

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

August 22, 2007

SPECIAL BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Elizabeth Vazquez – Chairman
Uwe Kalenka – Vice Chairman (via telephone)
Alex Gimarc – Secretary
PJ Hill - Treasurer
Alan Christopherson – Director (via telephone)
Jeff Lipscomb – Director
Jim Nordlund – Director

The following employees, members, and guests attended:

Bill Stewart	Brad Evans	Mike Cunningham
Lee Thibert	Connie Owens	Phil Steyer
Carol Johnson	Mary Tesch	Rick Freymiller
Jennifer McDonald	Dave Smith	Gary Zipkin (Guess & Rudd)
Lorali Carter (MEA)	Jean Sauget	Cheryl Klein (CSS)
Tom Van Flein (Clapp, Peterson)	Carol Heyman	Ron Nichols (Navigant)
Tom Tierney	Don Edwards (Dorsey)	Scott Miller (KPMG)

Divina Portades, Executive Office – Administrative Assistant, recorded meeting proceedings.

I. CONVENE MEETING

The special meeting of the Board of Directors was convened at 5:55 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

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

III. EXECUTIVE SESSION

Director Hill moved and Director Gimarc 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 matters to be discussed in this executive session are 1) Labor Update – O&E Negotiations; 2) Tiquin

Negotiations; 3) Knik Arm Power Plant (FERC Filing) – Update; 4) Rate Case - Update; 5) Chugach Electric Association, Inc. v. Ray Kreig, Stephen Routh and Chugach Consumers, Superior Court Case No. 3AN-06-13743 and 6) Navigant – Scope of Work and Budget. Director Lipscomb moved to amend the motion to add the SOX presentation to the beginning of the meeting instead of the end. After discussion, Director Lipscomb withdrew his motion to amend the executive session. The motion to go into executive session passed unanimously. The Board went into executive session at 5:58 p.m.

Director Kalenka was disconnected telephonically at 7:04 p.m. and rejoined the meeting at 7:06 p.m. Director Christopherson disconnected telephonically at 7:11 p.m.

The Board recessed at 7:46 p.m. and reconvened at 7:57 p.m. The Board reconvened in open session at 8:03 p.m.

During Executive Session the Board decided (without a motion) to have the Navigant presentation in open session.

Ron Nichols, Managing Director, Navigant Consulting, gave a presentation on Navigant’s Approach to Utility Acquisition/Combination Analysis Services (relating to ML&P/Chugach’s Acquisition/Combination Evaluation and Plan) and answered questions from the Board.

IV. APPROVAL OF THE AGENDA

Chair Vazquez suggested that the Agenda be amended by deleting the following items under IX. New Business as there is to be no action taken on each item: Agenda Item IX.C. Revised Meeting Schedule of the Board of Directors, IX.D. Navigant – Scope of Work/Budget, IX.E. Tiquin Negotiations, IX.F. Rate Case, and IX.G. Chugach Electric Association, Inc. v. Ray Kreig, Stephen Routh and Chugach Consumers, Superior Court Case No. 3AN-06-13743. Director Lipscomb moved and Director Gimarc seconded the motion to approve the Agenda to include under IX. New Business, IX.A. Board Policy 131 – Drug and Alcohol Policy and Procedures and IX.B. Budget Revisions. The motion to approve the Agenda, as amended, passed unanimously.

V. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

VI. CORRESPONDENCE

None.

VII. DIRECTORS’ REPORTS

A. Committee Reports

Director Vazquez reported that she attended a Navigant meeting on August 9 and 10, 2007 presented by Ron Nichols. Director Vazquez asked the Board if they were available during the week of September 17, 2007 to meet with the Blue Ribbon Panel. The Board stated they were not.

B. APA Reports

None.

C. Meeting Reports

Director Lipscomb reported on his trip to Beluga with Director Hill, Bill Stewart and Brad Evans. Director Lipscomb stated it was a good trip and he appreciated the opportunity to go. Director Lipscomb added that he has been going to Beluga since 1998 and every time he goes he sees improvements in the operation and everything over there.

VIII. UNFINISHED BUSINESS

None.

IX. NEW BUSINESS

A. Board Policy 131 – Drug & Alcohol Policy and Procedures

Director Hill moved and Director Gimarc seconded the motion that the Board of Directors approve Board Policy 131 - Drug & Alcohol Policy and Procedures.

After lengthy Board discussion, Director Kalenka moved to table this item and send it back to management for further review.

Chair Vazquez recommended the Board proceed and pass this Board Policy and stated that the Board would have the opportunity to revisit this Board policy in the future. Director Kalenka's motion to table died for a lack of a second. The motion to approve Board Policy 131 passed with a vote of 5 to 1 with Director Kalenka voting in opposition. Director Christopherson was not present telephonically.

B. Budget Revisions

Director Hill moved and Director Gimarc seconded the motion that the Board approve the Budget Revisions as presented in the Finance committee meeting. The motion passed with a vote of 5 to 1 with Director Nordlund voting in opposition. Director Christopherson was not present telephonically.

C. Revised Meeting Schedule of the Board of Directors

Deleted from the Agenda.

D. Navigant – Scope of Work/Budget

Deleted from the Agenda

E. Tiquin Negotiations

Deleted from the Agenda.

F. Rate Case

Deleted from the Agenda.

G. Chugach Electric Association, Inc. v. Ray Kreig, Stephen Routh and Chugach Consumers, Superior Court Case No. 3AN-06-13743

Deleted from the Agenda.

X. DIRECTOR COMMENTS

Director Hill: Stated it was a nice trip at Beluga yesterday and he was very impressed.

Director Lipscomb: None.

Director Nordlund: None.

Director Gimarc: None.

Director Christopherson: None.

Director Kalenka: None.

Director Vazquez: Thanked Mr. Stewart for putting together the materials (copies of the Confidential documents filed in U-06-135). Stated that the Board will have some homework to do between now and until the next time they meet.

XI. EXECUTIVE SESSION

Director Christopherson rejoined the meeting telephonically during Executive Session.

Director Gimarc moved and Director Lipscomb seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) the Board go into executive session to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The matters to be discussed in this executive session are (1) SOX Presentation – Entity Level Control and 2) Wage and Salary Plan Update. The motion passed unanimously. The Board went into executive session at 9:03 p.m.

The Board recessed at 9:03 p.m. and went back into Executive Session at 9:09 p.m.

XII. ADJOURNMENT

Director Gimarc moved and Director Hill seconded the motion to adjourn. The meeting adjourned at 10:35 p.m.

Alex Gimarc, Secretary

Date Approved: September 19, 2007