

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

September 15, 2004

BOARD OF DIRECTORS'
MEETING MINUTES

A regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:05 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 Chair
Pat Jasper – Secretary
Jeff Lipscomb – Treasurer
Chris Birch – Director
Sam Cason – Director
Dave Cottrell – Director (teleconference during agenda item IX.B. only)

The following employees, members, and guests attended:

Joe Griffith	Brian Hickey	Katrina Storjohann
Bill Bernier	Dianne Hillemeier	Lee Thibert
John Cooley	Ed Jenkins	Ken Thomas
Mike Cunningham	Carol Johnson	Ron Vecera
Don Edwards	Sherri McKay	Jim Walker, MEA
Brad Evans	Arthur Miller	Jody Wolfe
Rick Freymiller	Bill Stewart	
Kathy Harris	Phil Steyer	

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DeAnna Scott, Executive Assistant, recorded meeting proceedings.

Chairman Boucher led the Board of Directors and audience in the Pledge of Allegiance.

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Jasper moved and Director Lipscomb seconded the motion to approve the agenda. The motion to approve the agenda passed unanimously.

Director Jasper moved seconded by Director Lipscomb that the Board move Item IX.B. Single Member G&T, immediately after Persons to be Heard in order for Director Cottrell to participate in the vote. The motion passed unanimously.

III. APPROVAL OF CONSENT AGENDA

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

A. Calendar of Events (September - December 2004)

Director Jasper noted that she would be out 9/25-10/7

Director Lipscomb stated that the October Finance Committee has been cancelled and will be moved to November due to conflicting schedules and no pressing topics.

Chair Boucher stated there has been a change in his schedule and he will now be available on the dates he previously reported he would be out.

CEO Griffith stated that there would be a need for a special board meeting on September 22, 2004, following the joint session with ML&P to consider approval of the Elmendorf Request for Proposal.

B. Minutes (August 25, 2004)

No changes.

C. August 2004 Financial Report

No changes.

The motion to approve the Consent Agenda passed unanimously.

IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

Jim Walker, MEA Regulatory Affairs, stated that MEA requests that if Chugach approves the proposed resolution in agenda item IX.B. that Chugach include in the instructions to management that they work in a collaborative manner with MEA in evaluating the feasibility of creating a G&T Cooperative to hold all of Chugach's G&T assets. The manner in which Chugach splits itself into G&T and distribution entities is an issue of great importance and potential controversy for MEA. MEA would appreciate having the opportunity to address a myriad of issues that will be related to this proposal informally before decisions are made that might ultimately prove controversial and expensive for all concerned.

B. Member Comments

None.

IX. B. Single Member G&T Co-op

Director Davison moved to waive the seven-day rule to allow the Board of Directors to consider a new agenda item for tonight's meeting item IX.B.,

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Single member G&T Cooperative, Director Cottrell seconded. The motion passed unanimously.

Director Jasper moved and Director Cottrell seconded the motion that the Chugach Board of Directors approve the resolution authorizing the CEO to undertake all necessary steps to craft a plan to create a single-member G&T cooperative that would hold all Chugach G&T assets, contractual arrangements, and associated debt. That this plan be available and presented to the Board of Directors by December 15, 2004. Director Lipscomb made a motion to amend the motion, seconded by Director Davison, to delete the fifth paragraph in the resolution “Whereas, creation of a single-member G&T cooperative may serve as a model for any possible future multiple-member G&T organization.” The motion passed unanimously. Director Davison proposed an additional amendment, seconded by Director Birch, to amend the title to “Single-Owner Generation & Transmission Organization”. The amendments passed unanimously. The main motion passed unanimously.

V. **CEO Report**

The following topics were covered in the CEO report:

- August 2004 Financials were reported by Mike Cunningham, CFO
- Lee Thibert, Sr. V.P., Power Delivery, reported on the outage at Ted Stevens International Airport.
- Internship Program Success – Chugach recently provided an internship position for the Alaska Center for the Blind and Visually Impaired. This proved to be a valuable and worthwhile experience for all. We were able to identify major barriers and the tools needed to deal with many different situations encountered in the workplace by the visually impaired.
- Property Insurance Renewal – We recently renewed our property insurance for the 2004-2005 years representing a 4.4% reduction
- South Anchorage 138kV line – Two of the transmission structure foundations have been completed for the new International to South Anchorage 138kV line. The drilling for one of the largest foundations on the project was 40 ft. deep and 8 ft. wide – after the holes are drilled, they are reinforced with rebar and back-filled with concrete.

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VI. **CORRESPONDENCE**

Director Lipscomb stated that he and the other Directors received an e-mail from Mary Sandees. Joe Griffith was excluded from the e-mail and will be provided a copy for response.

VII. **DIRECTORS' REPORTS**

A. **Chairman's Report**

Chairman Boucher reported that he had just completed filming a safety commercial for Chugach, which was a great experience with school children.

B. Committee Reports

Director Davison reported on the Operations committee meeting of September 1, 2004, where they viewed a presentation on the Windpower project, Simplified Rate Filing process, and held an executive session to discuss strategic issues.

Director Lipscomb reported on the Finance committee meeting of September 8, 2004, where they discussed retail capital credits and wholesale power costs. An Audit committee meeting was also held to discuss auditor activities.

C. Alaska Power Association (APA) Report

Director Jasper reported APA did not have a meeting for September.

D. Meeting Reports

Director Jasper was not able to attend the MEA board meeting of September 13, but a report was sent out by Chugach Business Analyst Jamie Stout who attended for Chugach.

IX. UNFINISHED BUSINESS

A. 2003 Capital Credit Allocation

(This item had been tabled at the August 2004 board meeting.) Director Davison moved and Director Jasper seconded the motion that the Board of Directors adopt the resolution allocating adjusted 2003 margins to retail and wholesale customers of the Association as follows:

System Total	Chugach Retail	HEA	MEA	SES
\$5,168,557	\$4,670,463	\$181,261	\$300,239	\$16,593

The motion passed unanimously.

X. NEW BUSINESS

A. Directors' Expenses

Director Cason moved and Director Jasper seconded the motion that directors' expenses be approved as submitted. (Note: Director Cottrell was not present and that his expenses will be approved at the next board meeting.) The motion passed unanimously.

X. DIRECTORS' COMMENTS

Director Cottrell: Not available.

Director Davison: No comment.

Director Jasper: Expressed her appreciation of the excellent work staff does in handing customer complaints and problems. It is a great reflection on Chugach's image.

Director Cason: Congratulations on the continued improvements to Chugach's safety record. Keep up the good work!

Director

Director Birch: Was pleased that the board approved the capital credits allocation so we could move on with other pressing business.

Director Lipscomb: Was pleased to hear of Chairman Boucher's involvement in filming a new safety commercial for Chugach. He was sorry to hear about the outage at the airport and stressed the importance of our maintaining great reliability and the increased maintenance work we perform throughout the summer months.

Chairman Boucher: Was pleased with the strategic planning meeting the board and CEO Griffith had last week. He expressed his desire to continue to hold such events on a more regular basis.

XI. EXECUTIVE SESSION

None

XII. ADJOURNMENT

The meeting adjourned at 5:00 p.m.

Patricia Jasper, Secretary
Date Approved: October 20, 2004

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