

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

January 28, 2009

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Rebecca Logan – Chair (arrived at 5:22 p.m.)
Jim Nordlund – Vice Chairman
Alex Gimarc – Secretary
PJ Hill – Treasurer (arrived at 5:06 p.m.)
Jeff Lipscomb – Director
Janet Reiser – Director
Elizabeth Vazquez – Director (arrived at 5:05 p.m.)

The following employees, members, and guests attended:

Brad Evans	Mike Cunningham	Connie Owens
Dave Smith	Tyler Andrews	Ed Jenkin
Bill Bernier	Lee Thibert	Teresa Kurka
Ken Thomas	Paul Risse	Patti Bogan
Ron Vecera	Suzanne Gibson	Burke Wick
Phil Steyer	Jim Posey (ML&P)	Crystal Enkvist (APA)
Mary Schonberger (APA)	Bruce Scott (MEA)	

Jennifer McDonald, Legal Secretary, recorded the meeting proceedings.

I. CONVENE MEETING

Acting Chair Nordlund called the regular meeting of the Board of Directors to order at 5:04 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

Acting Chair Nordlund led the Board and audience in the Pledge of Allegiance.

Director Vazquez arrived at 5:05 p.m.

III. EXECUTIVE SESSION

None.

IV. APPROVAL OF AGENDA

Director Lipscomb moved and Director Reiser seconded the motion to approve the Agenda. Director Lipscomb requested to add a placeholder in executive session for the discussion of the SPP Execution Plan & Competitive Bidding. Director Gimarc moved Agenda Item V.G. Schedule Public Meeting with Candidates Running for the Board of Directors to Agenda Item XI. New Business, Item D.

The motion to approve the agenda, as amended, passed unanimously.

Director Hill arrived at 5:06 p.m.

V. CONSENT AGENDA

A. Board Calendar

Bylaws Committee and Nominating Committee meetings scheduled for 1/29/09; Election Committee meeting tentatively scheduled for 2/10/09; HEA Board meeting scheduled for 3/10/09 has been cancelled; Chugach Candidate Forum scheduled for 3/19/09; Confirm if ML&P has a Board meeting on 2/4/09

B. Minutes – December 18, 2008 and January 7, 2009

Director Reiser amended the December 18, 2008 minutes as follows: Under Agenda Items XI.A., XI.B., XI.C., XI.D., and XI.E. remove the wording “Director Reiser’s vote was not recorded” and change Director Reiser’s votes to “Yes”. Director Reiser stated that she had appeared telephonically at that meeting and her votes had not been heard.

C. Director Expenses

D. Appointment of 2009 Master Election Judge

E. Approve 2009 Date of Record

F. Perkins Coie Contract – Increase to Task Order Two

G. Schedule Public Meeting with Candidates Running for Board of Directors – *moved to Agenda Item XI.D.*

Director Hill moved and Director Lipscomb seconded the motion to approve the Consent Agenda.

The motion to approve the consent agenda, as amended, passed unanimously.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

VII. CEO REPORT

A. Fourth Quarter Safety Report

Ken Thomas, Manager, Safety & Industrial Hygiene, gave a presentation on the Fourth Quarter Safety Report and he and staff answered questions from the Board.

Chair Logan arrived at 5:22 p.m. and chaired the remainder of the meeting.

Director Reiser stated that 6.9 for a recordable and 3.74 for lost time is far too high and would like to see a plan on how Chugach is going to bring these numbers down and make safety priority.

Director Nordlund stated he would like to see a report of the slips, trips, falls and strains – where do they happen – how do they happen.

Director Reiser stated she would like to see the benchmark study on the Safety Department.

B. Outage Summary

Ed Jenkin, Vice President, Power Delivery, gave a brief update of the outages that ran from January 13 through January 16 due to high winds.

C. Presentation on Hope Projects

Ed Jenkin, Vice President, Power Delivery, gave a presentation on the Hope Projects and answered questions from the Board.

D. Update on Southcentral Power Project

Paul Risse, Sr. Vice President, Power Supply, gave an update on the Southcentral Power Project and answered questions from the Board.

VIII. CORRESPONDENCE

None.

IX. DIRECTOR REPORTS

A. Committee Reports

Director Vazquez reported that the Bylaws Committee is working hard and making progress. The Committee is cleaning up two areas and will submit their results and their comments to the Board for review.

Director Gimarc reported that the Election Committee has met twice, is working their way through the Election Procedures and has selected a Master Election Judge. The Committee is working through procedures that will sync up concerns raised in the two post election analyses and procedures that Mr. Smith is implementing.

Director Reiser reported that the Renewable Energy Committee met in early January and they are working on the final cut that was proposed to the Operations Committee on things that should be considered when assessing generation alternatives.

B. APA Report

Director Nordlund reported there has not been an APA meeting since the last meeting but noted that the APA is holding their Legislative Conference meeting in March.

C. Meeting Reports

Director Lipscomb reported that he attended the ML&P Directors' meeting on January 21 and stated that the Board appears to be well engaged and asked a lot of questions. Their near term priorities are bylaws and governance items. The Board was advised regarding the APA Legislative Conference and encouraged to attend.

Director Lipscomb reported that he attended the HEA Board meeting on January 13. The meeting was uneventful and the Board went into executive session to discuss the Healy Clean Coal project and voted to endorse their agreement with Golden Valley and the State of Alaska.

X. UNFINISHED BUSINESS

None.

XI. NEW BUSINESS

A. Provision of Health Insurance to Directors

Director Lipscomb moved and Director Nordlund seconded the motion that the Board of Directors approve the attached resolution for the provision of health care insurance to directors. The motion passed unanimously.

B. SPP Execution Plan & Competitive Bidding Discussion

Paul Risse, Sr. Vice President, Power Supply, gave a brief overview of the SPP Execution Plan & Competitive Bidding Discussion and answered questions from the Board.

C. Annual Report Planning, Costs, and Timeline Discussion

Director Logan and the Board discussed at length the memo regarding Projected Annual Report Savings.

D. Schedule Public Meeting with Candidates Running for Board of Directors

Moved from the Consent Agenda, Item V.G.

The Board briefly discussed the Public Meeting with Candidates Running for Board of Directors.

XII. DIRECTOR COMMENTS

Director Hill: “I think they did a masterful job keeping the lights on the last couple of weeks. I want to say congratulations to everybody.”

Director Lipscomb: “I concur. Thank you for the efforts. It was a trying period of weather for everybody, so thanks. But I would also like to talk about safety. I have been a proponent of improving our safety for our employees for nine years now to this point where it’s a broken record. We still have a lot – a way to go. Golden Valley is in our same peer group and their winning the award from APA for the best safety record. They have more ice and snow than we do. Having been working with construction contractors on the slope for 30+ years I am used to seeing recordable rates of less than 3 – 2.6, 2.5. So we can do better and I hope we can – I hope we accomplish that. I’d also like to note that there’s a tremendous effort that’s going to be involved with the Southcentral Power Plant. Please don’t underestimate the effort that’s going to be involved by Chugach people and our contractors. When you start looking at the man hours that are going to have to be expended over the next three months in order to get an RFP out the door they are very, very significant and there’s timing associated with build-up – you’re not going to get 50 engineers starting to work on this process the day after you sign the contract. It takes a while. The old S curve in progress – so don’t underestimate what’s involved in that. I won’t be here so that’s my last advice.”

Director Reiser: “Well certainly I want to echo those things that both Director Hill and Director Lipscomb had mentioned. I too am really glad to see that we’re going to put some emphasis on safety and that we as a board are going to see what the safety proposal and plan is to improve our safety. I think there’s a lot of room for improvement so I welcome that. And I do think again, that power plant project is a big project and I think that we’re looking at some good steps to manage the risk but I think that is going to be key – is to really manage the risk and I don’t want anybody to get too far ahead and compress the schedule so much that we’re not managing the risk well. I think we need to be calm and we need to be deliberate about how we move forward on the project and I think Paul and his team and ML&P folks are looking in that direction so I appreciate that.”

Director Vazquez: “Well, I’d like to give thanks to all the employees and management. I was impressed by the fact that we had no major problems during that long period of cold snap. I mean I really was – I was expecting emails on shortages but we didn’t so that’s nice. And I’m just glad that we’re going to increase our safety and onwards and forward to our project. So, thanks everyone. I think – I know everybody’s been on overdrive so that’s all I have to say.”

Director Gimarc: “Madam Chairman, a bit of history. We needed to pause and take note of the recent passing of part of history in creating critical electric infrastructure. This serves not only our members but actually all the Railbelt. As Chugach general manager for two decades after 1960, LeRoy J. “Bud” Schultz was the grand architect that built Beluga and the transmission lines and underwater cables that brought low-cost natural gas generated energy to Anchorage and the Railbelt. All benefited from the 25 cents per million cubic feet gas contracts he’s put in place for the 20 years prior to 1990. Services were held yesterday for him here in Anchorage. Our thanks to his contributions

and achievements and our condolences to his wife Donna Mae and his daughter Julie Grohs of Chugiak.”

Director Nordlund: “I sent out an email to everybody after looking at the last – the upcoming Outlet – I was just struck how it really helped encapsulate all the work that we’ve been doing both in terms of the long-term strategy – long-term planning and the ongoing work of staff while upper management is working hard on figuring out where this organization is going to go in the future we are still able to deal with wind storms and keep the lights on and I do really appreciate all the hard work that all levels of this company do. In regards to our long-term planning – lots of news. It seems like for a week there – there was almost an article in the paper everyday about either the governor’s state of the State, the progress with Fire Island, the governor’s goal to get 50% renewable energy by the year 2025 and the plan to form a Railbelt energy corporation. A lot of these things are really led by the efforts of our staff and with the support of our Board and I just want to congratulate everybody here for working so hard on those things. I think we’re in a good position – I think we’ve got a good legislative strategy ahead of us. I think we’re seeing support from the governor in particular – from our partners here in Anchorage with ML&P and I just think – when I first got on this board I was complaining about the lack of long-term planning – I think there was – it was a legitimate complaint and I think that three years later we’re at a place right now where I think we’re really looking forward and with intelligence and with practicality and I do appreciate all the work that the staff has done on those efforts while keeping the lights on at the same time.”

Chair Logan: “It’s good to be here. It’s very exciting times for all of us and when Jim and I have our weekly luncheons with Brad and Brad talks as fast he can and after two hours we still haven’t covered everything we know there’s a lot going on and it’s very exciting and I do appreciate all the hard work that staff is doing. It’s an incredible time to be here and to be dealing with all the issues that we’re dealing with. In regards to safety – I do want to say that that’s something I’d really like to focus on this year. I think that we need to make it a joint effort between the board and staff to make safety a priority you know and to really start looking at creating a culture of safety here and we need to start with the board – making it a commitment to really pay attention to that and to do whatever we can to help to identify ideas to make this a safer place to work and to make our employees safer.”

The Board recessed to take photos at 6:35 p.m. and resumed in open session at 7:45 p.m.

XIII. EXECUTIVE SESSION

Director Hill moved and Director Lipscomb seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) that 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 as it relates to Chugach’s natural gas negotiations, utility restructuring and the 2009 legislative agenda. The matters to be discussed are: A) An Update of the Status of the Natural Gas Negotiations; B) An Update on Utility Restructuring and C) A Discussion of Chugach’s 2009 Legislative Agenda.

