

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**October 22, 2008**

**BOARD OF DIRECTORS'**  
**MEETING MINUTES**

The following board members were present:

Rebecca Logan – Chair  
Jim Nordlund – Vice Chairman  
Alex Gimarc – Secretary  
PJ Hill – Treasurer  
Jeff Lipscomb – Director  
Janet Reiser – Director  
Elizabeth Vazquez – Director (arrived at 5:01 p.m.)

The following employees, members, and guests attended:

Brad Evans	Mike Cunningham	Lee Thibert
Paul Risse	Phil Steyer	Ed Jenkin
Dave Smith	Carol Johnson	Dwight Dial
Patti Bogan	Bill Bernier	Ken Thomas
Rick Freymiller	Arthur Miller	Dora Gropp
Connie Owens	Carol Heyman	Tyler Andrews
Laurel Brouillette Rivas	John Royce	Kim Hankins
Mike Mergen	Ron Vecera	Divina Portades
Suzanne Gibson	Denise Elsenbast	Jackie Purcell (KTUU)
Bruce Scott (MEA)	Marilyn Leland (APA)	Jim Posey (ML&P)
Madison Domitrovich	Mindi Domitrovich	Jen Mannhardt
Jess Mannhardt	Christina Mannhardt	Will Miller
Morgan Brouillette	Brody Vecera	Allegra Mergen

Jennifer McDonald, Legal Secretary, recorded the meeting proceedings.

**I. CONVENE MEETING**

Chair Logan called the regular meeting of the Board of Directors to order at 4:02 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.

**A. Presentation of Safety Calendar Awards**

Chair Logan and Jackie Purcell presented the Safety Calendar Contest awards. The winners were as follows:

**Front Cover:** Madison Domitrovich, daughter of Patrick Domitrovich.

**Back Cover:** Faith Carroll, daughter of Cona and Pete Carroll.

**Six Years & Under:**

4<sup>th</sup> place: Naomi Royce, daughter of John Royce.

3<sup>th</sup> place: Spencer Royce, son of John Royce.

2<sup>nd</sup> place: Lilly Collins, daughter of Heath Johnson.

1<sup>st</sup> place: Logan Chivers, grandson of Toril Bilet.

**Seven to Nine Years:**

4<sup>th</sup> place: Elliott Grahn, nephew of Kim Hankins.

3<sup>rd</sup> place: Dakota Simons, son of Kenni Simons.

2<sup>nd</sup> place: Brody Vecera, son of Ron Vecera.

1<sup>st</sup> place: Allegra Mergen, daughter of Michael Mergen.

**Ten to Thirteen Years:**

4<sup>th</sup> place: Emily Grahn, niece of Kim Hankins.

3<sup>rd</sup> place: Will Miller, son of Arthur Miller.

2<sup>nd</sup> place: Morgan Brouillette, daughter of Laurel Brouillette Rivas.

1<sup>st</sup> place: Christina Mannhardt, niece of Denise Elsenbast.

Jackie Purcell congratulated all the kids that participated in the Safety Calendar Contest.

**III. EXECUTIVE SESSION**

None.

**IV. APPROVAL OF AGENDA**

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

Director Lipscomb moved and Director Reiser seconded the motion to amend the agenda to add an item under New Business XI.D. Appointment of Representative to the SCAPP Participation Committee. The motion to approve the agenda, as amended, passed unanimously.

**V. CONSENT AGENDA**

**A. Board Calendar**

Director Logan added an Executive Session after the October 29 Finance Committee to discuss the Budget and move the November Board meeting from November 18 to November 20.

**B. Minutes – September 24, 2008 and October 8, 2008**

**C. Director Expenses**

There was no opposition to the Consent Agenda.

**VI. PERSONS TO BE HEARD**

**A. Wholesale Customer Comments**

None.

**B. Member Comments**

None.

**VII. CEO REPORT**

**A. 3<sup>rd</sup> Quarter Safety Report**

Ken Thomas, Manager, Safety & Industrial Hygiene, gave a presentation on the 3<sup>rd</sup> Quarter Safety Report and he and staff answered questions from the Board.

**B. Power Outage Update**

Ed Jenkin, Vice President, Power Delivery, gave an update on the Power Outage and he and staff answered questions from the Board.

**C. Unit 7 and 8 Outage**

Paul Risse, Senior Vice President, Power Supply, gave an update on the Unit 7 and 8 Outage and gave two separate presentations detailing each of the major overhauls. Mr. Risse answered questions from the Board.

*Director Vazquez arrived at 5:01 p.m.*

**VIII. CORRESPONDENCE**

None.

**IX. DIRECTOR REPORTS**

**A. Committee Reports**

None.

**B. APA Report**

None.

**C. Meeting Reports**

Director Reiser reported that the Renewable Energy Committee met on October 21, which she did not attend, and two weeks prior to that and the Committee had a good discussion regarding definition and discussed when looking at renewable, sustainable or traditional types of energy what all should be included in a cost analysis.

Director Logan reported that she met with Senator Murkowski and Senator Kay Bailey Hutchison and they discussed pertinent issues for Chugach.

Director Logan reported that she met with the Railbelt Utility Chairman, Steve Haagenon, Joe Balash and the Lt. Governor. Homer, Golden Valley and ML&P

also participated. There was a lot of forthright discussion relating to the REGA study. Director Logan stated that Steve Haagenson, Joe Balash and the Lt. Governor stated that prior to the next legislative session the Railbelt utilities must work together to come up with a joint vision. In addition, it was discussed that it would be very valuable for all the Railbelt utilities to coordinate their legislative agendas and at some point in December the utilities would have a joint legislative work session to identify common ground – things that the utilities together could pursue in Juneau.

## **X. UNFINISHED BUSINESS**

None.

## **XI. NEW BUSINESS**

### **A. Approve CoBank Line of Credit Renewal**

Director Lipscomb moved and Director Nordlund seconded the motion that the Board of Directors approve the extension of the existing \$7.5 million line of credit with CoBank up to and including October 31, 2009. The motion passed unanimously.

### **B. Approve Identity Theft Prevention Program (Red Flag Rule)**

Director Nordlund moved and Director Reiser seconded the motion that the Board of Directors adopt Board Policy 133, Identity Theft Prevention Program. Director Gimarc asked that monthly progress be included in the CEO Monthly Report. The motion passed unanimously.

### **C. Approve Contract with Kirkpatrick & Lockhart Preston Gates Ellis LLP**

Director Nordlund moved and Director Lipscomb seconded the motion that the Board of Directors approve the attached contract and task order with Louanne Cutler with Kirkpatrick & Lockhart, Preston, Gates, Ellis, LLP. The Board Chair shall oversee the assignments and execution of legal tasks performed by counsel. The motion passed unanimously.

### **D. Chugach Representative to the SCAPP Participation Committee**

Director Lipscomb moved and Director Gimarc seconded the motion to waive the 7-day rule so the Board may discuss Chugach's representative to the SCAPP Participation Committee. The motion passed unanimously.

Director Lipscomb moved and Director Gimarc seconded the motion to extend Brad Evans as Chugach Electric Association representative to the SCAPP Participation Committee and Lee Thibert as the alternate to that Committee until November 30, 2008. The motion passed unanimously.

## **XII. DIRECTOR COMMENTS**

**Director Hill:** "No comment."

**Director Lipscomb:** “I share Director Reiser’s comments and I’m sure the rest of the Board’s comments on a job well done for a very extenuating circumstance regarding the wind power outage. I was a chicken – I woke up and had a tree on my house and two others down my yard but the lights were on so I left town. But that was due to confidence I had that the power would come back on and I wouldn’t have any frozen pipes and it did. So, anyway, a job well done – thanks everybody for doing it safely. It was trying circumstances. With regards to the overhauls – it’s good to see that the extension program is working. I would note that this is the first for Alstom but not for GE. GE is much further ahead in *unintelligible* extension on this but it’s good to see that Alstom is working with us and we’ve had good results. That’s a very plus thing. It’s a big, heavy, intricate mechanical equipment that works in thousandths and ten-thousandths of an inch clearances. Thanks to everybody and good job.”

**Director Reiser:** “Well, Jeff just pretty much echoed what I had to say so I get to echo him and I, again – Paul *unintelligible* a very good job and I appreciate all the work you’ve done and it’s exciting.”

**Director Vazquez:** “No comment.”

**Director Gimarc:** “No comment.”

**Director Nordlund:** “I’m going to echo what the previous two directors said. Both, first of all on the October wind storm – I’m in favor of wind power but not that much. Great job. I have a house out in Bear Valley and the power was out and thanks for saving me *unintelligible* I appreciate that. But 100 mph winds I’ve witnessed them up there before and I know the devastation so I can imagine how much work it was to clean up after that mess and it seems like a great response and what we did there. And on Beluga Unit 8 – thanks Paul for the presentation – that was also – staff did a great job on that. I calculate 38% on our budget at \$4.8 million and ahead of schedule – can’t beat that. Unit 8 not quite as – did I say 7 – I meant 7 – Unit 8 not quite as good but these things are obviously difficult to predict. I don’t know how you can do an estimate on something as complicated as that but your estimates have been good and it looks like we’re a little over budget on Unit 8. The sum of the two you’re going to come in - it looks like - under budget so that’s great. Congratulations.”

**Chair Logan:** “I’d just like to say I was very proud to be the person representing Chugach at the Utility Chairman’s meeting today when Steve Haagenson and Joe Balash made several references to quality of the staff that we have here. Steve Haagenson told everybody in the group, including the Lt. Governor, a story about a presentation that Suzanne Gibson made at the RCA and how he thought that was probably one of the best presentations that he’s seen and that her explanations of some of the issues – the clearest explanations – so that was very good to hear that. Several references were to the work that Lee and Brad were doing on the Chugach and ML&P merger. Just an overall recognition from the government there that Chugach is really working hard to address the issues and doing a good job. So it was very, very proud to be the person representing Chugach.”

### **XIII. EXECUTIVE SESSION**

Director Nordlund moved and Director Lipscomb seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) the Board go into executive session to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The matters to be discussed are: 1) Board Budget Discussion – a) Membership in Outside Organizations, b) Financial Impacts on Current Labor Contracts; 2) Update on Replacement Generation; 3) Update on Utility Restructuring; 4) Update on Strategic Plan; and 5) Meeting Update from the Chairman. The motion passed unanimously.

The Board paused for a break at 5:22 p.m. and went into executive session at 5:34 p.m.

*Chair Logan left during the executive session at 7:05 p.m.*

The Board resumed in open session at 7:54 p.m.

#### **XIV. ADJOURNMENT**

Director Hill moved and Director Reiser seconded the motion to adjourn. The meeting adjourned at 7:55 p.m.

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Alex Gimarc, Secretary  
Date Approved: December 18, 2008