

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

September 19, 2007

ACTION REQUIRED

AGENDA ITEM NO. XI.F.ii.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

National Rural Electric Cooperative Association (NRECA) to assist Chugach Electric Association, Inc. on possible business combinations with Anchorage Municipal Light and Power.

DISCUSSION

It is in the best interest of Chugach Electric Association, Inc., (Chugach) to obtain independent advice and guidance with regard to examining the possible business combinations with Anchorage Municipal Light and Power. Chugach is an electrical cooperative owned by its members. The National Rural Electrical Cooperative Association (NRECA) has expertise in electrical cooperative matters and could provide valuable advice to Chugach. This additional guidance will assist the Board of Directors and Chugach management in conducting due diligence.

NRECA has proposed the following areas of potential support on behalf of Chugach:

- Serve as a resource for the Navigant study team regarding the related cooperative business and operations factors that are being considered during the initial study activities.
- Provide a third party perspective on the Navigant study results - outlining any open issues, commenting on the conclusions, and providing a high level assessment of the study recommendations.
- Review the expected work plan that will be produced as part of the study results, ensuring that the work plan best meets the interest of Chugach Electric Association;
- Based on the study results, assist the board (with management involvement) on outlining the next course of action regarding any due diligence required by Chugach.

Depending on the course of action, NRECA can map out the specific consulting services the Navigant Consulting Group can provide to guide any follow-on study activities that may be necessary, including an in-depth review of the operational functions, employee issues, service integration, financial position, member relation implications and governance considerations that would be impacted from a merger or consolidation strategy.

MOTION

Move that the Chugach Electric Association, Inc. (Chugach) engage National Rural Electric Cooperative Association (NRECA) to assist Chugach on possible business combinations with Anchorage Municipal Light and Power.