

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

April 8, 2009

ACTION REQUIRED

AGENDA ITEM NO. VII.

<u> </u>	Information Only
<u> X </u>	Motion
<u> </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

Second quarter 2009, authorization to issue commercial paper for: capital expansion, new generation requirements, and operational needs in lieu of using higher priced line of credit sources to a maximum total of \$75 million.

DISCUSSION

Board Policy 126 requires board authorization to issue commercial paper for financing purposes. On November 20, 2008, the Board of Directors authorized issuance of \$50 million of commercial paper, as necessary, to cover bond redemption refinancing and power generation construction costs through the first quarter of 2009. As of March 31, 2009, total commercial paper outstanding was \$45.5 million with additional costs projected to create an increase approaching the approved first quarter limit of \$50 million.

Chugach also anticipates making equipment, land, and other construction related expenditures for the new power generation facility it is constructing in concert with Anchorage Municipal Light and Power (AML&P) in the second quarter of 2009. These expenditures are forecasted not to exceed \$25 million.

Management is requesting board authorization to issue up to \$25 million of additional commercial paper as necessary during the second quarter of 2009 for capital expansion, new generation requirements, and operational needs in lieu of using higher priced line of credit sources. Current commercial paper interest rates, for short maturities (one – two weeks) are in the .6% range. Line of credit borrowing rates with CoBank and NRUCFC are 2.31% and 5.25% respectively.

MOTION

Move the Finance Committee recommend the Board of Directors authorize the issuance of an additional \$25 million of commercial paper as necessary to cover capital expansion, new generation requirements, and operational needs in lieu of using higher priced line of credit sources to a maximum total of \$75 million outstanding at the end of second quarter 2009.