

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

October 9, 2002

Committee Member Attendees: Jeff Lipscomb, Chair (teleconferenced)
Dave Cottrell
Bruce Davison
Red Boucher
Sam Cason (arrived at 4:23 p.m.)

Other Board Members In Attendance: Pat Jasper
Chris Birch

Guests: Dan Kennedy

Staff in Attendance: Joe Griffith, General Manager
Bill Stewart, Executive Manager, Administration
Lee Thibert, Executive Manager, Power Delivery
Mike Cunningham, Chief Financial Officer
Brad Evans, Executive Manager, Energy Supply
Carol Johnson, General Counsel
Don Edwards, General Counsel
Rick Freymiller, Manager, Regulatory Affairs
Katrina Storjohann, Manager, Budget
Sherri McKay, Financial Analyst
Ron Vecera, Director, Member Services
Mark Fouts, Manager, Corporate Planning & Analysis
Gina Armstrong, Financial Analyst
Mary Tesch, Director, Human Resources
Mike Massin, Director, Engineering Services Division
Bill Bernier, Director, Line Operations & Maintenance Div.
John Cooley, Manager, Power Control
Kathy Harris, Manager, Plant Accounting

Recording Secretary: Connie Owens, Executive Secretary

- I. Call To Order**
Director Cottrell acting as Chair in place of Chairman Lipscomb called the Finance Committee meeting to order at 4:09 p.m. in the Board Room of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.
- II. Approval of Agenda**
The agenda was approved as presented.
- III. Approval of the Minutes**
September 11, 2002 minutes were approved.
- IV. CoBank Master Loan Agreement**
Mike Cunningham reviewed the terms, conditions and covenants of the CoBank Master Loan Agreement and responded to questions from the Committee. Director Lipscomb moved and

Director Boucher seconded the motion to forward the CoBank Master Loan Agreement to the full Board for approval. Motion passed unanimously.

V. NRUCFC Line of Credit Renewal

Mike Cunningham reviewed the terms of the CFC Line of Credit Use and Requirements and responded to questions from the Committee. Director Boucher moved and Director Lipscomb seconded the motion to forward the CFC Line of Credit renewal to the full Board for approval. The motion passed unanimously.

VI. NRECA Retirement Plan for Non-Represented Employees

Mary Tesch, Director, Human Resources, reviewed the current plan and proposed amendment for the Committee to consider. Director Boucher moved and Director Cason seconded the motion to forward the amendment to the NRECA Retirement Plan for non-represented employees to the full Board for approval. The motion passed unanimously.

VII. Reliability Economics and Justification Recommendation

Mark Fouts reviewed the reliability economics and justification recommendation and responded to questions from the Committee.

VIII. Contracts Tutorial (Discussion Only)

Don Edwards briefly discussed the wholesale power contracts with the Committee and responded to questions.

IX. Correspondence/General Comments

- a. KPMG – Audit Committee Roundtable
- b. Business Finance – Consider the Alternatives
- c. HellerEhrman – SEC Adopts Rules for Certification of Annual and Quarterly Reports

General Comments

Jeff Lipscomb – Questioned if the SEC Rules for Certification of Annual and Quarterly Reports should be turned into a Board Policy and reviewed by the Operations Committee. He stated the Finance Committee would support it but the Operations Committee would adopt it and forward to the full Board for approval.

Joe Griffith – Stated the Southern Intertie Recommendation was in and it was recommended the Tesoro Route would be best. The Fourth Round of Discovery has come in and it is quiet lengthy.

Sam Cason – Commented on the newspaper article regarding Seward turning down Homer Electrics bid of \$18 million for purchase of the utility.

Dave Cottrell – Wanted to know if the private letter ruling had been drafted in regard to Capital Credits. Asked if there would be any surprises in the over time report. Joe stated he would check on it.

Chris Birch – Questioned what was happening with drilling/power requirements at Donolan Creek. He would like to see Chugach take a leadership roll to assist or investigate the alternatives for that operation. Joe stated that staff did have an open discussion with them and we've not heard from them since that discussion took place. Joe indicated he would contact them again.

XII. Executive Session (if required)

None scheduled.

XIII. Adjourn

The meeting adjourned at 5:33 p.m.