

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

September 24, 2008

BOARD OF DIRECTORS'
MEETING MINUTES

~ AMENDED ~

The following board members were present:

Rebecca Logan – Chair
Jim Nordlund – Vice Chairman (arrived at 4:06 p.m.)
Alex Gimarc – Secretary
PJ Hill – Treasurer
Jeff Lipscomb – Director
Janet Reiser – Director
Elizabeth Vazquez - Director

The following employees, members, and guests attended:

Brad Evans	Mike Cunningham	Lee Thibert
Paul Risse	Ed Jenkin	Ron Vecera
Tyler Andrews	Phil Steyer	Bill Bernier
Carol Johnson	Dora Gropp	Teresa Kurka
Connie Owens	Carol Heyman	Burke Wick
Dwight Dial	Marilyn Leland (APA)	Steve Pratt (APA)
Bruce Scott (MEA)	Jim Posey (ML&P)	Sean Skaling (Green Star)
Meg Girard (RYE)	Tom Daniel (Perkins Coie)	

Jennifer McDonald, Legal Secretary, recorded the meeting proceedings.

I. CONVENE MEETING

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

II. PLEDGE OF ALLEGIANCE

Chair Logan led the Board and audience in the Pledge of Allegiance.

III. EXECUTIVE SESSION

None.

IV. APPROVAL OF AGENDA

Director Lipscomb moved and Director Gimarc seconded the motion to approve the Agenda. Director Vazquez stated that an item was added to the Agenda but pursuant to

Board Policy 113(3) there should be a motion to waive the seven day rule. Director Vazquez also stated that Chugach is subject to the open meetings law and the topic of “Board Policy” is rather general.

Director Hill moved and Director Nordlund seconded the motion to waive the seven day rule. Director Vazquez asked the Board Chair to state which Board Policy the Board is planning to discuss. Chair Logan stated the specific Board Policy will be disclosed in executive session.

Chair Logan called for a brief recess. The Board went into recess at 4:09 p.m. and resumed in open session at 4:26 p.m.

Director Hill withdrew the motion to waive the seven day rule.

The motion to approve the original agenda passed unanimously.

V. CONSENT AGENDA

A. Board Calendar

November 5 – added Board Workshop from 4:00 to 7:00 p.m. on Open Meetings Act and Renewable Terminology Discussion

B. Minutes – August 27, 2008

C. Directors’ Expenses

There was no opposition to the Consent Agenda.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

C. Alaska Power Authority [sic] – Update on Energy Policy

Marilyn Leland and Steve Pratt of Alaska Power Association gave an update on the Energy Policy and answered questions from the Board. Marilyn Leland discussed the background on the energy planning process and Steve Pratt discussed the work the APA has been doing and where the APA is going from here.

VII. CEO REPORT

- Ed Jenkin, Vice President, Power Delivery, gave an update on activities at the Girdwood Substation to increase reliability and answered questions from the Board.
- Mike Cunningham, Senior VP Finance and CFO, gave an update on the NRUCFC/KeyBank Commercial Paper Back Stop Credit Agreement and the timeline that Chugach needs to follow to obtain Board approval. Mr. Cunningham answered questions from the Board.

VIII. CORRESPONDENCE

A. Credit Card Payments (RCA Order – Public Comment)

IX. DIRECTOR REPORTS

A. Committee Reports

Director Vazquez reported that the Election Committee met on September 23 and items discussed included the possibility of reducing the cost of the election process by not mailing out the entire annual report and mailing out ballots; to advise the membership of the availability of ballots and having individuals call in or email to request ballots; to provide additional flexibility in cases of deceased members to enable the surviving spouse to vote; and addressing the concern of security of the election ballots.

B. APA Report

None.

C. Meeting Reports

Director Lipscomb reported the NWPPA met earlier in September and reported there are currently 153 member utilities and 280 associate members for a total of 433 total members in NWPPA. The 2009 Board plan and budget was approved which included a 4½% average wage increase for 2009. Committee appointments for 2009 were confirmed and Director Lipscomb was selected to serve on the Audit Committee. Other items discussed include greenhouse gas emissions, climate change and what can be done about it. Director Lipscomb stated there is a draft resolution being worked on for Regional Transmission Authorities and the ability to issue tax-exempt bonds which is to be expanded to include generation. This draft resolution has been forwarded to Brad Evans for comment.

Director Nordlund reported the NRECA Regional Meeting was held in St. George, Utah last week. There were numerous information sessions, a business meeting and all the resolutions were passed with some minor changes to them. There was a lot of discussion about the National Board wanting to combine the regional meetings between Region 9 and Region 8 to save travel expenses and other expenses to NRECA. Director Vazquez also attended and reported that the big focus was renewable energy needs and conservation efforts and there was a big push for that except they were short on the practical “how to do it”. Director Vazquez stated that one of her comments was she would like to see more “How To” workshops that are more oriented towards action and not necessarily towards general information. Director Vazquez stated that she received her Leadership certification from NRECA.

Chair Logan presented Director Hill with his Credentialed Cooperative Director certification.

Director Reiser also reported on the NRECA Regional Meeting and stated that one of the key things addressed was political action and getting involved and making sure all the co-ops concerns are heard with local and national legislators.

Chair Logan reported that she attended the APA Legislative meeting on Monday and it was a good start to the legislative session.

X. UNFINISHED BUSINESS

None.

XI. NEW BUSINESS

A. Perkins Coie Contract – Increase to Task Order #2

Director Nordlund moved and Director Reiser seconded the motion that the Board of Directors approve an increase of \$50,000 to task order two of the Perkins Coie contract. The Board Chair shall oversee the assignments and execution of legal tasks performed by counsel. The motion passed unanimously.

B. New Board Policy 132 – Energy Efficiency and Conservation Program

Director Nordlund moved and Director Reiser seconded the motion that the Board of Directors adopt Board Policy 132, establishing an energy efficiency and conservation program for members and providing for the plans to be overseen by the Chugach Renewable Energy Committee. The motion passed with a vote of 6-1 with Director Gimarc voting in opposition.

XII. DIRECTOR COMMENTS

Director Hill: “We had vehicles hit three poles – no one vehicle took out four poles and there were two other pole accidents last week. I had a very nice discussion with – about this and we recover – we – have they caught the – do they know who took out the four poles yet?” *Bill Bernier:* “*The last ten days were bad for vehicles and poles and bad for collection possibilities – one was a stolen car – they know who owns the car but they don’t know who was driving; the two poles on the Old Seward Highway was a truck that snagged a telephone cable and snapped the two poles off never stopped so neither us nor the police know who did that; and the pole that was hit over in Spenard on Thursday afternoon – the truck was not registered and the driver didn’t have a license. So, the odds of collecting from that fellow are probably fairly slim as well. But when we do know who did it and they have insurance or they have assets we go after them and we do try to collect the money. Sometimes we end up in small claims – sometimes we don’t.*” “But we collect about \$200,000 a year in claims?” *Bill Bernier:* “*Well, third-party damages range in the – this year we’re doing pretty good actually compared to other years. In previous years we’ve been as high as \$240,000 - \$250,000. Most of the third-party damages are dig-ins – people digging up our facilities or hitting our facilities. Four poles in ten days is a rarity.*” “Anyway, our crews were on the job. My power didn’t go out but I know other peoples did.”

Director Lipscomb: “Madam Chair, I’d like to again request that the topic of recording of executive sessions be added to the Board Agenda – if we could do that at the October Board meeting.” *Chair Logan:* “*I think it needs to go through the Ops Committee first doesn’t it?*” “It’s been through the Ops Committee – doesn’t have to go through the Ops Committee.” *Chair Logan:* “*It didn’t come out of Ops Committee so I think it needs to – October at the Ops Committee is perfect.*” “Second thing I’d like to discuss is the United Way campaign. Chugach is participating in the United Way campaign which is going on

this year – Live United. I sent everybody an email. We have a goal this year of \$50,555. We are doing very well to that – moving right along. I am acting as the Chair this year of the campaign although I am the honorary Chair its Carol that’s doing all the work – where is she – thank you Carol. I have for you – well I have a request that directors consider the opportunity to participate this year in the Chugach United Way campaign. Our unstated goal – if you would – is participation. We are planning to increase participation. Money is nice but its participation that we’d really like to see. So, I have a packet for each of you and you can return your contributions to myself or Carol.”

Director Reiser: “I have a couple comments – one is that I know that Carol wears a lot of hats and Dave has gotten a lot of credit for a lot of the work he has done, rightly so, on the conservation efforts, but I’d like to add my congratulations and thanks to Carol. I know she wears the hat – the United Way hat as well so I don’t want to forget her in this thing. The other thing I would like to know a little bit about is we occasionally get these group emails about here’s my lines and they’ve got trees all around them and I’d like to know – like the Soldotna one that just happened – we all got an email about – there was some nice little pictures that were very nice – I’d like to know kind of as an update what’s done with those.” *Chair Logan:* “When I get an email like that I send it straight to Connie to give to the appropriate person and I always ask for a response back to me and I apologize for not getting those to you. I will share those with the Board. I always have a response within about 45 minutes on exactly what’s going to happen. And if you want to tell her a little bit about the Soldotna issue - all the pictures that we all got?” *Ed Jenkin:* “A customer out in Cooper Landing called concerning an outage because of trees. We did have a crew going to work in that area the following week on danger tree removal. We made sure they contacted this individual – got a hold of them and go to their property and look at what their concerns were and take down any danger trees that may be identified. So, we connected them with the right person and hopefully things will be taken care of. I haven’t heard an update on results of that.” *Chair Logan:* “When I get a response from staff I will share it with the Board.” “Thank you.”

Director Vazquez: “I have to add something to what Mr. Steyer said. It’s true that we do not have to mail out an annual report to members but Article VIII. Section 2. does state that we are required to have an independent audit of the accounts, books and financial conditions of the Association and ‘a reasonably comprehensive and easily understood summary of the audit report shall be submitted to the members prior to each annual meeting.’ So, that’s what’s required by the Bylaws.” *Chair Logan:* “So, submitted is an interesting word.” “Yeah, I would say how one interprets that. But does it mean – it certainly doesn’t require a full-fledged type of annual report like we have been sending out all these years. I mean, what we need to definitely do is provide them with a ‘summary of the audit report’. So, anyway, I just wanted to make that comment and another comment I want to make is very – again I want to praise Mr. Evans and his management team – in particular, financing and Mr. Cunningham. They have been working on overdrive on our financial plan. Specifically in the getting lined up the liquidity vehicle and the back stop credit instruments. Within two months of being on this Board it was obvious to me that we were way to passive with regard to our financial scenario and I’m really pleased that since March and February I’m seeing real progress in this area – that we do have plan – it seems to me a plan “A” and a plan “B” and possibly even a plan “C” and that I don’t always have to hear the answer that ‘we’ll simply roll-over our bullet debt’. And that was consistently the answer I was given when I requested

what we were going to do about our bullet debt and of course all of this – all these instruments deals with that and a lot of other financial issues. So I'm really pleased about that. Thank you. That's really – again – you know the directors can express concern but they set the policy and we don't get to do the heavy lifting that management does. So again I am so pleased. I can't tell you how pleased and a piece of mind that comes with that. I – thank you.”

Director Gimarc: “Madam Chair – one of the things you find is that very often policy making in legislative outfits like Congress and NWPPA and NRECA are making policy based on what's happened in the past. A case in point the ongoing discussion about ways to mitigate greenhouse gases, most specifically man made carbon dioxide. The most recent trend in global temperature increases took place between 19 – mid 1970's and stopped in 1998. Temperatures were flat through 2007 then in 2007 and 2008 they have fallen significantly and measurably. Add to that, in August the sun completed the first month without observed sun spots in the last 50 or 100 years. There's an argument among solar astronomers about what they saw which is the difference in the numbers. Given the times of quiet sun's correlate very nicely with (*unintelligible*) cooling, look up the Maunder Minimum, and the Dalton Minimum and the Little Ice Age I don't think manmade global warming is going to be much of a problem in the not so distant future. Perhaps we ought to plan accordingly. Thank you.”

Director Nordlund: “I want to express my appreciation to the Board for tonight passing the energy efficiency and conservation program. Thanks to staff and thanks to the Renewable Energy Committee for their work on that. *Director Nordlund asked that his comments regarding Board Policy 132 – Energy Efficiency and Conservation Program (Agenda Item XI.B.) be included as part of his director comments:* “I am going to vote in favor of this measure. I'd like to think that it provides an additional service to our members – basically to help them lower their electric bills. I think that also in the long run if we pursue some demand side management – more energy conservation – that we will be in effect reducing potential costs of new generation. Finally, I think also that, as Mr. Pratt said when he joined us here at the table, that there is a criticism of utilities in the State and perhaps an interpretation by policy makers that a large utility like ours step up to the plate and do more to demand side management in energy conservation so I think that the time is right to do this. I think that the program that the staff has come up with is a modest program but an effective program – I think it is a good start. I think it has been well developed so I want to thank Dave Smith for that and members of the Renewable Energy Committee have also done a good job in recommending the policy – I think it's a reasonable policy so I think we should all vote for it.”

Chair Logan: None

XIII. EXECUTIVE SESSION

Director Hill moved and Director Lipscomb seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3) the Board go into executive session (1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative and (2) to discuss matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The matters to be discussed are: 1) Board Policy Discussion; 2) Update on Replacement Generation; and 3) Update on Utility Restructuring. The motion passed unanimously.

The Board paused for a break at 5:41 p.m. and went into executive session at 5:55 p.m.
The Board resumed in open session at 8:06.p.m.

XIV. ADJOURNMENT

Director Hill moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 8:07 p.m.

/s/

Alex Gimarc, Secretary

Date Approved: October 22, 2008

Date Amended and Approved: April 22, 2009