

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

February 4, 2008

Committee Members in Attendance: PJ Hill, Chairman
Elizabeth Vazquez
Jeff Lipscomb
Uwe Kalenka

Other Director Present: Rebecca Logan
Alex Gimarc
Jim Nordlund (arrived at 4:15 p.m.)

Guests in Attendance: Jim Patras (HEA)
Jim Walker (MEA)
Jim Posey (ML&P)
Eric Redman (Heller Ehrman)
Don Edwards (Dorsey & Whitney)
Phil Levis (Election Committee)
Belinda Davis (Election Committee)
Jim Magowan (Election Committee)
Vicki Cantrell (Election Committee)
Jerry Reinwand (Lobbyist)

Staff in Attendance:

Brad Evans	Mike Cunningham	Connie Owens	Dave Smith
Carol Johnson	Suzanne Gibson	Ron Vecera	Paul Risse
Arthur Miller	Phil Steyer	Bill Bernier	Burke Wick
Carol Heyman	Paula Neas-Arnold	Jody Wolfe	Patti Bogan
Jean Sauget	Sherri McKay-Highers	Ed Jenkin	Paul Johnson

Recording Secretary: Jennifer McDonald, Legal Secretary

I. Convene Meeting

Chair Hill called the Finance Committee to order at 4:07 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Executive Session

Director Kalenka moved and Director Lipscomb seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3) the Finance Committee go into executive

session 1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and 2) to discuss matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The matter to be discussed is: 1) Update on Gas Negotiations. The motion to go into executive session passed unanimously. The Finance Committee went into executive session at 4:09 p.m.

The Finance Committee came out of executive session at 5:24 p.m., paused for a break and resumed in open session at 5:30 p.m.

III. Approval of Agenda

Director Kalenka moved and Director Lipscomb seconded the motion to approve the agenda. The motion passed unanimously.

IV. Approval of Minutes

- a. January 8, 2008

Director Kalenka moved and Director Lipscomb seconded the motion to approve the minutes of January 8, 2008. The motion passed unanimously.

V. Customer Comments

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

VI. Review Draft December Financials (Pre-Audit Numbers)

Jody Wolfe, Controller, gave a brief overview of the December Financials and answered questions from the Committee.

VII. 2008 Operating Budget Revisions

Director Kalenka moved and Director Vazquez seconded the motion to approve the 2008 Amended Operating and Capital Budget which is expected to produce margins of \$9.1 million, a Margin for Interest/Interest (MFI/I) ratio of 1.39 and an Equity to Total Capitalization ratio of 31.6%. These results are based on a Total Cost of Service of \$264.4 million, total Revenue of \$272.1 million and Non-Operating Margins of \$1.3 million.

Director Lipscomb offered a friendly amendment that the Finance Committee recommend to the Board of Directors approval of the 2008 Amended Operating and Capital Budget. Directors Kalenka and Vazquez accepted the friendly amendment.

Sherry McKay-Highers, Manager, Budget and Financial Reporting, gave an overview of the 2008 Operating Budget Revisions and staff answered questions from the Committee.

The motion passed unanimously.

VIII. Update on SCADA Project Authorization/Contract

Paul Risse, Acting, Sr. VP Power Supply, gave an overview of the SCADA Project and staff answered questions from the Committee.

Director Lipscomb moved and Director Kalenka seconded the motion that the Finance Committee recommend that the Board of Directors authorize project expenditures for the SCADA Migration Project Phase II with an estimated cost of \$2,341,347, with an estimated completion date of November 2009. The motion passed unanimously.

IX. Vegetation Management Contract

Ed Jenkin, Director, Engineering, gave an overview of the Vegetation Management Contract and staff answered questions from the Committee.

Director Kalenka moved and Director Lipscomb seconded the motion that the Finance Committee recommend approval to the Board of Directors authorizing the Acting Chief Executive Officer to execute a contract with Carlos Tree Service, Inc. for Vegetation Management Services for a three-year term with options to extend for two additional three-year terms for an estimated total cost of \$6,351,626.22 with clearing expenditures in 2008 of \$2,064,086.34. The motion passed unanimously.

X. Correspondence

None.

XI. Director Comments

Director Vazquez: "Thank you for all the work on the revised budget revisions."

Director Lipscomb: "I'll also commend everybody for the hard work on the budget revisions. It can be a challenge and I know you're up to it. Good luck."

Director Logan: No comments.

Director Nordlund: No comments.

Director Gimarc: No comments.

Director Kalenka: No comments.

Chair Hill: No comments.

XII. Executive Session

Director Kalenka moved and Director Vazquez seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3) the Finance Committee go into executive session 1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and 2) to discuss matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The matter to be discussed is: 1) Rate Case Update. The motion to go into executive session passed unanimously.

The Finance Committee paused for a break at 5:51 p.m. and went into executive session at 5:53 p.m.

The Finance Committee came out of executive session at 6:08 p.m.

The following matter was originally scheduled for the February 4, 2008 Operations Committee meeting to be held immediately following the Finance Committee but Jerry Reinwand had to leave early so this item was pulled from the Operations Committee Agenda and added to the Finance Committee Executive Session.

Director Kalenka moved and Director Vazquez seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3) the Finance Committee go into executive session 1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and 2) to discuss matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The matter to be discussed is: 1) Legislative Agenda. The motion to go into executive session passed unanimously.

The Finance Committee went into executive session at 6:09 p.m.

The Finance Committee came out of executive session at 6:52 p.m.

XIII. Adjourn

Director Vazquez moved and Director Lipscomb seconded the motion to adjourn. The meeting adjourned at 6:52 p.m.