

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**FINANCE COMMITTEE**  
**MEETING MINUTES**

**March 5, 2008**

Committee Members in Attendance: Elizabeth Vazquez, Acting Chair  
PJ Hill (*telephonically*)  
Jeff Lipscomb  
Uwe Kalenka

Other Director Present: Rebecca Logan (*telephonically*)  
Alex Gimarc

Guests in Attendance: Jim Patras (HEA)  
Ann Patras (HEA)  
Loralie Carter (MEA)  
Jim Posey (ML&P)  
Charles Kozak (KPMG)  
Scott Miller (KPMG)  
Clayton Bourne (KPMG)

Staff in Attendance:

Brad Evans	Mike Cunningham	Rick Freymiller	Suzanne Gibson
Dora Gropp	Kathy Harris	Ed Jenkin	Carol Johnson
Sherri McKay-Highers	Jena Noethlick	Connie Owens	Paul Risse
Jean Sauget	Dave Smith	Jody Wolfe	Phil Steyer

Recording Secretary: DeAnna Scott, Executive Assistant

**I. Convene Meeting**

Acting Chair Vazquez called the Finance Committee to order at 5:05 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II. Executive Session**

None.

**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. February 4, 2008

Director Kalenka moved and Director Lipscomb seconded the motion to approve the minutes of February 4, 2008. The motion passed unanimously.

**V. Customer Comments**

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

**VI. December Unbundled Financial Statements**

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

**VII. January Financial Statements**

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

**VIII. Discounting Capital Credit Retirements**

David Smith, Acting Sr. V.P. Administration, gave a brief overview of the Authorization and Funding of Early (Discounted) Capital Credit Payments and answered questions from the Committee.

Director Kalenka moved and Director Lipscomb seconded the motion that the Finance Committee recommend to the Board of Directors approval of the resolution funding and authorization early (discounted) capital credit payments for 2008 up to a total of \$250,000. The motion passed unanimously.

**IX. Unit 7 Project Authorization**

Paul Risse, Acting Sr. V.P. Power Supply, gave an overview of the Unit 7 Project Authorization and answered questions from the Committee.

Director Lipscomb moved and Director Kalenka seconded the motion that the Finance Committee recommend to the Board of Directors to authorize project expenditures for the Beluga Unit 7 "C" Inspection with an estimated cost of \$10,586,092 and an estimated completion date of June 30, 2008. The motion passed unanimously.

*Director Logan terminated telephone participation at 5:24 p.m.*

## **X. SCADA Migration Contract Approval**

Paul Risse, Acting Sr. V.P. Power Supply, gave an overview of the SCADA Migration Contract and answered questions from the Committee.

Director Lipscomb moved and Director Kalenka seconded the motion that the Finance Committee recommend to the Chugach Board of Directors to authorize the Acting Chief Executive Officer to execute a contract with Open Systems International in the amount of \$1,721,789 for the SCADA Migration, Phase II, with expenditures in 2008 of \$860,895 and a scheduled completion date of November 2009. The motion passed unanimously.

## **XI. Resolution for Redemption of Series B Bonds**

Mike Cunningham, Chief Financial Officer, gave an overview of the Resolution for Redemption of Series B Bonds and answered questions from the Committee.

Director Lipscomb moved and Director Kalenka seconded the motion that the Finance Committee recommends to the Board of Directors the approval of the attached Resolution (Exhibit 1) authorizing the Acting Chief Executive Officer to take the necessary steps to redeem the entire outstanding principal amount of the 2002 Series B Bonds using Chugach's existing line(s) of credit and to develop a future financing plan to fund the repayment of amounts borrowed under such existing line(s) of credit and present that plan to the Board of Directors for approval. The motion passed unanimously.

## **XII. 138 kV Transmission Line Elmore Road Project Authorization**

Ed Jenkin, Acting Sr. V.P. Power Delivery, gave an overview of the 138 kV Transmission Line Elmore Road Project and answered questions from the Committee.

Director Kalenka moved and Director Lipscomb seconded the motion that the Finance Committee recommend that the Board of Directors authorize the project expenditures for the Elmore Road 138 kV Transmission Line with an estimated completion date of December 2008. The motion passed unanimously.

## **XIII. Correspondence**

- a. *December Unbundled Financial Statements (Full Set – Wolfe)*
- b. *December Variance Report (McKay-Highers)*
- c. *4<sup>th</sup> Quarter Deferred Debits by Division (Harris)*
- d. *4<sup>th</sup> Quarter Capital Tracking Report (McKay-Highers)*
- e. *4<sup>th</sup> Quarter Contract Status Report (Knecht)*
- f. *4<sup>th</sup> Quarter Budget Revisions (McKay-Highers)*
- g. *Update on Tariff Sheets - Fees and Charges (Freymiller)*

## **XIV. Director Comments**

**Director Lipscomb:** "I think the redemption of the 2002 Series B Bonds is an excellent example of astute and professional financing that Chugach has been able to accomplish over the years and I'd like to recognize Mike and his folks for all that effort. Thank you."

**Director Gimarc:** “No comments.”

**Director Kalenka:** “No comments.”

**Acting Chair Vazquez:** “As always, I always appreciate the fact that the finance folks put together a nice package for us and the nice presentations, Mr. Cunningham, thank you; Mr. Wolfe and Ms. Sherri McKay-Highers, thank you. It’s always appreciated; and thank you, Mr. Cunningham for signaling it’s time for us to get off the train so to speak; we had a nice low interest rate ride for a couple of years and it was nice and now it time to get off the train with the transition in finances, thank you. We are not the only one having this problem.”

**Director Hill:** “No comments.”

**XII. Executive Session**

None.

**XIII. Adjourn**

Director Kalenka moved and Director Lipscomb seconded the motion to adjourn. The meeting adjourned at 5:34 p.m.