) Report

Director Jasper reported on the APA board meeting held in Juneau, Alaska on March 23, 2004.

D. Meeting Reports

Director Jasper reported on Matanuska Electric Association's annual meeting held on April 3, 2004.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. South Anchorage Substation to University Substation 183kV – Project Authorization

Director Jasper moved and Director Cason seconded the motion that the Chugach Board of Directors authorize project expenditures for a new transmission line connecting the new South Anchorage Substation to University Substation with a total estimated cost of \$6,066,000 and an estimated completion date of December 2007. The motion passed unanimously.

B. South Anchorage Substation 34.5kV Feeder Getaways – Project Authorization

Director Jasper moved and Director Birch seconded the motion that the Chugach Board of Directors authorize project expenditures for new 34.5 kV feeder getaways at the new South Anchorage Substation with a total estimated cost of \$1,033,600 and an estimated completion date of December 2006. The motion passed unanimously.

C. Postmark Distribution Substation – Project Authorization

Director Cason moved and Director Birch seconded the motion that the Chugach Board of Directors authorize project expenditures for a new distribution substation in proximity to the Ted Stevens Anchorage International Airport with a total estimated cost of \$4,770,371 and an estimated completion date of December 2006. The motion passed unanimously.

D. Alternate Supply to Baxter Substation – Project Authorization

Director Jasper moved and Director Birch seconded the motion that the Chugach Board of Directors authorize project expenditures for new 34.5 kV tie to the Baxter Lake Substation with a total estimated cost of \$3,255,000 and an estimated completion date of December 2006. The motion passed unanimously.

E. Revisions to Board Policy 119 - Contributions

Director Cason moved and Director Jasper seconded the motion that the Chugach Board of Directors approve the revisions to Board Policy 119, Contributions, as recommended by the Operations Committee. The motion passed unanimously.

F. Beluga Unit 5 Controls Upgrade

Director Cason moved and Director Jasper seconded the motion that the Chugach Board of Directors authorize project expenditures for the Beluga Unit 5 Controls Upgrade with a total estimated cost of \$1,292,156 and an estimated completion date of December 2004. The motion passed unanimously.

G. Strategic Alliance with Alstom Power

Director Jasper moved and Director Cottrell seconded the motion to approve the resolution authorizing Joe Griffith, Chief Executive Officer, to enter into a Strategic Alliance with Alstom Power for hot gas parts and services for eight major overhauls of Beluga Units 6 & 7 with a total cost of \$34,000,000.

H. Directors' Expenses

Director Cason moved and Director Cottrell seconded the motion to approve directors' expenses as submitted. The motion passed unanimously.

I. CEO Employment Agreement

Director Cason moved and Director Boucher seconded the motion that the Chugach Board of Directors approve Chief Executive Officer Joe Griffith's Employment Agreement. The motion passed unanimously.

X. DIRECTORS' COMMENTS

Director Boucher – Congratulated Joe Griffith, CEO, on his new employment agreement.

Director Cottrell - Requested clarification on copies of correspondence he received.

Director Jasper – Congratulated Joe Griffith, CEO, on his new employment contract.

Director Cason – Commended employees and staff on Chugach's excellent safety record. He added that he appreciated the trip to Juneau and the opportunity to speak with legislators. He said he hopes to see great things resulting from this legislative session.

Director Birch – Congratulated Joe on his new employment contract and commended the Board and Director Lipscomb on the new contributions policy.

Director Lipscomb – Congratulated employees on their community service contributions as well as their increased attention to safety.

XI. EXECUTIVE SESSION

None.

XII. ADJOURNMENT

The meeting adjourned at 6:10 p.m.

Patricia Jasper, Secretary

Date Approved: May 19, 2004