

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

**FINANCE COMMITTEE
MEETING MINUTES**

October 8, 2003

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

Committee Member(s) Absent: None

Other Directors in Attendance: Chris Birch
 Bruce Davison (teleconferenced)
 Pat Jasper

Guests: Kathy Porterfield, KPMG
 Jim Patras, Homer Electric Assoc., Inc.
 Jim Walker, Matanuska Electric Assoc., Inc.
 Dan Kennedy, Financial Advisor to the Board of Directors

Staff in Attendance:

Bill Bernier	Joe Griffith	Arthur Miller
Patti Bogan	Carol Heyman	Phil Steyer
Mike Cunningham	Dianne Hillemeier	Katrina Storjohann
Beau Disbrow	Carol Johnson	Mary Tesch
Don Edwards	Kate Koch	Lee Thibert
Brad Evans	Mike Massin	Ron Vecera
Mark Fouts	Sherri McKay	Jody Wolfe

Recording Secretary: Lori Kirkendall, Executive Assistant

I. Call to Order

Chair Lipscomb convened the Finance Committee meeting on Wednesday, October 8, 2003, at 5:17 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Minnesota Drive, Anchorage, Alaska.

II. Approval of the Agenda

Director Cottrell moved and Director Cason seconded the motion to approve the agenda. The motion passed unanimously. **(Directors Birch and Boucher were still on break and not present for this vote.)**

III. Approval of Minutes

Director Cottrell moved and Director Cason seconded the motion to approve the minutes of September 10, 2003. The motion passed unanimously. **(Directors Birch and Boucher were still on break and not present for this vote.)**

(Directors Birch and Boucher joined the meeting at this point.)

IV. Customer Comments**a. Wholesale Customer Comments**

Jim Walker of Matanuska Electric Association (MEA) spoke on MEA's General Manager, Wayne Carmony's behalf and expressed Mr. Carmony's displeasure at being denied an opportunity to address Chugach's Board of Directors during the Audit Committee Meeting held prior to that day's Finance Committee Meeting. Chair Lipscomb and Joe Griffith, Chief Executive Officer, explained that Mr. Carmony had been given an opportunity to address the Finance Committee during "Wholesale Customer Comments" of the agenda and thought that was acceptable to him. Mr. Carmony then called to say he was not attending the meeting. They said Mr. Carmony did not identify the subject matter he wanted to discuss. The Board requested that Joe Griffith, Chief Executive Officer, extend an invitation to Mr. Carmony to speak at an Audit Committee Meeting to be scheduled prior to Chugach's regular board meeting on October 15, 2003.

b. Retail Customer Comments

None.

V. Rate Case Update

Arthur Miller, Manager, Pricing, presented the current status of the rate case (Docket U-01-108) including Commission action, wholesale customer activity, and Chugach filings. Mr. Miller responded to questions asked by the Committee.

VI. Unbundled Financials

Mike Cunningham, Chief Financial Officer, distributed internal unbundled financials through August 2003 and explained that because of the timing of when expenses are recorded on Chugach's Income Statement, results can appear distorted. For that reason, he recommended examining unbundled financial statements only after 12 full months of revenues and expenses have been recorded.

VII. CIP Project Authorization

Mike Cunningham, Chief Financial Officer, presented an overview of Chugach's Capital Improvement Program (CIP) authorization process. Chair Lipscomb stated that a more disciplined process needed to be created to ensure accountability for project authorization and expenditures. He volunteered to devise a proposal for the Board's review. There were no objections from the Board.

VIII. AFUDC/IDC Method to Expense Option

Joe Griffith, Chief Executive Officer, recommended postponing this agenda item and scheduling a Board workshop. The Board concurred with his recommendation.

IX. Financial Advisor to the Board – Resignation of Dan Kennedy, Financial Advisor to the Board of Directors

Director Birch thanked Mr. Kennedy for his time and services over the years. Director Cottrell volunteered to conduct interviews for a new financial advisor.

X. General Comments and Discussion

None.

XI. Correspondence/General Information

a. Survey Response (No discussion by the Board.)

b. Fuel Cell Update – Response to Director Cottrell's query sent 9/19/03 (No discussion by the Board.)

XII. Executive Session

At 6:40 p.m., Director Cason motioned that, pursuant to Alaska Statute 10.25.175. (C), the Board go into executive session to discuss legal matters with its attorneys and financial matters the immediate knowledge of which would have an adverse effect on the finances of the cooperative. The motion passed unanimously. The Board reconvened from executive session at 6:49 p.m.

XIII. Adjourn

The Finance Committee Meeting adjourned at 6:50 p.m.