

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

October 17, 2007

BOARD OF DIRECTORS'
MEETING MINUTES

The following board members were present:

Elizabeth Vazquez – Chair
Uwe Kalenka – Vice Chairman
Alex Gimarc – Secretary
PJ Hill – Treasurer (*arrived at 4:04 p.m.*)
Jim Nordlund – Director
Jeff Lipscomb – Director
Rebecca Logan – Director (*joined @ 8:25 p.m.*)

The following employees, members, and guests attended:

Bill Stewart	Carol Heyman	Kenni Simons
Kurt Autor, REC	Crystal Enkvist (APA)	Sean Skaling (REC)
Bill Bernier	Ed Jenkin	David Smith
Patty Bogan	Carol Johnson	Phil Steyer
Lorali Carter (MEA)	Gloria Lafferty	Mary Tesch
Mike Cunningham	Mary Ann Pease	Lee Thibert
Laura Davis	Robert Pool	Ken Thomas
Don Edwards (Dorsey & Whitney)	Jackie Poston (REC)	Thomas Van Flein (Clapp, Peterson)
Bradley Evans	Paul Risse	Ron Vecera
Rick Freymiller	John Royce	Gary Zipkin (G&R)
Suzanne Gibson	Jean Sauget	Divina Portades

DeAnna Scott, Executive Assistant, recorded meeting proceedings.

I. CONVENE MEETING

Chair Vazquez called the regular meeting of the Board of Directors' to order at 4:00 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

At 4:04 p.m., Director Kalenka 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) Labor Negotiation Update; 2) Rate Case Update; 3) Gas Negotiations. The motion to go into Executive Session passed unanimously.

Director Hill arrived at 4:04 p.m.

The Board came out of Executive Session at 5:09 p.m. and the Regular Board Meeting reconvened at 5:17 p.m. and Director Hill was not present.

IV. APPROVAL OF AGENDA

Director Kalenka moved and Director Gimarc seconded the motion to approve the agenda. Director Lipscomb asked for clarification on which agenda the Board was approving. Chair Vazquez went into detail as to the agenda the Board was approving. Director Lipscomb requested further clarification on the items listed under XI. New Business. Chair Vazquez went through the agenda items under New Business. Director Lipscomb moved to amend the agenda to include 2007 Budget Revisions, Update on Operating Policy on Operating Policies. Chair Vazquez interjected to Director Lipscomb and stated that it was very short notice and stated the agenda was posted since October 10th and if he wanted additional items to be added to the agenda it could have been accommodated in a timely manner. Chair Vazquez further stated that the agenda is jam-packed and the request could not be considered. Chair Vazquez called for the vote with Chair Vazquez, Directors Kalenka, Gimarc, and Nordlund voting yes. Director Lipscomb abstained. The motion passed.

V. CONSENT AGENDA

A. Board Calendar

- November 15, 2007 – Board Workshop and Special Board Meeting
- Director Nordlund will be out town on November 14 and will attend telephonically for the November 14 and 15th meetings.
- November 26 and 27 Alaska Energy Authority Technical Conference
- January 2, 2007 - Finance and Operations Committee Meetings will be moved to January 8, 2007.

B. Minutes – September 19, 2007 and September 2007

Director Kalenka stated that he had objections to the September 19 and September 26 meeting minutes. He stated that he read them and compared them with the tape that was posted on the Internet and found some gross deficiencies in the Directors' Comments and found that whole sentences have been deleted and that needs to be corrected. This item was removed from the Consent Agenda and will be addressed at the next Board meeting.

C. Directors' Expenses

Director Lipscomb had questions on expenses submitted requesting reimbursement for expenses not paid for the August 22, 2007, Special Board Meeting. Chair Vazquez stated that Ms. Owens reviewed the attendance of each Director and the expenses for Director Christopherson and Gimarc were inadvertently omitted.

Director Kalenka moved and Director Gimarc seconded the Consent Agenda, as amended. The motion passed unanimously.

VI. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

Member Allen Johnson addressed the Board and shared with them the radio commentary he had heard regarding developments of capturing geothermal energy from Mt. Spurr and wanted to know where Chugach stood on the issue. He was concerned that the activities that are going on, he didn't want Chugach to be restricted from moving into that field.

VII. CEO REPORT

- Ken Thomas, Manager, Safety Manager and Industrial Hygiene presented the 3rd Quarter Safety Report.
- CEO Stewart reported that Chugach kicked off its United Way Campaign on October 5, 2007. The goal for this year is \$68,875.
- CEO Stewart reported on the BOMA Utility Panel he was part of on October 12, 2007.
- CEO Stewart reported that the Navigant Phase I Report has been moved from October 15 to October 29, 2007.
- CEO Stewart reported on the LEEP kick-off that was held on October 3rd where over 100 energy guides were given away. He also reported that Chugach is currently working with the Green Star Committee on a workshop with Michael Lake the week of December 10th. Also on November 14th, Chugach will be co-hosting a web conference in the Training Room on retail lighting with the Illuminating Engineering Society of Alaska.
- CEO Stewart reported that on October 2nd, Golden Valley Electric Association announced they had hired a new CEO by the name of Brian Newton to replace Steven Haagenson who is retiring from GVEA on November 30, 2007.
- CEO Stewart reported that the Alaska Energy Authority, Alaska Railbelt Electrical Grid meeting will take place on November 26 and 27, 2007 from 8:00 a.m. to 5:00 p.m. at the Sheraton Hotel.

VIII. CORRESPONDENCE

None.

IX. DIRECTORS' REPORT

A. Committee Reports

Finance Committee

No report.

Operations Committee

No report.

B. APA Report

Director Kalenka reported on the APA Strategic Planning Meeting that was held on October 12, 2007. Chair Vazquez also commented that she really enjoyed the meeting.

C. Meeting Reports

None.

D. Blue Ribbon Panel Update

Chair Vazquez reported the Blue Ribbon Panel has been meeting and would probably like to issue a report sometime this week but is not sure. An e-mail will be sent to let the Board know when that will happen.

E. Chugach/ML&P (Phase 1 Study) Update

Chair Vazquez reported on the Chugach/ML&P (Phase 1 Study) stating per comments of CEO Stewart, the report will be released on October 29, 2007. This is in order to provide Navigant Consultants additional time to prepare their Phase 1 Report.

X. UNFINISHED BUSINESS

A. Approval – CoBank Line of Credit

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors approve the attached resolution renewing the line of credit with CoBank. The motion passed unanimously.

B. Renewal of NRUCFC Line of Credit

Director Lipscomb moved and Director Nordlund seconded the motion that the Board of Directors approve the NRUCFC \$50 million, 60-month Revolving Line of Credit Agreement. The motion passed unanimously.

C. Board Policy 106 – Delegations of Authority from the Board of Directors to the CEO

Director Kalenka moved and Director Gimarc seconded the motion that the Board of Directors amend Section II(B)(8) and add new Section II (C)(1)(h) to Board Policy 106, to read as set forth in Attachment 1. Chair Vazquez, Directors Kalenka and Gimarc voting yes; Directors Lipscomb and Nordlund voting no. Motion passed.

The Board recessed at 5:55 p.m. and reconvened at 6:10 p.m.

D. Director Vacancy

Director Kalenka moved and Director Gimarc seconded the motion that item this be tabled this issue until the return of Director Hill. The motion passed unanimously.

This item was address after agenda item XI.E Non-Represented Employees – Salary & Benefits

Director Kalenka moved and Director Gimarc seconded the motion to nominate Rebecca Logan to fill the vacancy on the Board.

Director Nordlund moved and Director Lipscomb seconded the motion to nominate Peg Tleson to fill the vacancy on the Board.

After discussion on the candidates, Chair Vazquez called for the vote. Directors Lipscomb and Nordlund voting for Peg Tleson and Chair Vazquez, Directors Kalenka, Gimarc, and Hill voting for Rebecca Logan. Rebecca Logan is the new Director.

At 8:11 p.m., the Board took 5 minute recess and the meeting reconvened at 8:17 p.m.

At 8:25 p.m., Mr. Zipkin administered the Oath of Office to Rebecca Logan and joined the Board in the Executive Session which reconvened after the Oath of Office was taken.

E. Chugach Electric Association, Inc. vs. Ray Kreig, Stephen Routh and Chugach Consumers, Case No. 3AN-06-13743

Director Kalenka moved and Director Gimarc seconded the motion that the Board ratify the Board Chair's execution of the Settlement Documents in this matter. Chair Vazquez, Directors Kalenka and Gimarc voting yes; Director Nordlund voting no and Director Lipscomb abstained. Motion passed.

XI. NEW BUSINESS

A. Presentation from the Renewal Energy Committee

The Renewable Energy Committee presentations were given to the Board by:

- Kurt Autor reporting for Jan Konigsberg, Committee Chair of the Policy, Planning, and Education Subcommittee;
- Jackie Poston, Renewable Energy Portfolio Pledge Subcommittee;
- Kurt Autor reporting for Fred Valdez, Committee Chair, Renewable Generation Subcommittee; and,
- Sean Skaling, Committee Chair, Energy Efficiency and Conservation Subcommittee.

Director Hill rejoined the meeting at 6:39 p.m.

B. Labor

Director Kalenka moved and Director Gimarc seconded the motion to approve posting the tentative Office and Engineering Personnel Agreement between Chugach Electric Association, Inc. and the International Brotherhood Electrical Workers Local Union 1547 AFL/CIO on the Chugach website an additional 27 days until the next Board meeting on November 14, 2007. The Board will vote on this tentative agreement at the next Board meeting presently scheduled for November 14, 2007.

Director Lipscomb moved and Director Nordlund seconded to amend the motion to read that the Board of Directors' vote to approve the tentative Office and Engineering Personnel Agreement between Chugach Electric Association Inc. and the International Brotherhood of Electrical Workers Local 1547 AFL/CIO as posted to the website on October 10, 2007. *There was not action on this motion.*

After discussion, Chair Vazquez called the question on the main motion with Chair Vazquez, Directors Kalenka, Gimarc, and Hill voting yes; Directors Lipscomb and Nordlund voting no. Motion passed.

C. Interim Rates RCA Filing

Director Kalenka moved and Director Gimarc seconded the motion that the Chugach Board of Directors' ratify the rate filing based on the 2005 Test Year submitted October 9, 2007, to implement permanent rate changes for Chugach Retail, Homer, and SES and interim rate changes for Matanuska. The motion passed unanimously.

Board recessed at 7:39 p.m. Meeting reconvened at 7:47 p.m.

D. Gordon Tans Contract – Approval of Additional Scope of Work

Director Kalenka moved and Director Gimarc seconded the motion that the scope of services for the Professional Services Contract with Perkins Coie, LLP (Gordon Tans) be as follows:

The Firm shall serve as legal counsel to Chugach, reporting directly to the Chugach Board of Directors' (Board), and shall provide legal services to the Chugach Board of Directors', including the review of existing and/or proposed policies of the Chugach Board of Directors' relating to records retention and records release and providing professional advice and recommendations to the Board pertaining to the public disclosure of various Chugach records, including records retaining to benchmarking and labor analyses, and various other reports or studies, such as the Blue Ribbon Panel report and the Chugach/Municipal Light & Power studies/reports on the possible reorganization or merger of the two utilities, and providing professional advice and recommendations to the Board relating to Board compliance with Alaska Statue 10.25.175. Chair Vazquez, Directors Hill, Gimarc, and Kalenka voting yes; Director Lipscomb and Nordlund voting no. Motion passed.

E. Non-Represented Employees – Salary & Benefits

Chair Vazquez stated that the Non-Represented Employees – Salary & Benefits that was put into Executive Session. It was her intent to have the Board start thinking about the subject matter but realized our employees would not see this on the agenda. She stated that she wanted to make it clear that we are considering their issues pursuant to a recent e-mail that was received from Ms. Owens. The Operations Committee really needs to take a look at any action and then refer it to the Board. The next Operations Committee will happen in November and the next Regular Board meeting will be held the following week. Ms. Tesch has been asked to provide the Board with additional information that will be considered at the Executive Session later on this evening.

XII. DIRECTOR COMMENTS

Director Hill: No comment.

Director Lipscomb: Yes, I'd like to thank Bill and Staff for the safety presentation and encourage our continued emphasis on safety. Thank you.

Director Nordlund: No comment.

Director Gimarc: Madam Chairman, regarding the settlement of Chugach vs. Ray Kreig, Stephen Routh and Chugach Consumers. The settlement puts to bed one of the sorriest, most embarrassing episode in recent years. Everybody involved in bring this action on should be ashamed of themselves. We as an Association have managed to spend almost \$100,000 to get even with a former Director who took exception to the labor contract. Getting even via lawsuits is not in the best interest of this Association, this Board or its legal staff even though it makes you feel good temporary. We ought to insure that this never again happens. So, thank you.

Director Kalenka: Madam Chair, I only can echo what Director Gimarc has said and also sorry that this has gone in the history of Chugach here. I would also like to comment on Policy 106. Thank you very much that we finally have done away. I am very grateful that we

are going to have a new Board, a full Board, seven members and that individual can be brought up rapidly on the issues and I am very glad that this Board has also voted to have the labor contract posted on the website to give our members ample time to take a look on it and reflect on it. So, and I would also like to thank you Madam Chair for the tremendous amount of work you have put into this, in spite the sniping from the sidelines sometime from what I perceive as being harassment.

Chair Vazquez: First of all, I want to thank Ms. Connie Owens. She is high energy individual who keeps making sure that things get done and today was a particularly hairy day for her. So, I thank her a lot. I am happy to see that the labor contract will be on the website for about another 27 days in the spirit of transparency. That's a good thing for our members, that a good thing for the Community. With regards to Mr. Gordon Tans, I am pleased that the Board has voted on the motion and that the previous motion is to have a transparency issue expert on board to provide us with the proper legal advise of when we should disclose and when we should not disclose, again, in the spirit of transparency. Mr. Thibert, I am sorry that Mr. Stewart had to catch a plane but I was very, very pleased and I know others, for sure, are very pleased that you aggressively filed the motion for the interim rates. So please, pass on to that and the hectic hours of today, perhaps I didn't make that clear to him. And I thank everyone who pulled to get those figures to use to give us a picture of what the budgetary impacts was going to be in regard to that particular filing. So, I was very, very pleased to see that. And, the speed in which it was done, so, that's all I have to say tonight. Again, Ms. Owens, thank you very much for your hard work. I know it's been a trying day. Director Hill stated that he wanted to echo about the interim rates and thought that we ought to aggressively pursue that and really develop a process whereby we don't let this go for so long because it really, really basically plays on the gamesmanship and it costs us money because we can't get it back retroactively and its taken a big chunk out of our margins over the long haul. Chair Vazquez continued, Mr. Zipkin, thank you for your quick answers today, you helped every move along and I really appreciate how quickly you were able to respond. And that's all I have.

XIII. EXECUTIVE SESSION

At 8:22 p.m. Director Kalenka 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) Tiquin Negotiations; 2) Wage and Salary Non-Representative Employees Discussion 3) New Generation Discussion; 4) Chugach/ML&P Phase I Study and 5) 3PA-06-1591 MEA v. Chugach (Palmer II) – Calendaring Order. The motion to go into Executive Session passed unanimously.

XIV. ADJOURNMENT

Director Kalenka moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 10:37 p.m.

Alex Gimarc, Secretary

Date Approved: November 14, 2007