

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

FINANCE COMMITTEE
MEETING MINUTES

February 27, 2007

Committee Members in Attendance: David Cottrell, Chair
Jim Nordlund (participated telephonically)
Elizabeth Vazquez (participated telephonically)
Uwe Kalenka
Bruce Davison

Other Directors Present: Jeff Lipscomb

Guests in Attendance: Jim Walker (MEA)
Loralie Carter (MEA)
Bill Mede (Turner & Mede)
Don Edwards (Dorsey & Whitney)

Staff in Attendance:

Bill Stewart	Lee Thibert	Mike Cunningham	Brad Evans
Connie Owens	Carol Johnson	Rick Freymiller	Dave Smith
Arthur Miller	Jody Wolfe	Ed Jenkin	Gina Armstrong
Amber Van Treeck	Kathy Harris	John Cooley	Suzanne Gibson
Sherri McKay-Highers	Ron Vecera		

Recording Secretary: Jennifer McDonald, Legal Secretary

I. Call to Order

Chair Cottrell called the Finance Committee to order at 4:00 p.m. in the board room of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Approval of Agenda

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

III. Approval of Minutes

a. January 24, 2007

Director Kalenka moved and Director Davison seconded the motion to approve the January 24, 2007 minutes. The motion passed unanimously.

IV. Customer Comments

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

V. 4th Quarter Unbundled Financial Statements

Jody Wolfe, Controller, gave a presentation on the 4th Quarter Unbundled Financial Statements and answered questions from the Committee.

VI. Review Draft January Financial Statements

Chair Cottrell stated the Committee already reviewed a draft of the January Financial Statements and moved on to the next Agenda Item.

VII. Credit Card Payments Presentation & Recommendation

Ron Vecera, Director, Member Services, gave a presentation on the costs of Credit Card Payments and recommended to the Committee that Chugach continue accepting credit card payments and continue underwriting the costs.

Director Davison stated that Ron Vecera's presentation was detailed and he is prepared to go with his recommendation.

Director Kalenka stated 1) that in the presentation there was an absence of payment by internet which was not taken into consideration and 2) a couple of years ago Chugach did away with accepting American Express and asked what the reason was behind it and the fallout from doing that.

Mr. Vecera responded by saying that the internet expenses were included in the presentation in the BillMatrix line item. Chugach is underwriting those fees as well. Mr. Vecera stated that as for American Express, it was a relatively small segment of Chugach's market which included about 600 accounts. He stated that American Express would not negotiate its costs so it was easy to end the relationship as Chugach still had the alternative to offer customers payment by VISA or MasterCard. Mr. Vecera stated that the fallout was fairly minimal.

Director Kalena asked what was the cost per transaction for American Express.

Mr. Vecera stated that American Express was charging 2.95% per transaction whereas VISA and MasterCard charge 1.42%.

Director Lipscomb stated he thinks that it was a good analysis. Stated he was checking the other night and ML&P and GVEA still accept credit cards as methods of payment along with auto-pay, NetPay, etc. Stated he is concerned with converting 25,000 members to a different form of payment, contacting them all might be quite an effort and agrees with the recommendation that Chugach continue what it is doing.

Chair Cottrell stated that he disagrees. Stated that if customers are using credit cards they ought to pay for it personally and he would like to pass it along to the customers who use it. Suggested Chugach do a survey of the members to see what they think and if they want Chugach to save \$500,000 per year in credit card fees by forcing members who pay by credit card to pay those fees to a third-party.

Director Kalenka stated that Chugach already knows what the members think because two-thirds of them use alternative payment methods other than credit cards. He stated that this needs to be looked at and management needs to come back with another recommendation.

Director Nordlund stated that Chugach should make its decision based upon what the membership wants.

Director Vazquez stated that Chugach could do a better job of educating the membership.

Chair Cottrell stated that he would like to see this on the next Finance Committee meeting Agenda with a plan on how to take it to the membership.

VIII. Correspondence

- a. 4th Quarter Unbundled Financial Statements
- b. Year-End Variance Report

- c. CIP Report (5 Years, Actual vs. Budget)
- d. 4th Quarter Deferred Debits by Division
- e. 4th Quarter Capital Tracking Report
- f. 4th Quarter Contract Status Report

IX. Director Comments

Director Davison: None.

Director Kalenka: None.

Director Nordlund: None.

Director Vazquez: None.

Director Lipscomb: Thanked Mike, Bill and Jody and everybody else for all the financials.

Chair Cottrell: Thanked staff for getting the annual audit done and was glad it was done on a timely basis. Stated the presentation was fine and the results of the year looked to be very reasonable and certainly properly reviewed and examined.

X. Executive Session

At 4:44 p.m. Director Davison moved and Director Kalenka seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3) the 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 matters to be discussed are: 1) Labor Negotiations; 2) Financial Management Plan; 3) 2005 Test Year Rate Case. The motion to go into executive session passed unanimously.

XI. Adjourn

The meeting adjourned at 6:30 p.m.