

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

**BOARD MEETING**  
**AGENDA ITEM SUMMARY**

**August 8, 2007**

**ACTION REQUIRED**

**AGENDA ITEM NO. XLK.**

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC**

Retain Donald Percival of Heller Ehrman LLP for the purpose of rendering legal advice regarding the effect of Chugach's existing debt structure on a possible business combination with Anchorage Municipal Light & Power (AML&P).

**DISCUSSION**

Chugach Electric Association, Inc. will require legal advice regarding the effect of the Association's existing debt structure on a possible combination with Anchorage Municipal Light and Power. Legal advice will be necessary to identify possible structures for such a combination in light of existing debt structures, tax status and debt capital requirements of both utilities. A proposed preliminary scope of engagement and proposed budget is attached for review.

**MOTION**

Motion 1: Move to waive the seven day rule.

Motion 2: Move that the Chugach Electric Association, Inc. (Chugach) Board of Directors engage the law firm of Heller Ehrman LLP for the purpose of rendering legal advice regarding the effect of the Association's existing debt structure on a possible combination with Anchorage Municipal Light & Power (AML&P), including working with a financial advisor for the Association and AML&P and counsel for AML&P to identify possible structures for such a combination in light of existing debt structures, tax status and debt capital requirements of both utilities.

## PROPOSED PRELIMINARY SCOPE OF ENGAGEMENT

Activity Description	Estimated Hours	Estimated Fees (@ \$445/hr.)
1. Analyze documents governing Chugach's existing indebtedness to identify potential obstacles and opportunities relating to possible combination with ML&P.	11	\$ 4,895
2. Generally discuss analysis generated in step #1 with Chugach representatives, financial advisor and (as directed by Chugach) counsel for ML&P in an effort to identify possible combination structures and actions that would be required under documents governing existing debt in order to implement alternative combination structures.	25	\$ 11,125
<b>ESTIMATED TOTAL</b>	<b>36</b>	<b>\$ 16,020</b>

Not Included:

- (1) Analysis of ML&P debt structure.
- (2) Negotiations with existing bondholders, CoBank or MBIA to obtain consent to a combination with ML&P or an interpretation or waiver of restrictions imposed by existing loan documents on any such combination.
- (3) Analysis of tax consequences of any combination.
- (4) Representation of Chugach or combined entity in connection with repayment or defeasance of existing debt or issuance of new debt.