

# DRAFT

CHUGACH ELECTRIC ASSOCIATION, INC.  
Anchorage, Alaska

## FINANCE COMMITTEE MEETING MINUTES

March 28, 2007

Committee Members in Attendance: David Cottrell, Chair  
Jim Nordlund  
Elizabeth Vazquez  
Uwe Kalenka

Other Directors Present: Jeff Lipscomb  
Alan Christopherson

Guests in Attendance: Jim Walker (MEA)  
Loralie Carter (MEA)  
Jim Patras (HEA)  
David Vozka (member)  
Alex Gimarc (member)  
Don Edwards (Dorsey & Whitney)

### Staff in Attendance:

Bill Stewart	Lee Thibert	Mike Cunningham	Brad Evans
Connie Owens	Carol Johnson	Mary Tesch	Dave Smith
Burke Wick	John Cooley	Bill Bernier	Phil Steyer
Sherri McKay-Highers	Ron Vecera	Amber Van Treeck	Suzanne Gibson
Jody Wolfe	Patti Bogan	Margaret Hansell	Jean Sauget

Recording Secretary: Jennifer McDonald, Legal Secretary

### **I. Call to Order**

Chair Cottrell called the Finance Committee to order at 4:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

### **II. Approval of Agenda**

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

### **III. Approval of Minutes**

#### *a. February 27, 2007*

Chair Cottrell stated that under Agenda Item I the minutes were changed to reflect that the Committee met in the boardroom and not the training room. Director Nordlund moved and Director Vazquez seconded the motion to approve the February 27, 2007 minutes, as amended. The motion passed unanimously.

### **IV. Customer Comments**

#### *a. Wholesale Customer Comments* None.

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b. *Retail Customer Comments*

David Vozka stated that he spoke at the last Board of Director's meeting and it was suggested that he return and address the Finance Committee. Mr. Vozka stated that his issue revolves around the cost borne by the customers in terms of how the membership pays their bills and stated he used data that was provided by Chugach. There are 71,550 members of which 34.9% pay by the cheapest method which is by check. All the other members that pay by other means are being subsidized by those who pay by the most economical rate in terms of how much it costs Chugach to process the payment. The literature published by Chugach encourages members to pay by AutoPay which is a more expensive method than by paying by check. Mr. Vozka would like Chugach to encourage incentives to those members who change to a less expensive payment method or provide rewards to those members who do pay in the most reasonable and economical fashion by either giving away free light bulbs, offering rebates on their bill, etc., because they are saving the membership money by paying by the most reasonable means.

**V. February Unbundled Financial Statements**

Jody Wolfe, Controller, gave a presentation on the February Unbundled Financial Statements.

**VI. Credit Card Payments – Discussion and Recommendation**

Chair Cottrell stated that management's recommendation is to continue accepting and paying for the cost of credit cards and that \$500,000 per year is a relatively small expense for the level of member satisfaction that it provides. Bill Stewart, CEO, stated that a customer survey will be conducted within the next week to 10 days and questions have been added regarding this issue to get feedback from members to get a sense for how the majority of the members feel. When the answers to the survey are compiled then Chugach should move forward with a recommendation.

Director Nordlund stated that he is interested in what the membership thinks as it is a cost versus service argument and stated he is torn between it. Director Nordlund stated that he would like to see the survey questions.

Director Kalenka stated that 6,000 of Chugach's members incur 25% of the cost and it is not proper and needs to be taken care of in some fashion.

Director Vazquez stated that the credit card service should still be provided to Chugach's members but an appropriate fee should also be charged to those using credit cards. Director Vazquez stated it is unfair for the other members to subsidize the cost – \$2.40 versus \$.23 per transaction. Director Vazquez stated that a decision should be made at next month's Finance Committee meeting with a recommendation to the full Board.

Director Christopherson stated that the Finance Committee needs to make a decision as this has been a topic for too long. Director Christopherson stated he would like Chugach to still accept credit cards but have those members paying by credit card pay for the fee.

Chair Cottrell stated that if a member uses a credit card then the member should pay the fee. Chair Cottrell stated that this topic needs to be brought up at each Finance Committee meeting until it is resolved.

**VII. Correspondence**

- a. January Unbundled Financial Statements (Full Set)
- b. February Unbundled Financial Statements (Full Set)
- c. January Variance Report
- d. February Variance Report
- e. 1<sup>st</sup> Quarter Railbelt Electric Bill Comparison

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## VIII. Director Comments

**Director Kalenka:** None.

**Director Nordlund:** None.

**Director Christopherson:** None.

**Director Lipscomb:** None.

**Director Vazquez:** None.

**Chair Cottrell:** None.

## IX. Executive Session

- a. *Rate Case Update*
- b. *New Generation Discussion*
- c. *Labor Update*

At 4:32 p.m. Director Vazquez moved and Director Nordlund seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Finance Committee 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) 2005 TY Rate Case; 2) Strategic Planning (New Generation); and 3) Labor Negotiations. The motion to go into executive session passed unanimously.

The Committee reconvened from executive session at 6:19 p.m.

## X. New Generation Discussion

Director Nordlund moved and Director Cottrell seconded the motion that the Finance Committee recommend to the Board to adopt the build scenario of the 2007-2011 Financial Management Plan.

Director Christopherson stated that it is a good plan and supports it and stated it is time to get serious about this subject.

Director Lipscomb stated that it is a good plan and new generation is justified based on fuel savings.

Director Nordlund stated that the plan is justified based on fuel savings and based on the fact that Chugach has aging generation facilities that need to be replaced.

Director Kalenka stated that he thinks the plan is premature, the situation needs to be analyzed more before a decision is made and there is more information out there that Chugach needs to look at.

Chair Cottrell stated that he supports the motion as Chugach needs to look to the future and it is time that Chugach replaces its generation. Director Cottrell stated that with new technology and innovations Chugach needs to go to the 21<sup>st</sup> century.

The motion passed with a vote of 2-1 with Chair Cottrell and Director Nordlund voting in favor of the motion and Director Kalenka voting in opposition.

Director Nordlund moved and Director Cottrell seconded the motion to amend the 2007-2011 Capital Improvement Plan to accommodate new generation expenditures.

The motion passed with a vote of 2-1 with Chair Cottrell and Director Nordlund voting in favor of the motion and Director Kalenka voting in opposition.

## XI. Adjourn

Director Nordlund moved and Director Kalenka seconded the motion to adjourn. The meeting adjourned at 6:23 p.m.