

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

**FINANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**May 12, 2010**

**ACTION REQUIRED**

**AGENDA ITEM NO. VII.**

       Information Only  
  X   Motion  
       Resolution  
       Executive Session  
       Other

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**TOPIC**

Third quarter 2010, 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 \$125 million.

**DISCUSSION**

Board Policy 126 requires board authorization to issue commercial paper for financing purposes.

On November 20, 2008, April 22, 2009, and again on October 28, 2009, the Board of Directors authorized issuance of \$100 million in commercial paper, as necessary, to cover bond redemption refinancing and power generation construction costs through the first quarter of 2010. As of April 30, 2010, the total commercial paper outstanding was \$59.0 million. Chugach also anticipates making equipment and other construction related expenditures for the new power generation facility it is constructing in concert with Anchorage Municipal Light and Power (AML&P) through the remainder of the current quarter and in to the third quarter of 2010.

Management is requesting board authorization to issue up to \$25 million of additional commercial paper as necessary during the third quarter of 2010 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 .29% range. The line of credit borrowing rates with NRUCFC is currently 4.95%.

**MOTION**

Move that 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 \$125 million outstanding at the end of third quarter 2010.