

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

December 10, 2003

Committee Member Attendees: Jeff Lipscomb, Chair
Dave Cottrell
Sam Cason
Red Boucher (teleconferenced)

Other Directors in attendance: Pat Jasper (teleconferenced)
Chris Birch
Bruce Davison

Guests: Jim Walker, Matanuska Electric Association, Inc.
Kathy Porterfield, KPMG
Dan Kennedy, Financial Advisor

Staff in Attendance:

Bill Stewart	Lee Thibert	Ron Vecera	Jody Wolfe	Mike Cunningham
Sherri McKay	Kathy Harris	Mike Massin	John Cooley	Arthur Miller
Katrina Storjohann	Brad Evans	Dave Smith	Mary Tesch	Rick Freymiller
Bill Bernier	Dianne Hillemeier	Mary Tesch	Don Edwards	Carol Johnson

Recording Secretary: Connie Owens, Executive Assistant

I. Call To Order

Chairman Lipscomb called the Finance Committee meeting to order at 4:00 p.m. in the Board Room of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

II. Approval of Agenda

Director Cason moved and Director Cottrell seconded the motion to approve the agenda. Motion passed unanimously.

III. Approval of the Minutes

Director Cottrell moved and Director Cason seconded the motion to approve the minutes of November 5, November 6, and November 12, 2003.

November 5, 2003 – No Changes.

November 6, 2003 - Director Cason moved and Director Cottrell seconded the motion to correct page two paragraph six to read “*Jeff asked if there were any comments from wholesale customers; Jim Walker of MEA stated MEA would not be extending current power supply contracts with Chugach and they had sent a letter to Chugach earlier in the day declaring they were in the preliminary stages of starting to build their own generation and wanted us to know that they are willing to work with Chugach to develop a power requirements study.*” The motion to amend the paragraph as stated above passed unanimously.

November 12, 2003 – No Changes.

IV. Customer Comments

- a. Wholesale Customer Comments – None
- b. Retail Customer Comments – None

V. 3rd Quarter KPMG Review Report

Kathy Porterfield reviewed the third quarter review report and responded to questions.

Director Cason moved and Director Cottrell seconded the motion to move agenda item **VIII. *Deferred Debits*** to follow agenda item **V. 3rd Quarter KPMG Review Report**. Motion passed unanimously.

VIII. Deferred Debits

Kathy Harris, Manager, Plant Accounting, presented the quarterly review of Deferred Debits and responded to questions from the Committee.

VI. Rate Case Update

Arthur Miller reviewed the latest developments in the 2000 Test Year Rate Case.

VII. Financial Management Plan

Mike Cunningham, Chief Financial Officer, stated staff is working on a three-part management plan encompassing total financial management while considering operation requirements. Staff hopes to provide a plan to manage financial issues over the planning horizon. The Financial Management Plan will include the 2004-2008 Business Plan, an Equity Management Plan, and a Debt Management Plan. There are several important issues facing Chugach in future years and need to be addressed. Mike stated he expected the plan to be completed and presented to the Board by the end of the first quarter.

IX. Depreciation Study Update

Kathy Harris, Manager, Plant Accounting, presented an update on the Depreciation Study.

X. Board Policy 126 Review

Chairman Lipscomb stated the Operations Committee had reviewed Board Policy 126 on December 3, 2003. Additional changes were made to pages two and three for the Finance Committee to review. Director Cason moved and Director Cottrell seconded the motion to accept the changes and forward the policy to the Board for approval. Motion passed unanimously.

XI. Executive Session

Move that pursuant to Alaska statute 10.25.175(c)(1), the Board Finance Committee go into executive session to discuss matters relating to AFUDC/IDC and to discuss strategic planning issues, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative.

The Committee went into executive session at 5:30 p.m. They reconvened at 6:50 p.m.

XII. General Comment & Correspondence

- a. Statement on Audit Standards (SAS) No. 99 Consideration of Fraud in a Financial Statement Audit
- b. Financial Expert – Ad placed in the paper
- c. Sarbanes Oxley 404 – Internal Controls
- d. SFAS 150 – Letter from KPMG

XIII. Adjourn

Director Cason moved and Director Boucher seconded the motion to adjourn at 6:52 p.m. Motion passed unanimously.