

**RESOLUTION****Battle Creek Project Confirmation**

WHEREAS, Chugach is a participant in the Bradley Lake Hydroelectric Project, a 120 MW rated capacity hydroelectric facility near Homer on the southern end of the Kenai Peninsula that was placed into service in September 1991; and

WHEREAS, the original shares of Bradley Lake Project capacity consist of Chugach Electric Association, Inc. (30.4%), Homer Electric Association, Inc. (12.0%), Municipal Light & Power (25.9%), Matanuska Electric Association, Inc. (13.8%), Golden Valley Electric Association, Inc. (16.9%) and Seward Electric System (1.0%); and

WHEREAS, through a 50-year take-or-pay Power Sales Agreement, each purchaser purchases power generated by the Bradley Lake Hydroelectric Project and pays their corresponding percentage of annual project costs, including ownership, operation and maintenance, debt-service and amounts required to maintain established reserves; and

WHEREAS, the Battle Creek Diversion Project (Project) is a project to increase water available for generation by constructing a diversion on the West Fork of Upper Battle Creek to divert flows to Bradley Lake, increasing annual energy output by an estimated 37,000 MWh; and

WHEREAS, the Project would replace existing gas-fired energy production with renewable energy production and supports Chugach's business management philosophy of sustainability; and

WHEREAS, the Project will be using the facilities of the Bradley Lake Hydroelectric Project and as such, the Bradley Lake Project Management Committee (BPMC), will oversee and manage all aspects of the use of those facilities under the BPMC's authority provided by the Power Sales Agreement; and

WHEREAS, all the purchasers wish for the Project to move forward, however, not all purchasers may want to participate in the development and resulting benefits of the Project at this time; and

WHEREAS, the non-participants have preserved their ability to participate in the Project at a later date through a BPMC resolution approved October 13, 2017, establishing how the costs and benefits of the Project would be managed and allocated and setting forth certain terms and conditions for a non-participating purchaser choosing to participate in the Project at a later date; and

WHEREAS, upon receiving the bid results, the Project estimate is now \$47.0 million, entitling Chugach to between 30.4% and 100% of the additional energy produced at a current estimated cost between \$14.3 and \$47.0 million, subject to final participation decisions; and

WHEREAS, the BPMC Battle Creek Resolution requires that a Purchaser wishing to participate in the Project expressly notify the BPMC of its election to participate in the Project, and the percentage level of their Project share at which it would like to participate and if it would like any additional unsubscribed shares; and

WHEREAS, Chugach wishes to participate in the Battle Creek Project.

NOW, THEREFORE, IT IS HEREBY RESOLVED, that the Board of Directors' confirm the authorization for the Chief Executive Officer (CEO) to participate in the Battle Creek Diversion Project at its Project share plus a percent of additional unsubscribed shares of the Project that may become available, in accordance with the BPMC Battle Creek Resolution, at an estimated cost to Chugach between \$14.3 and \$47.0 million, subject to final participation decisions.

#### CERTIFICATION

I, James Henderson, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 29<sup>th</sup> day of November, 2017; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation on the 29<sup>th</sup> day of November, 2017.



Secretary