

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

July 19, 2006

BOARD OF DIRECTORS'
MEETING MINUTES

The regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:04 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 (absent)
Jim Nordlund – Secretary
David Cottrell – Treasurer
Alan Christopherson – Director (arrived at 4:07 p.m.)
Uwe Kalenka – Director
Elizabeth Vazquez – Director (arrived at 4:12 p.m.; departed approximately 5:10 p.m.)

The following employees, members, and guests attended:

Bill Stewart	Lee Thibert	Mike Cunningham
Brad Evans	Connie Owens	Mary Tesch
Tom Schulman	Kathy Harris	Phil Steyer
Ron Vecera	Dora Gropp	Ed Jenkin
Dan Knecht	Rick Freymiller	Arthur Miller
Dave Smith	John Cooley	Bill Bernier
Ed Crowson	Kenni Simons	Patti Bogan
Carol Heyman	Paula Neas-Arnold	Mangala Chaobal
Jean Sauge	Chris O'Brien	Kim Floyd (MEA)
Dave Carey (HEA)	Debbie Debnam (HEA)	Ruth Fitzpatrick (HEA)
Crystal Enkvist (APA)	Mike Hodson (IBEW)	Joe Masters (DUS)
Patricia Joyner (State of AK)	Bill Mede (T&M)	Parry Grover (DWT)
Don Edwards (D&W)		

Jennifer McDonald, Legal Secretary, recorded meeting proceedings.

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

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Kalenka moved and Director Nordlund seconded the motion to approve the Agenda. The motion to approve the Agenda passed unanimously.

III. CONSENT AGENDA

A. Calendar of Events

Chair Lipscomb added the NWPPA Trustee Meeting to be held in Billings, Montana on September 7 and 8. September Board meeting has been rescheduled to September 13.

B. Minutes – 4/19/06, 4/26/06, 4/27/06, 6/21/06

C. Write-Offs, Accounts Receivable – Electric

D. Write-Offs, Accounts Receivable - Other

E. Directors' Expenses

Director Kalenka moved and Director Nordlund seconded the motion to approve the Consent Agenda. The motion to approve the Consent Agenda passed unanimously. Director Davison's absence was excused by the Board for the July 19 Board meeting and the July 26 Finance Committee meeting without objection.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

Dave Carey, President HEA Board, stated that he supported the concept of Directors from throughout the State getting together at the upcoming APA meeting as well as the NRECA Region IX meetings in Fairbanks. Mr. Carey expressed his disappointment in the Governor's veto of the distribution of the Railbelt Energy funds and expressed his appreciation working with Chugach on all levels.

B. Member Comments

None.

V. CEO REPORT

1. Chugach Picnic

The Chugach picnic is July 27 from 5:30 to 8:30 at Ruth Arcand Park. A flyer with additional information has been distributed to the Board.

2. Safety Calendar Awards

Judging for the Chugach Kids' Safety Calendar was done yesterday and the winners will be announced at the August Board meeting.

3. Treeline USA Presentation

Lee Thibert, Vice President, Power Delivery, stated that Chugach has been a Treeline USA certified utility since 2000. Patricia Joyner, State of Alaska Urban and Community Forester, presented the Chugach Board with an award by the National Arbor Day Foundation recognizing Chugach for using approved utility line clearance standards and proper tree care. Maintenance of the certification requires education of the public and employees on how to trim properly and safely. Chugach's arborist, Chris O'Brien, maintains Chugach's tree trimming program.

4. Second Quarter Safety Statistics

Ed Crowson, Safety Specialist, presented the second quarter safety statistics.

5. Dynamite Slough Towers

Dora Gropp, Manager of Transmission Projects & Maintenance, gave a presentation on the transmission structures at Dynamite Slough and the proposed remedy and responded to questions from the Board.

VI. CORRESPONDENCE

None.

VII. DIRECTORS' REPORTS

A. Committee Reports

Director Cottrell reported on the June 28 Finance Committee meeting. Items discussed were departmental budget reviews throughout the year, the 2006 Executive Office budget review, the May unbundled financial statements, and encouraged the Board to attend the July 5 Strategic Planning meeting.

Chairman Lipscomb stated there was no Operations Committee meeting in July.

B. APA Report

Phil Steyer, Manager, Government and External Affairs, reported on the ACRE/CARE committee meeting held at Alaska Power Association. Items discussed included contributions to candidates. The committee voted on primary distributions and there will be additional distributions discussed for the general election.

C. NWPPA Report

Chairman Lipscomb reported that there was no NWPPA meeting to report and there will be a Trustee meeting in September.

D. Meeting Reports

Chairman Lipscomb reported that there was a joint meeting with ML&P on July 5. Items discussed included long-range planning, the Fire Island Wind Project, and the Alaska Railbelt Energy Authority Joint Action Agency.

VIII. UNFINISHED BUSINESS

None.

IX. EXECUTIVE SESSION

Director Kalenka moved and Director Christopherson seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1), (2) 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; (2) subject that tend to prejudice the reputation and character of a person; however, the person may request a public discussion; and (3) matters with its attorneys the immediate knowledge of which could have an adverse

effect of the legal position of the cooperative. Topics to be discussed in this executive session are: (1) Rate Case Update, (2) Locate Grievance Decision, (3) Labor Updates, (4) Contracting, and (5) CEO Search. The Board went into executive session at 5:10 p.m.

The Board reconvened from executive session at 8:22 p.m. The Rate Case Update was postponed to a later meeting.

X. NEW BUSINESS

A. Appointments to Joint Rates Committee

Chairman Lipscomb appointed Directors Cottrell and Christopherson to represent Chugach on the Joint Rates Committee. There was no objection from the Board (Directors Davison and Vazquez were not present).

B. CEO Search

Director Christopherson moved and Director Cottrell seconded the motion to extend Bill Stewart's Interim CEO contract until August 2. The motion passed unanimously (Directors Davison and Vazquez were not present).

XI. DIRECTORS' COMMENTS

Director Kalenka: Stated he went to Wyoming to attend the NRECA Director training and took two courses but due to time constraints could not stay there long. The courses were Ethics and Governance and Executive Search and Compensation. He recommended to the Board that all directors take some courses; and stated they were extremely helpful and illuminated a lot of issues. He found them very interesting.

Director Nordlund: Stated he also attended the NRECA training in Wyoming. He was there five consecutive days attending classes from 8:00 a.m. to 5:00 p.m. in a windowless room in an out of the way beautiful place. He felt the classes were extremely useful and attended the basic series for credentialing and thinks he passed all his tests. He stated he should now be a credentialed director and recommends that all of the board members take a class.

Director Christopherson: Stated he appreciated the CEO's direction with regard to several of the executive session issues and thanked everyone's effort for the Railbelt Energy Fund veto override and agreed with the recommendations heard tonight that the Board ought to move forward.

Director Cottrell: None.

Chairman Lipscomb: Stated he attended a day long meeting and a subject came up that organizations need "wins". He stated in his opinion safety is one of those things that is a win - it improves morale and improves productivity. People can look at their past month or their past quarter and say that people went home safely and worked safely. He encouraged staff to continue to emphasize employee safety.

XII. ADJOURNMENT

Director Kalenka moved and Director Christopherson seconded the motion to adjourn. The meeting adjourned at 8:28 p.m.

Attested: _____
Jim Nordlund, Secretary

Date approved: August 16, 2006