

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**April 22, 2009**

**ACTION REQUIRED**

**AGENDA ITEM NO. V.E.**

       **Information Only**  
  **X**   **Motion**  
       **Resolution**  
       **Executive Session**  
       **Other**

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**TOPIC**

Second quarter 2009, authorization to issue commercial paper for: capital expansion, new generation requirements, and operational needs in lieu of using higher priced line of credit sources to a maximum total of \$75 million.

**DISCUSSION**

Board Policy 126 requires board authorization to issue commercial paper for financing purposes. On November 20, 2008, the Board of Directors authorized issuance of \$50 million of commercial paper, as necessary, to cover bond redemption refinancing and power generation construction costs through the first quarter of 2009. As of March 31, 2009, total commercial paper outstanding was \$45.5 million with additional costs projected to create an increase approaching the approved first quarter limit of \$50 million.

Chugach also anticipates making equipment, land, and other construction related expenditures for the new power generation facility it is constructing in concert with Anchorage Municipal Light and Power (AML&P) in the second quarter of 2009. These expenditures are forecasted not to exceed \$25 million.

Management is requesting board authorization to issue up to \$25 million of additional commercial paper as necessary during the second quarter of 2009 for capital expansion, new generation requirements, and operational needs in lieu of using higher priced line of credit sources. Current commercial paper interest rates, for short maturities (one – two weeks) are in the .6% range. Line of credit borrowing rates with CoBank and NRUCFC are 2.31% and 5.25% respectively.

The Finance Committee recommended approval of this motion at their April 8, 2009 meeting.

**MOTION**

*(Consent Agenda)*