

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 20, 2005

BOARD OF DIRECTORS'
MEETING MINUTES

A regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:00 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

The following board members were present:

Red Boucher - Chairman
Bruce Davison – Vice Chairman
Pat Jasper – Secretary
Jeff Lipscomb – Treasurer
Chris Birch – Director
Sam Cason – Director
Dave Cottrell – Director

The following employees, members, and guests attended:

Joe Griffith	Bill Stewart	Dianne Hillemeier
Lee Thibert	Mike Cunningham	Jody Wolfe
Paul Risse	Patti Bogan	Mary Tesch
Ron Vecera	Phil Steyer	Brad Evans
Bill Bernier	Dora Gropp	Rick Freymiller
Don Edwards	Arthur Miller	Dave Smith
Dwight Dial	Uwe Kalenka	Brian Hickey
Deborah Jensen	Carol Heyman	Monica Lewis
Connie Owens	Mary Ann Campbell	Mark Kreiger
Paula Neas-Arnold	Mary Minder	Mark Smith
Jennifer McDonald	Crystal Enkvist	Lee Ann Gerhart
Ray Kreig	Rhonda Robinson	Roger Holmes
Alan Christopherson	Jim Walker	Liz Vazquez
Jim Posey		

Paula Neas-Arnold, Executive Assistant, recorded meeting proceedings.

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

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Cason moved and Director Jasper seconded the motion to approve the agenda. The motion to approve the agenda passed unanimously.

III. APPROVAL OF CONSENT AGENDA

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

A. Calendar of Events (April 2005 – April 2006)

CEO Griffith reminded the Board of the Audit Committee meeting at 4:00 p.m. on May 12 and the Finance Committee meeting at 3:30 p.m. May 11 before the 5:00 p.m. Board of Directors meeting.

CEO Griffith requested vacation May 20 – 28.

B. Minutes (March 16, 2005)

No changes.

The motion to approve the Consent Agenda passed unanimously.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

V. CEO Report

- CEO Griffith reminded the Board of our efforts to schedule strategic planning. We would like to schedule soon after board elections, possibly as soon as June. Every effort will be made to coordinate with all Board members' calendars.
- CEO Griffith stated Director Cason had sent a letter out to the other Railbelt utilities indicating our desire for a joint meeting. We have heard back from GVEA and ML&P indicating they are interested in meeting in June. MEA wishes to meet only with Chugach, at a later date in the MEA service area.
- CEO Griffith reminded the Board of the Annual Meeting at the Egan Convention Center on April 28, 2005, at 7:00 p.m.
- Dave Smith, Director, Information Services, gave a presentation on Chugach's Disaster Recovery Exercise.
- John Cooley, Director, System Control, gave a presentation on fuel cost and outage statistics.
- Dora Gropp, Manager, Transmission & Special Projects, gave an update on the 138 kV Transmission Line south to University Substation.
- Brad Evans, General Manager, G&T Division, and John Cooley, Director, Power Control, gave a presentation on Beluga Gas Field Projects.

- Alaska Power Association asked CEO Griffith to present Director Lipscomb with an ACRE Century award pin in recognition of his contributions to our statewide legislative process.
- CEO Griffith reported the NRECA Legislative Conference is May 1 – May 4 in Washington, D.C. Director Lipscomb and Phil Steyer are currently scheduled to attend. Others may be added after board elections.
- CEO Griffith reported two representatives from GVEA visited Chugach earlier this month to discuss the use of LaserFiche imaging and our progress with the records management program and policy.
- APA has extended an invitation to Dave Smith to give a two-hour presentation on Cyber Security at their annual meeting in Kodiak, August 17-19.
- USGS/FAA has requested permission to place seismograph at Beluga Power Plant to monitor Mt. Spurr volcanic/seismic activity. No costs to Chugach involved.
- Depreciation Study Rate Case – Chugach has produced over 3,100 pages, as well as two compact disks of spreadsheets in response to the case pending before the RCA. A ruling is expected in August.
- Cooper Lake Relicensing application process is nearly complete. The package will be available for viewing in May.

VI. CORRESPONDENCE

Chairman Boucher and other board members indicated their concerns regarding the April 19, 2005, letter from Chugach Consumers' attorney Ken Jacobus. The letter will be discussed further at the May 4, 2005, Operations Committee meeting.

Letter from Lee Jordan, MEA, regarding a joint meeting with Chugach in July. CEO Griffith will draft a response.

VII. DIRECTORS' REPORTS

A. Chairman's Report

Chairman Boucher stated if re-elected, he would not be seeking chairmanship. He sends thanks to all for working together and feels great progress has been made by this Board. He further stated it has been an honor to have served as Chairman and hopes to continue as a Board member.

B. Committee Reports

Director Davison reported that the Operations Committee met on April 6, 2005. Discussed at the meeting was the 1st Quarter 2005 Railbelt Bill Comparison, Directors' & Officers Insurance, previewed the Annual Meeting presentations, discussed appointment to the NWPPA Board of Trustees and had an Executive Session.

Director Lipscomb reported the Finance Committee met on April 13, 2005. Discussed at the meeting were the APA Audit by Keith Day, 2004 Year End Unbundled Financial Statement by Jody Wolf, Drafted Goals for 2005/06,

reviewed the Treasurer's Report for the Annual Meeting, 2005 Long Term Debt Strategy by Mike Cunningham, and discussed the GAINS program. The Committee also had an executive session.

Director Cason reported on the April 4, 2005, hearing regarding House Bills 163 and 164 held in Juneau.

Director Jasper reported on the April 11, 2005, MEA Board meeting.

C. Alaska Power Association (APA) Report

CEO Griffith reported on the April 12, 2005, APA Manager's Forum meeting.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. Eligibility of Director Chris Birch

Director Davison initiated discussion regarding resignation of Director Birch. Director Birch stated he intends to participate in the Annual Meeting.

At 5:37 p.m., Director Cottrell moved and Director Jasper seconded the motion that pursuant to Alaska statute 10.25.175©(3), the Board of Directors go into executive session to discuss matters with its attorneys, immediate knowledge of which could have an adverse affect on the legal position of the cooperative. The topic to be discussed in this executive session is legal advice related to eligibility to Director Birch for service on the Board. The motion passed unanimously.

The board reassembled at 6:37 p.m.

B. CEO Evaluation

Director Davison reported that the Operations Committee had completed CEO Griffith's 2004 evaluation and discussed the results.

Director Jasper moved and Director Cottrell seconded the motion that the Board of Directors approve and accept the CEO Evaluation. The motion passed unanimously.

C. Directors' Expenses

Director Jasper moved and Director Cottrell seconded the motion that directors' expenses be approved as submitted. The motion passed unanimously.

X. DIRECTORS' COMMENTS

Director Cottrell: Shared a news article found in Anchorage Daily News. Also talked about a Paul Harvey article – the huge financial costs of the Cooper Lake Relicensing Project is much larger financial decision than our labor contract costs. Chugach needs to be prepared to loose 50% of our customers by 2020.

Director Davison: Spoke of article by Tim Bradner, Alaska Journal of Commerce, which was negative towards Chugach, particularly the JAA. Chugach needs more proactive public relations effort.

Director Jasper: Interesting Article in Anchorage Daily News on April 11 regarding nuclear power or (green power) for bush communities. Also talked on MEA's linemen rates. Chugach's lineman rates are lower when compared with lower 48.

Director Cason: Discussed information gathered from National Public Radio, regarding the 400,000-some line workers, half of whom will be retiring soon, labor shortage will follow. Director Cason congratulated Director Birch on his Anchorage Assembly win.

Director Birch: Agrees with Director Cason on the upcoming labor shortage. Chugach should provide more support for training and assist with getting more people involved. Director Birch very pleased with his recent election to the Anchorage Assembly. Many compliments to the Chugach board. He will be submitting letter of resignation to the Board.

Director Lipscomb: Would like to extend thanks and "be safe" to all Chugach employees on the Board's behalf. He shared a quote from Woodward and Bernstein: "The lessons have to do with being careful, with using multiple sources, to putting information into context, to not being swayed by gossip, by sensationalism, by manufactured controversy."

Chairman Boucher: More on the media discussion. Chairman Boucher reminded all there has not been a base rate increase since 1994. However, our fuel bills are much higher. Chairman Boucher stated he thinks Mr. Ray Kreig owes it to consumers to show where the cost of labor has caused a 20% increase. Chairman Boucher stated it has been a pleasure to serve as Chairman.

XI. EXECUTIVE SESSION

None.

XII. ADJOURNMENT

The meeting adjourned at 6:50 p.m.

David Cottrell, Secretary

Date Approved: May 11, 2005