

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

October 19, 2005

BOARD OF DIRECTORS'
MEETING MINUTES

A regular meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 4:02 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

The following board members were present:

Alan Christopherson - Chairman
David Cottrell – Secretary
Elizabeth Vazquez – Treasurer
Bruce Davison – Director
Uwe Kalenka – Director
Ray Kreig– Director
Jeff Lipscomb – Director

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The following employees, members, and guests attended:

Bill Stewart	Mike Cunningham	Lee Thibert
Carol Johnson	Brad Evans	Rick Freymiller
John Cooley	Brian Hickey	Bill Bernier
Ed Jenkin	Paul Risse	Monica Lewis
Sue Pope	Jeff Vroman	Carl Harmon
Greg Arthur	Dan Knecht	Carol Heyman
Teresa Kurka	Mangala Chaobal	Ron Vecera
Ken Thomas	Jean Sauget	Gary Johnson
Connie Owens	Pat Jasper	Crystal Enkvist, APA
Meera Kohler, AVEC	Kate Giard, RCA	Jim Patras, HEA
Jim Posey, ML&P		

Paula Neas-Arnold, Executive Assistant, recorded meeting proceedings.

Chairman Christopherson led the Board and audience in the Pledge of Allegiance.

I. EXECUTIVE SESSION

None.

II. APPROVAL OF AGENDA

Director Kreig moved and Director Kalenka seconded the motion to waive the seven (7) day rule amending the Agenda to add a Joint Action Agency Policy discussion at IX.E. The motion passed unanimously.

Director Kreig moved and Director Vazquez seconded the motion to approve the amended agenda. The motion passed unanimously.

III. APPROVAL OF CONSENT AGENDA

Director Kreig moved and Director Vazquez seconded the motion to approve the Consent Agenda.

A. Calendar of Events (October 2005 – September 2006)

The December 14, 2005, Board meeting was moved to December 7, 2005, following the Operations Committee meeting.

B. Minutes (September 21, 2005)

Director Vazquez moved and Director Kalenka seconded the motion to delete Director Lipscomb's verbatim statement in the September 21, 2005, minutes starting from the last paragraph page 2 through page 6.

Directors Vazquez, Kreig, Kalenka, and Christopherson voted in favor of removing the statement from the minutes and Directors Davison, Cottrell and Lipscomb voted against.

Director Kreig moved and Director Vazquez second the motion to accept the Consent Agenda as amended. Directors Kreig, Kalenka, Christopherson, and Vazquez voted in favor of the amended Consent Agenda. Directors Lipscomb and Davison voted against. Director Cottrell abstained.

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IV. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

Meera Kohler, Director for Alaska Power Association (APA) and President of Alaska Village Electric Cooperative, gave an update on changes that APA has been working on and responded to questions from the Board.

Kate Giard, Chair of the Regulatory Commission of Alaska (RCA), reported on some organizational changes the RCA had been going through over the past year and responded to questions. Bill Stewart, Interim Chief Executive Officer, and Ms. Giard explained how Chugach and the REA had been working together for the past year to create smoother working processes that will benefit both organizations. Full implementation of those processes is scheduled for July 2006.

V. CEO Report

1. Meter Reading Presentation by Jeff Vroman, Manager, Meter Reading & Field Support.
2. Third Quarter Safety Report presentation by Ken Thomas, Manager, Safety.

3. Bill Stewart, Interim Chief Executive Officer, announced flu shots would be available to Chugach employees and the Board of Directors. On November 3, 2005, the flu shots will be available at Operations building and on November 15-16, 2005, they will be available at the headquarters building training room.
4. Bill Stewart, Interim Chief Executive Officer, reported that after the first Permanent Fund payments were issued, \$328,000 was collected in revenues from members.
5. Bill Stewart, Interim Chief Executive Officer, reported that on October 7, 2005, the Railbelt CFO Study group was restarted. The next meeting will be scheduled after Don Zoerb's testimony in the on-going Depreciation hearings.
6. The Anchorage Chamber of Commerce awarded Chugach Electric Association, Inc., a plaque for placing eighth as a 2005 Top 49 Business as reported by the Alaska Business Monthly magazine.

VI. CORRESPONDENCE
Director Christopherson
 None.

VII. DIRECTORS' REPORTS

A. Committee Reports

Director Kreig reported on the Municipal Light and Power, (ML&P) Commission meeting held on October 19, 2005, at ML&P. Director Kreig noted that Jim Posey, General Manager, ML&P, stated it was out of the ordinary for a municipal utility to be regulated by a state regulatory agency such as the RCA; however, it works well in Alaska. Elmendorf Air Force Base came on-line for ML&P.

Director Kalenka reported on the Matanuska Electric Association, Inc. (MEA), October 10, 2005, board meeting. Mr. John Alexander is the new director on their Board.

B. APA Report

Director Cottrell reported the Alaska Power Association (APA) Audit Committee met on October 12, 2005. The 2004 audit has been completed. CFO Keith Day has resigned from APA effective November 15, 2005, and APA is looking to fill this position.

Chugach has been invited by ML&P to assist in sponsoring APA's annual meeting next August in Girdwood.

The billing of Chugach's annual dues to APA had been held until completion of the 2004 Audit. The audit results and management letter were distributed for comment to committee members.

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C. Meeting Report

Director Vazquez reported on the Finance Committee meeting held September 28, 2005. Topics discussed were the KPMG settlement discussion, the Business Plan and financial planning targets for 2006, the 2006 Operating and Capital Budget format, net plant allocators and the CoBank line of credit extension.

VIII. UNFINISHED BUSINESS

None

IX. NEW BUSINESS

A. Financial Management Plan Targets

Director Cottrell moved and Director Kalenka seconded the motion to approve the 2006 Financial Management Planning Targets as presented. The motion passed unanimously.

B. CoBank Line of Credit

Director Cottrell moved and Director Lipscomb seconded the motion to approve the resolution renewing the CoBank line of credit. The motion passed unanimously.

C. Resolution in Support of Distribution of Railbelt Energy Funds

Director Kreig moved and Director Kalenka seconded the motion to approve the resolution supporting the distribution of Railbelt Energy Funds. The motion passed unanimously with Director Lipscomb voting against.

D. Director's Expenses

Director Cottrell moved and Director Kalenka seconded the motion to approve the directors' expenses as submitted. The motion passed unanimously.

E. Joint Action Agency (JAA) Policy Discussion

Director Cottrell moved and Director Kreig seconded the motion that the Joint Action Agency (JAA) meetings be required to operate under the open meetings policy as discussed by the Board. The motion passed unanimously.

Director Cottrell moved and Director Kreig seconded the motion to replace former CEO, Joe Griffith, with Bill Stewart, Interim Chief Executive Officer, as the Chugach Electric Association, Inc., JAA alternate member. The motion passed unanimously.

X. DIRECTORS' COMMENTS

Director Kreig: None

Director Cottrell: None

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Director Kalenka: Stated he would like to echo Director Kreig's support of the open meetings policy for the JAA.

Director Vazquez: Would like to thank Bill Stewart, Interim Chief Executive Officer, for the \$16,000 savings on CoBank line of credit renewal. She would also like to thank staff for their cooperation in working with the RCA on regulatory reforms.

Director Lipscomb: "Today, the Chair and the rest of Board have voted to delete from the minutes the Director's comments, rebuttal, and allegations made against that Director as Chair in the prior meeting. The record will now reflect that Director Lipscomb had no response to the motion to remove him as Chair, which is clearly not the case." He stated he would like to voice his strong disagreement with deletion of his requested verbatim comments from previous meeting minutes.

Director Davison: Director Davison is also distressed at the action taken by the Board with respect to the removal of certain portions of minutes. In his view, it is nothing more than retroactive censorship and filtering of the minutes to get rid of some embarrassing facts. The membership is entitled to know what was going on. There were some serious charges directed against Director Lipscomb and he should have been able to rebut them as he did. He does not agree with deletion of Director Lipscomb's comments from meeting minutes.

Chairman Christopherson: Does not agree there is "filtering" by the deletion of Director Lipscomb's comments from previous meeting. "If those comments had been made available beforehand, it would have been a more fruitful discussion. The topics are available on tape so they are on record and the Board is within its rights to reorganize as it wishes, that is the prerogative of the Board." There is no co-chairperson of the Board of Directors at this time.

XI. EXECUTIVE SESSION

At 6:15 p.m. Director Kreig moved and Director Cottrell seconded the motion that pursuant to Alaska Statute 10.25.175C(1)(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 3) matters discussed with an attorney for the cooperative the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The topics to be discussed in executive session are: Beluga Environmental Presentation and CEO Search.

XII. ADJOURNMENT

The meeting adjourned at 8:43 p.m.

David Cottrell, Secretary
Date Approved: November 16, 2005