

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

September 10, 2003

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

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

Guests: Jim Patras (Homer Electric Association, Inc.)
Dan Kennedy, Chugach Board of Directors Financial Advisor
Mike Pauley (Matanuska Electric Association, Inc.)

Staff in Attendance:

Bill Stewart	Lee Thibert	Ron Vecera	Jody Wolfe	Burke Wick
Sherri McKay	Arthur Miller	Bill Bernier	Kathy Harris	Rick Freymiller
Mike Massin	Don Edwards	John Cooley	Phil Steyer	Katrina Storjohann
Dianne Hillemeier	Carol Johnson	Brad Evans	Joe Griffith (teleconferenced)	
Mike Cunningham	Mary Tesch			

Recording Secretary: Connie Owens, Executive Assistant

I. Call To Order

Chair Lipscomb called the Finance Committee meeting to order at 4:07 p.m. in the Board Room of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

II. Approval of Agenda

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

III. Approval of the Minutes

Director Boucher moved and Director Cason seconded the motion to approve the minutes of August 13, 2003. Motion passed unanimously.

IV. Customer Comments

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

V. Rate Case Update

Arthur Miller, Manager, Rates gave a brief presentation on the primary issues and activities that have occurred in the Rate Case since August 13, 2003 responded to questions from the Committee.

VI. Smaller Retirement Unit (SRU) Accounting Philosophy

Mike Cunningham briefed the Committee on Smaller Retirement Unit Accounting and responded to questions.

VII. Unbundled Financial Statements – Status Report

Mike Cunningham gave a status report on staffs' efforts regarding unbundled financials.

VIII. Accounting Process (Flow Chart)

Katrina Storjohann reviewed the Accounting Process flowchart and responded to questions from the Committee.

Director Cason moved and Director Boucher seconded the motion to have an agenda item added to the October 8, 2003, Finance Committee to discuss AFUDC/IDC Accounting policy and practices. The motion passed unanimously.

IX. Discussion of Operating and Capital Budget Sensitivity Analysis

Mike Cunningham submitted an outline of the sensitivity analysis the Committee requested in regard to the 2004 Operating and Capital Budget. The analysis addressed financial targets, rates, MFI/I and Equity Ratio.

X. General Comments and Discussion

- a. Reschedule Board of Directors Strategic Planning Session – Dianne Hillemeier will poll the board and look for an alternate date.
- b. Fuel Cell Memo – Director Lipscomb requested the back up material on the approval of the fuel cell. Director Cottrell requested the Fuel Cell memo be updated to include what happened from November 2002 to June 2003.
- c. CIP Project Authorization Process – Director Lipscomb requested the CIP Project Authorization Process be added to the October 8, 2003 Finance Committee agenda.
- d. Director Cottrell requested staff look into an internal audit department.

XI. Correspondence/General Information

- a. Audit Engagement Letter
- b. Deferred Debit Summary – Accounting Guidance
- c. Summary of G&T Survey Responses – Update requested at the next meeting.
- d. Defining Issues – September 2003

XII. Executive Session

At 6:00 p.m. Director Cottrell moved and Director Boucher seconded the motion pursuant to Alaska Statute 10.25.175 (C) to go into executive session to discuss financial matters, the immediate knowledge of which would have an adverse effect on the finance of the cooperative. The motion passed unanimously.

The Committee reconvened at 6:10 p.m.

XIII. Adjourn

Director Boucher moved and Director Cottrell seconded the motion to adjourn. The meeting adjourned at 6:15 p.m.