

**CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA**

**May 26, 2010
Wednesday
4:00 p.m.**

**REGULAR BOARD OF DIRECTORS'
MEETING MINUTES**

The following board members were present:

Jim Nordlund – Chair
Janet Reiser – Vice Chair
Elizabeth “Pat” Kennedy – Secretary
Susan Reeves – Treasurer
PJ Hill – Director (*via teleconference*)
Rebecca Logan - Director
Elizabeth Vazquez – Director

The following employees, members and guests attended:

Bradley Evans	Mark Johnson	Bob Sramek
Tyler Andrews	Arthur Miller	Phil Steyer
Patti Bogan	Connie Owens	Ron Vecera
Mike Cunningham	Paul Risse	Ried Wilson
Ed Jenkin	Dave Smith	

DeAnna Scott, Executive Assistant recorded the meetings proceedings.

I. CONVENE MEETING

Chair Nordlund called the meeting of the Board of Directors to order at 4:04 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. PLEDGE OF ALLEGIANCE

Chair Nordlund led the Board and audience in the Pledge of Allegiance.

III. EXECUTIVE SESSION

None.

IV. APPROVAL OF THE AGENDA

Director Logan moved and Director Reiser seconded the motion to approve the agenda. The motion to approve the agenda passed unanimously.

V. COMMENTS FROM THE CHAIRMAN

Chair Nordlund stated: “As the new Chairman of the Board, it’s appropriate to talk about what I see is our priorities for the coming year and to make a few general comments.

People have been wondering because there is a new Chairman of the Board, and I know Rebecca has been asked that, if they see a great deal of change in what we've been doing. The answer to that questions is no. I feel the direction the organization has been going in the last several years is the right direction and fully support the bulk of the work we've been doing. I want to acknowledge Director Logan for her leadership while she was Chairman the past two years and feel we are moving forward and addressing the issues that are the most important issues that face the organization and that I don't see any major change in what we've been doing. I think there are things perhaps on the periphery we might be working on but I think it's a credit both to our Board and particularly to our staff that we have confronted the issues that really face the organization; I think in a methodical and meaningful way and they are not always very easy issues but I think we've been doing a really good job. I especially again want to congratulate the staff for really getting us in the position where we are realistically facing our future; which I think it's a very bright future, at that."

Chair Nordlund thanked the folks that elected him into the position and wanted to say to all members of the Board that, "I want to do all I can to earn your trust and make sure that I look at myself as one of seven; all of us are equally important. The Chair has certain roles on a Board and I think that's important to acknowledge the importance of each member of the Board. I met with each board member and had a brief conversation with Liz, we kept missing each other, but I met with each of you individually, talked about what your priorities are for the upcoming year and I thought it would be a good idea to remind ourselves of what we have been doing and what we will continue to be working in the future."

Chair Nordlund distributed to the Board an "Issues List" and stated the ones that have asterisks by them have been indicated by a board member who sees it as a priority that we should be working on and is a priority for the coming year.

Financial Issues

- Commercial Paper Program
- * Capital Markets and Refinance
- Loss of Wholesale Customers
- * Risk Management Planning

Legal/Regulatory Issues

- 2008 Test Year Rate Case
- Simplified Rate Filing
- Net Metering
- * Green Pricing

Strategic Planning

- * Utility Integration – GRETC, JAA, Southcentral, New Study
- * Gas Supply – Contracts, Storage, Import, Cook Inlet Planning, Pipelines
- Railbelt Integrated Resources Plan
- * Renewable Energy and 90/10 – 10/90
- * Future Generation Evaluation Methodology

Human Resources

- * Safety
- * Succession and Diversity Planning
- * Recruitment and Retention
- * Morale and Productivity

Management

- Cost Controls
- Communications Plan
- Energy Efficiency
- * Legislative Strategy
- * Electronic Voting
- Process Improvements
- * Electronic Billing

Generation Projects

- * Southcentral Power Project
- * Hydroelectric Projects
- * Fire Island Wind Project
- Mt. Spur Geothermal Project
- Inspections and Maintenance Projects
- Stetson Creek Diversion Project
- Battle Creek Diversion Project

Board Issues

- * Code of Conduct
- * Board Responsibilities
- Self Evaluation
- * Election Reform
- * CEO Evaluation, Contract, Compensation

Knothole

- Debt Refinance 2011, 2012
- Loss of Whole sale Customers 2013, 2014
- Gas Supply
- SPP 2013

VI. CONSENT AGENDA

A. Board Calendar

Add: Friday, June 4th and Saturday, June 5th the National Women's Leadership Forum that is hosted by Senator Maria Cantwell and Senator Lisa Murkowski and the focus is on energy.

B. Upcoming Training & Conferences

1. *Summer School for Directors – June 4-9, 2010 – Asheville, NC (Vazquez)*
2. *Summer School for Directors – July 16-21, 2010 – Branson, MO*
(Deadline for registration and room reservation is June 14, 2010.)

3. *Alaska Power Association 59th Annual Meeting – August 11-13, 2010 – Fairbanks, AK (Logan, Kennedy, Nordlund, Reeves, and Reiser)*
(Deadline for registration and room reservation is July 1, 2010.)
- C. *Minutes – April 28, 2010, Regular Board of Directors’ Meeting and April 29, 2010, Special Board of Directors’ Meeting (Knight-Scott)*
- D. *Director Expenses*
- E. *Approve the 401K Audit Services (KPMG)*
- F. *Approve the 3rd Quarter Commercial Paper Issue Authorization (Cunningham)*
- G. *Approve the Bank Signature Cards (Cunningham)*

The motion passed unanimously, as amended.

VII. PERSONS TO BE HEARD

A. Wholesale Customer Comments

None.

B. Member Comments

Rick Wilson, former Board Member and Founder of Alaska Ratepayers addressed the Board. Mr. Wilson stated he appreciated the Board’s diligent efforts as a consumer and as a rate payer. He further stated his group supports predicable and affordable rates and support the large hydro, meaning Susitna. He stated there is a lot of work to be done to educate and re-educate people and stressed the need for partners in the effort. Mr. Wilson stressed to the State that it needs to get to a decision point within six-months so that a FERC application could be filed. He further stated his group has proposed, on the federal level, a new modified concept of renewable energy. Mr. Wilson shared with the Board his idea on the “sustainable energy park concept” and additional thoughts. Mr. Wilson thanked the Board for the opportunity to speak with them today.

VIII. CEO REPORT

Annual Report and Communication Plan

Dave Smith, Sr. V.P., Administration provided an update on the Annual Report and Communication Plan and answered questions from the Board.

IX. CORRESPONDENCE

A. Election Contractor Report (Smith/Sramek-Hightower)

Bob Sramek discussed the Election Contractor Report and answered questions from the Board.

X. DIRECTORS REPORTS

A. Committee Reports

Director Reiser provided an update on the Renewable Energy Committee meeting and answered questions from the Board.

B. APA Report

None.

C. Meeting Reports

Director Logan reported the Energy Task Force Meeting scheduled for May 27, 2010, at 11:00 a.m. The meeting will take place here at Chugach in the Boardroom.

XI. UNFINISHED BUSINESS

None.

XII. NEW BUSINESS (*none*)

XIII. EXECUTIVE SESSION

A. Rate Case Update

B. Capital Markets Project Update

C. Fire Island

D. Electrical Contact

E. Strategic Planning

F. Appropriation for Electrical Power Procurement Practices Study & Design

At 4:42 p.m., Director Reiser moved and Director Kennedy seconded the motion that pursuant to Alaska Statute 10.25.175 (c) (1) and (3) the Board of Directors go into executive session to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative as it relates to the status of the 2008 Test Year Rate Case; an update on the Capital Markets Project; the Fire Island wind project; strategic planning issues; matters related to the legislative Appropriation for Electrical Power Procurement Practices Study & Design; and, to discuss matters with its attorney, the immediate knowledge of which could have an adverse effect on the legal position of the Association as it relates to an Electrical Contact.

The matters to be discussed include the:

A. Rate Case Update

B. Capital Markets Project Update

C. Fire Island

D. Electrical Contact

E. Strategic Planning

F. Appropriation for Electrical Power Procurement Practices Study & Design.

The motion passed unanimously. The Board went into Executive Session.

The Board took a recess at 6:00 p.m. and went back into Executive Session at 6:09 p.m.

At 6:29 p.m., the Board reconvened in open session.

XIV. DIRECTOR COMMENTS

Director Logan: "No comment."

Director Reiser: "Connie sent you guys all some information about the CEO's evaluation, you didn't get it or you're missing something or you're confused or whatever,

call me or write to me and I will help with that. I'm leading this project. Now, I'm telling you guys, get me your comments to as soon as possible. I have a hard deadline of the 5th. If you don't get it to me by the 5th, you don't get to comment.....and I'm sticking by it this time."

Director Vazquez: "Thank you, thanking the Chair for providing a road map of some of the goals this coming year but I do respectfully request that we do have executive sessions discussing this in detail. I think this is a good kind of "get in front of us" type of, for tonight but I think we need to spend more time on; and I guess some of it we'll deal with what happens tomorrow of what the other utilities want to do, so."

Director Kennedy: "This one is directed through the Chair at Director Reiser. My computer prints out everything inside it whenever I hit a button that says print. So, that's why I've got so much stuff. I've got about 50 pages and it just completely ...*unintelligible*... So, I'm turning it over to you with my best wishes for a happy holiday season."

Director Reeves: "I would just say I appreciate the help that I'm getting from all of the board members who have been serving and helping me through my initial phase."

Director Hill: "I've had a really interesting time down here. I've spent sometime talking with the head of the Bonneville Power Administration about wind integration and they still have a lot of problems. It's been real interesting, his comment was that, 7, 8 years ago the wind people were not very bright and not very good but they've gotten a lot smarter. They've got a new filing in for FERC and I'm gonna get a copy of the first 40 pages; it's about their problems with integration and I think it's gonna be a potential learn for us. So, anyway, I will see you folks in the next couple of days." *Director Hill disconnected from the meeting at this time.*

Chair Nordlund: "I would like under my comments, my comments I made at the beginning of the meeting under *Comments from the Chairman* be reflected as my Director comment."

XV. ADJOURNMENT

Director Logan moved and Director Reiser seconded the motion to adjourn. The meeting adjourned at 6:35 p.m.

/ss/

Elizabeth "Pat" Kennedy, Secretary

Date Approved: June 23, 2010