

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

July 21, 2004

BOARD OF DIRECTORS'
MEETING MINUTES

A regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:02 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

The following board members were present:

Red Boucher – Chairman
Bruce Davison - Vice Chairman
Jeff Lipscomb – Treasurer
Pat Jasper – Secretary (arrived @ 4:08 p.m.)
Chris Birch – Director
Sam Cason – Director (arrived @ 4:14 p.m.)
Dave Cottrell – Director

The following employees, members, and guests attended:

Joe Griffith	Rick Freymiller	Carol Johnson	Jackie Purcell	Ken Thomas
Bill Bernier	Dora Gropp	Mike Massin	Bill Stewart	Patti Vecera
Patti Bogan	Kathy Harris	Sherri McKay	Phil Steyer	Ron Vecera
John Cooley	Carol Heyman	Karen Oney	Katrina Storjohann	Jim Walker
Don Edwards	Dianne Hillemeier	Jim Patras	Mary Tesch	Jody Wolf
Brad Evans	Ed Jenkin	Marvin Pickens	Lee Thibert	

DeAnna Scott, Executive Assistant, recorded meeting proceedings.

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

Presentations by Chair Boucher, Joe Griffith, CEO and Jackie Purcell of KTUU television were made to the winners of the annual safety calendar contest.

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Davison moved and Director Cottrell seconded the motion to approve the agenda. The motion to approve the agenda passed unanimously.

III. APPROVAL OF CONSENT AGENDA

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

A. Calendar of Events (July - October 2004)

No changes.

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B. Minutes - June 16, 2004
No changes.

C. May Financial Report
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

- June 2004 Financials presented by Katrina Storjohann, Manager of Budget.
- Safety Update presented by Ken Thomas, Manager of Safety.
- Joe Griffith, CEO, reported that due to the high score on the safety accreditation through NRECA, Chugach received a letter of congratulations from the Chamber of Commerce. Chugach also received three awards from NRECA: one for the web site, one for the safety calendar, and one for the photo that was taken of the aerial ball fire.
- Joe Griffith introduced Ed Jenkin as the new Director of Engineering replacing Mike Massin, Director of Engineering, who is retiring August 2004.
- Joe Griffith provided a video conferencing update.

VI. CORRESPONDENCE
None.

VII. DIRECTORS' REPORTS

A. Chairman's Report
None.

B. Committee Reports
Director Davison reported on the Operations Committee meeting of July 7, 2004. There was a very informative presentation by Kate Giard, Chairman of the Regulatory Commission of Alaska. The Committee also looked at the revisions to Board Policies 109, 110, and 111 and unanimously voted to recommend to the Board for approval.

Director Lipscomb reported that the Finance Committee met on July 14, 2004. There was a peer comparison review and an executive session.

Director Cason reported that the legislative committee has not met but reported that he was able to attend the ACRE/CARE meeting at APA with Director Jasper on July 19, 2004.

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C. Alaska Power Association (APA) Report

Director Jasper reported that APA had two meetings. The awards committee met on July 15, 2004, and on July 19, 2004, a meeting was held for ACRE/CARE.

D. Meeting Reports

Director Jasper reported on the Matanuska Electric Association regular board meeting on July 12, 2004.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

B. South Anchorage Substation 34.5 kV Switchgear and Control Panels – Bid Award

Director Davison moved and Director Cason seconded the motion that the Chugach Board of Directors authorize the Chief Executive Officer to execute a contract for 34.5 kV metal clad switchgear, control and communication panels to Central Electric, in an amount not to exceed \$1,416,534. The motion passed unanimously.

C. 138 kV T-Line from IGT to South Substation – Construction Bid Award

Director Davison moved and Director Cason seconded the motion that the Chugach Board of Directors authorize the Chief Executive Officer to execute a contract for construction of a 138 kV transmission line from International to South Anchorage Substation to City Electric, in an amount not to exceed \$2,973,446.46. The motion passed unanimously.

D. Revision to Board Policies 109, 110, 111

Director Davison moved and Director Lipscomb seconded that the Board of Directors approve the revisions to Board Policy 109, Committees of the Board of Directors; Board Policy 110, Statement of Functions of Finance Committee; and Board Policy 111, Statement of Functions of the Operations Committee, as recommended by the Operations Committee. The motion passed unanimously.

E. Directors' Expenses

Director Davison moved and Director Lipscomb seconded the motion to approve directors' expenses as submitted. The motion passed unanimously.

X. DIRECTORS' COMMENTS

Chair Boucher – No Comment.

Director Davison – No Comment.

Director Cottrell - Asked if a State Single Audit had been conducted for 2003. Kathy Harris responded that Chugach did not need to conduct such an audit for 2003, as the project requirements are \$200,000 or more for the State and \$500,000 for Federal. Therefore, this exempted Chugach from having to conduct a Single Audit for both branches of Government. He also inquired about the audit fee schedule.

Director Jasper – Stated the picnic was very enjoyable and believes it is important to have these types of events for the employees and their families. Her family members attending had a very good time and it was a nice event.

Director Cason – Attended the golfing event this morning with Director Cottrell, Director Lipscomb, and Bradley Evans. After the event, there was a captive audience of about 100 builders and people associated with the building industry. Chugach might want to consider

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donating to these types of causes. This kind of event leads to good advertising and good press.

Director Birch – For residents of the Hillside, the Fire Marshall has declared this the second largest fire season. Regarding the fire that started in Los Angeles - do we have a problem with birds causing fire dangers here in Anchorage? Lee Thibert replied that Chugach has not had this problem on the Hillside due to an active right-of-way program to try to prevent that exact thing from happening. This year we did have a tree outside of the right-of-way go into a line down in Hope and caused a fire. Fortunately, a fire department volunteer saw the fire and was able to get it taken care of right away. Mr. Bernier stated that a year ago, that type of fire had happened in Cooper Landing. Luckily, some one was driving saw the fire and called for help. In the area of Cooper Lake, there are many dead spruce trees and Chugach has taken an aggressive step to keep the right-of-way clear.

Director Lipscomb – Congratulations to Chugach and the staff on the safety recognition from NRECA. Continue the good work on the safety program. Zero accidents and healthy employees is our goal.

XI. EXECUTIVE SESSION

At 5:33 p.m., Director Davison moved and Director Cason seconded the motion that pursuant to Alaska statute 10.25.175(c)(1) 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; and (2) matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

XII. ADJOURNMENT

The meeting adjourned at 5:45 p.m.

Patricia Jasper, Secretary

Date Approved: August 25, 2004

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