

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

March 14, 2007

BOARD OF DIRECTORS'
MEETING MINUTES

The 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 Electron Drive, Anchorage, Alaska.

The following board members were present:

Jeff Lipscomb – Chairman
Bruce Davison – Vice Chairman
Jim Nordlund – Secretary (via telephone)
David Cottrell – Treasurer (via telephone)
Alan Christopherson – Director (arrived at 4:05 p.m.)
Uwe Kalenka – Director
Elizabeth Vazquez – Director

The following employees, members, and guests attended:

Bill Stewart	Dora Gropp	Phil Steyer
Bill Bernier	Dianne Hillemeier	Mary Tesch
John Cooley	Ed Jenkin	Lee Thibert
Mike Cunningham	Carol Johnson	David Vozak
Kevin Dunham	Connie Owens	Jim Walker
Crystal Enkvist	Jim Posey, ML&P	Shawn Wendling
Brad Evans	Mark Wiggin	Marie Marquardt
Suzanne Gibson	Jean Sauget	
Steve Gilbert	Dave Smith	

DeAnna Scott, Executive Assistant, recorded meeting proceedings.

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

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Davison moved and Director Cottrell seconded the motion to approve the Agenda. The motion to approve the Agenda passed unanimously.

III. CONSENT AGENDA

A. Calendar of Events

CEO Stewart will be out of the office March 19 through March 26, 2007. Lee Thibert, Sr. V.P. Power Delivery will be acting CEO.

B. Minutes – February 17, 2007

Director Kalenka had questions to the accuracy of the motions recorded at the February 17, 2007, meeting. The minutes were deferred to the April meeting.

C. Directors' Expenses

Director Davison asked for clarification on Board policy regarding traveling within the State of Alaska. Directors' expenses were adjusted to reflect that no travel day is given for travel within the State.

Director Davison moved and Director Cottrell seconded the motion to approve the Consent Agenda. The motion to approve the Consent Agenda, as amended, passed unanimously.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

Member David Vozak addressed the Board regarding the payment methods and costs that are applied to the Association. Mr. Vozak provided history, correspondence support, and recommendations. Director Kalenka expressed his pleasure for a member to come to the Board Meeting and share his concern. Director Cottrell stated that this is being addressed by the Finance Committee and asked that Mr. Vozak receive a copy of the meeting minutes and be invited to attend the next meeting which is scheduled for March 28, 2007.

V. CEO REPORT

A. CEO Stewart reported that Golden Valley Electric Association accepted the invitation for the Joint Meeting with Chugach's Board and offered to meeting on April 11-13, 18-19, 30 or May 15-16th. The meeting will be scheduled for April 11th. Meeting location and time will be determined later.

B. Lee Thibert, Sr. V.P., provided an oral update to the Board and thanked all of those who were involved with the Dynamite Slough project. Ed Jenkin presented a project overview and discussed the terms of reimbursement from FEMA.

C. Phil Steyer, Director, Government Relations & Corporate Communication, spoke about the new safety segment that will be in our next rotation with the local television stations. He also reported that the Anchorage Fire Department and Chugach have executed another agreement in the amount of \$100,000 for the danger tree coordinated effort. This falls on the heels of \$500,000 work of work over the past two years. This has been a very successful program between the two organizations. Mr. Steyer also gave on update of the APA Legislative Conference in Juneau.

D. Marie Marquardt, Senior Manager from KPMG, explained to the Board the need for the Confirmation Letters to be signed by the Board Members and returned by the March 28, 2007, Finance Committee Meeting.

- E. CEO Stewart reported that the allocations for the 2004 Capital Credits are completed and member notifications have begun.

VI. CORRESPONDENCE

Mr. Bruce Campbell letter dated March 7, 2007, regarding his resignation from the Renewable Energy Committee.

VII. DIRECTORS' REPORTS

A. Committee Reports

Elections Committee

Director Vazquez reported that the Election Committee will be meeting on March 26, 2007, at Chugach to review the procedures for mailing out of the materials for the Annual Meeting.

Bylaws Committee

Carol Johnson, General Counsel reported on the Bylaws Committee meeting that was held on February 25, 2007. The committee endorsed the two proposed bylaw amendments that had been forwarded to them by the Board for Bylaws Committee consideration.

Operations Committee

Director Davison reported on the March 7, 2007, Operations Committee meeting. The Committee reviewed the ballots for wording that will be send out to members prior to the Annual Meeting, the Chairman report was also reviewed. The Board Evaluation was deferred until all Board members could be present.

Audit Committee

Director Cottrell reported on the Audit Committee meeting of February 27, 2007. The Committee approved the 2006 audit and forwarded to the Board for approval.

Finance Committee

Director Cottrell reported that the Finance Committee met after the Audit Committee and discussed the credit card payment presentation and recommendation with further discussion at the March Finance Committee meeting.

B. APA Report

Director Cottrell reported on the APA meeting that was held on March 1, 2007 in Juneau, Alaska. Director Cottrell also stated that APA has requested staff attendance from Chugach at their next board meeting due to conflicts in Director Cottrell's schedule.

C. Meeting Reports

None.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. 2006 Audit

Director Cottrell moved and Director Vazquez seconded the motion that the Board of Directors accept the results of the 2006 Audit as presented by KPMG LLC and recommended by the Board of Director's Audit Committee as reviewed on February 27, 2007. The motion passed unanimously.

B. AREA JAA

Director Davison moved and Director Cottrell seconded the motion that the Board of Directors approve the resolution authorizing the CEO to enter into an agreement to join the AREA Joint Action Agency. The motion passed with Chairman Lipscomb, Directors Davison, Cottrell, Vazquez, Christopherson and Nordlund voting yes, Direct Kalenka voting no. Motion passed.

X. DIRECTORS' COMMENTS

Director Nordlund: No comment.

Director Cottrell: Stated he appreciated the approval of the annual audit/financial statement for presentation and publication to the membership. He also voiced his appreciation to Director Vazquez for her approval of the JAA.

Director Christopherson: Agreed that the payment methods issue should be resolved and is waiting for the Finance Committee's final recommendation. He also thanked staff for their efforts in resolving the Dynamite Slough project. It was a difficult project and it had a short time-frame and there was a lot of opportunity due to weather changes for the project to be impacted. Director Christopherson also expressed his support for the Danger Tree program.

Director Vazquez: Stated that there needs to be greater care in recording the votes of the Directors. With regard to the payment processing cost, the presentations and the facts that have been presented indicate that we are spending about \$750,000 to have people pay with their credit cards. Director Vazquez appreciated cooperative member Mr. Vozak's comments and proposed to the Chairman of the Finance Committee that the Board should vote on this issue in May. Regarding the Dynamite Slough project – she said she had mentioned previously and requested that we consider it at the Operations Committee for the following reasons: we had an initial discussion with Mr. Stewart about the discussions of the possibility of hiring PND (who Director Christopherson is an employee of) as a subcontractor to deal with that situation. She felt the issued needed further discussion and then a resolution passed by the Board of Directors allowing this to happen. (Excluding, of course, Director Christopherson from voting.) Corporate law allows Board of Directors to ratify previous actions taken by Management or other Directors.

Director Kalenka: No comment. Director Vazquez already addressed the issues very accurately and eloquently.

Chair Lipscomb: Asked the Directors to start considering goals for 2007 and 2008. Chair Lipscomb share with the Board an experience he had with a telecommunications utility. Customer service is important and when you make it an inconvenience for the member to get a new service, adjust their service, pay their bill, etc., there is some cost to both to the Association as well as the member. Thank you for keeping the lights on and the good work.

Director Davison: Congratulated everyone that was involved with the Dynamite Slough project for coming in ahead of schedule and under budget on a tough winter project. The job sets a standard for future projects. Direct Davison stated he disagrees that there was any impropriety regarding PND. He stated he can recall several instances were it was openly

discussed before the Board and no one raised any concerns or had any questions. During those discussions, Counsel was present, our CEO was present, and certainly at that time if anyone had concerns about where that project was heading they could have been voiced. It was an emergency situation which required fast action and prompt management response. If anybody had thought there was an impropriety at the time, they should have been voiced and brought up and we could have discussed it. The second point is - PND was not working directly for Chugach they were at least one level removed and came in as a sub-consultant. I don't think Chugach is in the business of ordering their contractors who to hire and not to hire. Compliments on a job well done.

XI. EXECUTIVE SESSION

At 5:56 p.m., Director Davison moved and Director Cottrell seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3) the Board go into executive session to discuss (1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, and (3) matters with its attorneys the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The topics to be discussed in this executive session are: 1) Rating Agency and Strategic Planning. The Board took a 10-minute recess and then went into executive session at 6:10 p.m.

The Board reconvened from executive session at 6:35 p.m.

XII. ADJOURNMENT

It was unanimously approved that the meeting adjourn. The meeting adjourned at 6:35 p.m.

Approved: _____
Jim Nordlund, Secretary

Date Approved: April 18, 2007