

CC'D BOARD
SR. STAFF
REC

Kurt P. Autor

P.O. Box 23-2021
Anchorage, AK 99523

March 26, 2007

Mr. James Nordlund
Director, Chugach Electric Association
P.O. Box 196300
Anchorage, AK 99519

Dear Jim:

As a member of the Renewable Energy Committee and the elected Steering Group, I would like to address certain assertions in Mr. Bruce Campbell's resignation letter of March 5, 2007 that I believe unfairly taint the purpose and performance to date of this important Committee.

Committee Size, Functioning and Progress

Mr. Campbell was outspoken from the very first meeting that this was too large a group to function effectively. I expressed disagreement with this view at that time and do so again now. To be effective, a committee of any size must be chaired by an individual who (1) appreciates the importance of basic parliamentary procedure, (2) collaboratively constructs and directs an agenda with realistic time constraints in mind and (3) respects the rights of the entire membership to enquire, discuss and debate the various agenda items and other business arising. In my judgment, the size of the committee has not presented any significant obstacle, but instead it has been the disregard of these essential considerations reflecting deficiencies in governance.

Further to this point, Mr. Campbell comments that "[m]embers have equal rights to express opinions on every issue." First, rather than support for any negative inference, it is entirely right and proper that such equality exists and failure to appreciate this cannot be a reflection upon the Committee and those who actively participate within it. Second, and although I do not wish to be unduly critical of Mr. Campbell's service of Chairman since the initial meeting, I also find it inconsistent that he would criticize Q&A from members as an inordinate consumption of meeting time when he effectively monopolized the entire last meeting on February 20 with a lengthy personal discourse essentially reiterated in his resignation letter—a presentation (as an aside) that was never properly submitted to the steering group as an approved agenda item and one that markedly departed from our clearly defined Committee parameters.

It is also incorrect to suggest that very little progress has occurred over the last three months. At our first plenary meeting on December 18, 2006 we broke out into smaller

working groups of 4-5 members. Each group subsequently reported out that certain baseline information was required in order to determine how we should organize ourselves and to identify our appropriate areas of focus within the framework of the authorizing Board Resolution. Based on this consensus, every subsequent meeting to date focused on selected topical areas with the objective of providing a standardized background for our work going forward. Although not an exhaustive summary, these topics have included a review of different renewable energy technology characteristics, the identification and status of past and present projects for potential evaluation, the transmission and distribution infra-structure of both Chugach and the rail-belt at-large, various regulatory, operations and governance considerations that impact a member owned co-op utility, certain state and federal policy considerations, etc. We are now reaching the natural end of this initial “education phase” and in my view this represents a significant progress milestone in our larger task. It is both misleading and a mistake to disregard this accomplishment.

Moreover, we now have had some measure of time to get to know each other and discuss amongst ourselves, whether in formal committee or outside of it, the various issues we are addressing collectively. Based on this valuable interaction, the Board should take note of the extraordinary depth of talent and expertise of the various individuals making up the Renewable Energy Committee. The diversity of our respective personal and professional backgrounds is a tremendous asset that will well serve our larger task. It is certainly true that not every Committee member is a licensed professional engineer with career experience in the electric utility or other infrastructure sectors and as a consequence there may be occasional questions posed that are perhaps somewhat tiresome to those with a different professional knowledge set. However much this may be, I firmly disagree with any suggestion that such questions have interfered with our functioning and progress as a Committee. As pointed out above, proper agenda management would dictate the allocation of adequate Q&A time so that “extended expressions and questions” from Committee members are properly accommodated instead of criticized as an impediment to our collective work. I, for one, have distinctly benefited from the various questions arising from those with a different background than mine and respect for this broader range of perspective must continue to be encouraged.

Finally as to scheduling issues raised by Mr. Campbell, let me simply comment that this is not the least unusual in any type of on-going group endeavor and we are working to achieve a more predictable meeting schedule and one that is accommodative to different time of day preferences as recently polled. The significance of any internal debate on this should not be over-dramatized.

Committee Scope

Mr. Campbell’s criticism of the Renewable Energy Committee based on ostensible unduly limited scope is not well founded. Initially, he has addressed only the supply side questions within our charter—namely electric generation—without any reference to demand side concerns, encompassing conservation and energy efficiency, as well as

policy issues and interests that the Utility might find worthwhile advancing, whether at the local, rail-belt or state-wide levels.

As to the supply side question he raises, Mr. Campbell is also in error when he simply concludes that “no renewable source is available either timely or economically for future base generation” and therefore by implication ... game over. Entirely irrespective of the adequacy of his analysis or usurpation of future reasoned assessments of the Committee at large, the former Chairman misunderstands, in my judgment, the Committee’s proper role. Rather than attempting to substitute our competence for that of Chugach staff in evaluating the technical or economic feasibility of any particular technology option, which would be a clear mistake on our part, I believe we will be most effective if we can work in close coordination with the staff and Board to (1) create some form of priority ranking framework for various future opportunities, to the extent possible, (2) identify actual barriers to future deployment and (3) present a set of road-map recommendations to address these impediments in a realistic and achievable manner.

Base Generation and Renewable Energy Technologies

However much Mr. Campbell’s expressed concerns about the appropriate future base-load generation technology for Chugach may ultimately merit, this particular issue is largely outside the scope of our specific renewable energy mandate. We simply are not charged with any particular responsibility with respect to this base-load assessment, except to the extent, however unlikely in the near or mid-term, that a renewable energy role might be warranted.

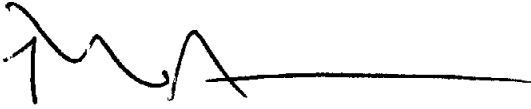
Mr. Campbell is also mistaken when he suggests that these two important planning concerns should not or cannot be evaluated at the same time. While it is true that base-load and mid-peak or peak-shaving generation assets must operate in an integrated manner, this ability to coordinate dispatch is well within the Utility’s growing expertise and it is false to imply that renewable energy planning cannot proceed so long as any degree of planning uncertainty exists as to future base-load generation options. His suggestion that our Committee focus is therefore misplaced is also fundamentally wrong because it ignores various underlying imperatives now driving the emergent emphasis on renewable energy technologies, including greenhouse gas emissions and climate change, as well as increasing fossil fuel price volatility associated with ever increasing world-wide demand, peaking global production and escalating geo-political strife. Because these trends are manifest today, it would be extremely irresponsible from a utility planning perspective to ignore the evaluation of appropriate risk mitigation strategies now.

To conclude, these are important matters and I would be happy to meet with the Directors to expand on these expressed views for purposes of necessary balance if needed. In the meanwhile, I do applaud the decision of the Board to constitute this Committee and

anticipate our positive contribution in the evaluation of renewable energy and energy efficiency options for Chugach and its membership.

Thank you for your thoughtful consideration,

Sincerely,

A handwritten signature in black ink, consisting of a stylized, cursive 'K' followed by a horizontal line extending to the right.

Kurt P. Autor