

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

October 14, 2009

ACTION REQUIRED

AGENDA ITEM NO. VIII.

 Information Only
 X **Motion**
 Resolution
 Executive Session
 Other

TOPIC

Fourth 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 \$100 million.

DISCUSSION

Board Policy 126 requires board authorization to issue commercial paper for financing purposes. On November 20, 2008, and again on April 22, 2009, the Board of Directors authorized issuance of \$75 million in commercial paper, as necessary, to cover bond redemption refinancing and power generation construction costs through the second quarter of 2009. As of September 30, 2009, the total commercial paper outstanding was \$55.0 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) in the fourth 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 fourth 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 .27% range. Line of credit borrowing rates with CoBank and NRUCFC are 2.25% and 4.90% 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 \$100 million outstanding at the end of fourth quarter 2009.