

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

August 27, 2008

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Rebecca Logan – Chair
Jim Nordlund – Vice Chairman
Alex Gimarc – Secretary
P.J. Hill - Treasurer
Jeff Lipscomb – Director
Janet Reiser – Director
Elizabeth Vazquez – Director (arrived at 4:20 p.m.)

The following employees, members, and guests attended:

Bradley Evans	Ed Jenkin	Dave Smith
Tyler Andrews	Carol Johnson	Phil Steyer
Bill Bernier	Teresa Kurka	Lee Thibert
Mike Cunningham	Sherri McKay-Highers	Ron Vecera
Tom Daniel	Connie Owens	Burke Wick
Rick Freymiller	Jim Posey	
Suzanne Gibson	Paul Risse	

DeAnna Scott, Executive Assistant, recorded the meeting proceedings.

I. CONVENE MEETING

Chair Logan called the regular meeting of the Board of Directors to order at 4:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

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

III. EXECUTIVE SESSION

None.

IV. APPROVAL OF AGENDA

Director Lipscomb moved and Director Nordlund seconded the motion to approve the Agenda.

Director Lipscomb requested to amend the Agenda to reflect Agenda Item XI. D. Long Term Service Contract for SCAPP as continued New Business after Agenda Item XIII. Executive Session. Director Lipscomb requested an excused absence from the September 3, 2008, Board Workshop due to traveling to the NWPPA Board of Trustees Meeting and requested it be added to the Consent Agenda. Director Hill also requested an excused absence from the Board Workshop on September 3, 2008, due to a schedule conflict. The motion passed unanimously, as amended.

V. CONSENT AGENDA

A. Board Calendar

October 1, 2008 Board Workshop, delete the words "if needed".

B. Minutes – July 17, 2008 and July 30, 2008

C. Directors' Expenses

D. Approve CFC Voting Delegate & Alternate

E. Approve 2009 Operating Budget and CIP Targets

F. Approve Resolutions to Board Policy 113 – Procedures for Board of Director's Meeting

G. Ratify Appointment of Chief Executive Officer & Approve Contract

H. Ratify William R. Stewart Settlement Agreement

I. Excused Absence from the September 3, 2008 Board Workshop – Director Lipscomb and Director Hill

Director Lipscomb moved and Director Hill seconded the motion to approve the Consent Agenda. Chair Logan asked if there were any objections, none were heard.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

None.

VII. CEO REPORT

A. Update on Elmore Road Project

Ed Jenkin, Vice President, Power Delivery provided an update on the Elmore Road Project and answered questions from the Board.

B. Presentation on SCADA Project

Paul Johnson, Manager, Controls and Communications, provided an update on the SCADA Project and answered questions from the Board.

VIII. CORRESPONDENCE

A. Update on Credit Card Transition Plan.

Dave Smith, Vice President, Administration answered questions from the Board regarding the Credit Card Transition Plan.

IX. DIRECTOR REPORTS

A. Renewable Energy Committee Reports

Director Reiser stated that although she had not met with the Renewable Energy Committee, she had spoken to Committee members and they will have a proposed Board Policy for review at the next Operations Committee meeting.

B. APA Report

Director Vazquez reported on the scheduling of the APA Meeting that was held in Barrow. Director Reiser also provided feedback on that meeting.

C. Meeting Reports

Chair Logan stated that she, Director Lipscomb and Director Vazquez attended the ML&P Commission Meeting that was held on August 20, 2008.

Director Vazquez reported on the Commercial Paper Presentation that was held in Seattle, WA. She attended along the Director Lipscomb, Bradley Evans, CEO and Mike Cunningham, CFO. She also stated the presentation was excellent and it was well received by the financial representatives.

X. UNFINISHED BUSINESS

None.

XI. NEW BUSINESS

A. Change of the Association's Registered Agent

Director Reiser moved and Director Lipscomb seconded the motion that the Board adopt the attached Resolution changing the Association's Registered Agent from William R. Stewart to Bradley W. Evans. The motion passed unanimously.

B. 2005-2007 Capital Credit Allocations

Director Reiser moved and Director Lipscomb seconded the motion that the Board of Directors approve the 2005-2007 capital credit allocations presented in the Resolution. The motion passed unanimously.

C. Amendment to the Participation Agreement on the South Central Alaska Power Plant

Director Nordlund moved and Director Lipscomb seconded the motion that the Board of Directors authorize the CEO to execute an amendment to the SCAPP Participation Agreement relating to 1) cost sharing on the SCAPP to ML&P transmission line, 2) committing Chugach and ML&P to seek economically viable ways to utilize waste heat from SCAPP, and 3) encouraging the participation of MEA in the SCAPP. The motion passed unanimously.

XII. DIRECTOR COMMENTS

Director Hill: "It's good to be back."

Director Lipscomb: “It’s good to see the Participation Agreement has been adopted by both Chugach and ML&P and look forward to MEA’s participation and look forward to getting this replacement generation built.”

Director Reiser: “I am also looking forward to some of the opportunities we have for conservation efforts that are being made and I’m very, very excited about that so that I want to emphasize that is going to be a focus of mine and very interested in seeing it come forward.”

Director Vazquez: “I am really pleased to see the progress with Municipal Light and Power. I, ...*unintelligible*... with MEA, I know that there has been a lot of heavy lifting by Mr. Evans, Mr. Thibert and senior management and so forth; so, it appears that all of that hard work on part of the Board too is paying off; so, I am really happy to see that.”

Director Gimarc: “No comment.”

Director Nordlund: “I am please to know that the Assembly has approved the Participation Agreement with SCAPP and that we have done previously and that we are working together to ultimately lower our rates in Anchorage.”

Director Logan: No comment.

XIII. EXECUTIVE SESSION

At 4:51 p.m., Director Nordlund 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 (1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative, and (2) to discuss 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 are: 1) Update on Gas Negotiations a) Enstar – RCA Proceeding; b) Beluga Pipeline – RCA Proceeding; c) LNG – Department of Fossil Energy Proceeding; 2) Update on Replacement Generation/Utility Restructuring; 3) Municipal Power Authority Ordinance; 4) Legal and Personnel Issue; and 5) Long Term Service Contract for SCAPP. The motion passed unanimously.

The Board paused for a break at 4:52 p.m. and went into executive session at 5:01 p.m.

The Board resumed in open session at 8:01 p.m.

XIV. NEW BUSINESS (*continued*)

D. Long Term Service Contract for SCAPP

Director Gimarc moved and Director Lipscomb seconded the motion that the Board of Directors authorize the CEO to approve a gas turbine O&M contract with the term of 120,000 operating hours (approximately 15 calendar years) at a cost up to \$60 million (70% of the total cost of \$80 million).

Director Lipscomb moved and Director Gimarc seconded the amendment to the motion to name Brad Evans as Chugach Electric Association’s representative to the SCAPP Participation Committee and Lee Thibert as the alternate. These appointments will be valid until October 30, 2008.

The motions passed unanimously.

XV. ADJOURNMENT

Director Nordlund moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 8:04 p.m. The motion passed unanimously.

Alex Gimarc, Secretary

Date Approved: September 24, 2008

DRAFT