

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

October 21 & 22, 2002

Committee Member Attendees: Jeff Lipscomb, Chair
Red Boucher (teleconferenced 4:00 p.m.)
Dave Cottrell
Sam Cason

Other Directors in attendance: Pat Jasper
Bruce Davison
Chris Birch

Guests: Dan Kennedy, Financial Advisor

Staff in Attendance:

Joe Griffith	Bill Stewart	Lee Thibert	Mike Cunningham
Katrina Storjohann	Lori Kirkendall	Ken Thomas	Greg Archibald
Patti Bogan	Mike Massin	Brian Hickey	Dan Knecht
Ron Vecera	Mary Tesch	Carol Johnson	Burke Wick
Rick Freymiller	Carol Heyman	Bob Price	Mark Fouts
Gina Armstrong	Steve Gilbert	Trey Acteson	Bill Bernier
Paul Risse	Carl Harmon	John Cooley	Dave Smith
Dianne Hillemeier			

Recording Secretary: Connie Owens, Executive Secretary

I. Call To Order

Jeff Lipscomb called the Finance Committee meeting to order at 4:09 p.m. in the training room of Chugach Electric Association, Inc. 5601 Minnesota Drive, Anchorage, Alaska.

II. Approval of Agenda

Director Cottrell moved and Director Boucher seconded the motion to approve the agenda as presented. The motion was approved unanimously.

III. Approval of the Minutes – October 9, 2002

Director Cottrell moved and Director Boucher seconded the motion to approve the minutes as presented.

Director Birch pointed out a spelling error to be corrected on page two.

Director Cottrell questioned the status of the private letter ruling regarding the Capital Credits. Joe Griffith responded that Heller Ehrman in Seattle is drafting the letter and staff is reviewing the draft.

The motion to approve the minutes as amended passed unanimously.

IV. 2003 Operating and Capital Budget Review

Joe Griffith briefed for the Committee Chugach's Vision Statement, Mission Statement and the Goals set for him by the Board of Directors.

Mike Cunningham reviewed the Financial Challenges for the 2003 budget, which included revenue forecast, depreciation rates, and insurance expense.

Mike then reviewed the Comparative Statement of Operations, kWh Sales, Revenue and Expense Budget Comparison. He then continued with the Operations and Maintenance Expense Breakdown, Position Budget Comparison, and Total Cost of Electric Service.

Bill Stewart introduced his staff and reviewed Administration's Operational/Strategic challenges for 2003 and responded to questions from the Committee.

Lee Thibert introduced his staff and reviewed the Operational/Strategic challenges Power Delivery will face in 2003 and responded to questions from the Committee.

Brad Evans introduced his staff and reviewed the Operational/Strategic challenges Energy Supply will face in 2003 and responded to questions from the Committee.

Joe Griffith then reviewed the Sensitivity Analysis on the 2003 Operating Budget and discussed Revenues and Controllable Expenses.

V. Executive Session

None.

VI. Adjourn

Director Cottrell moved and Director Cason seconded the motion to recess until 4:00 p.m. October 22, 2002. The motion passed unanimously.

The Board recessed at 6:20 p.m.

The meeting reconvened at 4:10 p.m. on October 22, 2002 in the training room of the headquarters building.

The Committee watched a news report given by Channel 2 on October 21, 2002 regarding the sale of municipal utilities.

Director Boucher moved and Director Cason seconded the motion to go into executive session. The motion passed unanimously. The Committee went into executive session at 4:15 p.m.

Jeff Lipscomb took the Committee out of executive session at 5:03 p.m.

Lee Thibert briefed the Committee on the Net Capital Expenditures 2003 – 2007, Net Total CIP Expenditures 2003 – 2007, 2003 Net CIP Expenditures, Obligation to Serve and then continued on with the South Anchorage Loop, Retirement and Replacement project.

Brad Evans briefed the Committee on the Beluga Unit 6 major Overhaul.

Lee Thibert reported on the Reliability and Efficiency projects, Deferred Studies & IT Projects.

Brad Evans discussed the Cooper Lake Relicensing.

Lee Thibert discussed the Sensitivity Analysis of Reliability and Efficiency Projects, Reduction of Total Net CIP Expenditures and Impact on System of CIP Reductions.

Lee Thibert discussed various options for creating more margins based on changes in the way Chugach currently does business.

Joe Griffith summarized the 2003 budget and reviewed numerous uncertainties and challenges that are ahead in the coming budget year and responded to questions from the committee.

Sam Cason moved and Dave Cottrell seconded the motion to adjourn. The motion passed unanimously.

The meeting adjourned at 6:05 p.m.