CHUGACH ELECTRIC ASSOCIATION, INC.
ANCHORAGE, ALASKA

REGULAR BOARD OF DIRECTORS' MEETING

AGENDA

Bettina Chastain, Chair
Susan Reeves, Vice Chair
Rachel Morse, Treasurer
Stuart Parks, Secretary

Harry T. Crawford Jr., Director
Jim Henderson, Director

<table>
<thead>
<tr>
<th>July 25, 2018</th>
<th>Immediately Following the Audit and Finance Committee Meeting</th>
<th>Chugach Boardroom</th>
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I. CALL TO ORDER
   A. Pledge of Allegiance
   B. Roll Call
   C. Safety Minute – "Back Safety" (Freeman)

II. APPROVAL OF THE AGENDA*

III. PERSONS TO BE HEARD
   A. Member Comments

IV. CONSENT AGENDA*
   A. Board Calendar
   B. Training and Conferences
      1. 2018 NRECA Region 9 Meeting, September 25-27, 2018, Anchorage, AK (Deadline for conference registration is August 1, 2018)
      2. Director Winter School, November 30 – December 5, 2018, Nashville, TN (Deadline for conference and hotel registration is October 29, 2018)
   C. Minutes
      1. June 27, 2018, Regular Board of Directors' Meeting (Portades)
      2. July 12, 2018, Special Board of Directors’ Meeting (Portades)
   D. Director Expenses
   E. Stoel Rives, LLP Task Order 4 Increase (Schulman)

V. CEO REPORTS AND CORRESPONDENCE
   A. May 2018 Financial Statements and Variance Report (Harris/Curran)
   B. 2nd Quarter 2018 Safety Report (Andrews)
   C. Write-Off Accounts Receivable – Electric/Other (Kurka/Miller)
   D. Member Appreciation Day and National Drive Electric Week – Planning Update (Kurka/Miller)
VI. DIRECTOR REPORTS
   A. Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report
   B. Renewable Energy Alaska Project (REAP) Report
   C. Board Committee Reports (Audit and Finance, Operations, & Governance)
   D. Other Meeting Reports

VII. UNFINISHED BUSINESS (none)

VIII. NEW BUSINESS* (scheduled)
   A. ML&P – Financing for Potential Acquisition* (Highers)
   B. Pumped Storage (Risse)
   C. Battle Creek Update (Risse)

IX. EXECUTIVE SESSION* (scheduled)
   A. Alaska Power Association (APA) Membership
   B. 2018 CEO Performance Scorecard and Project Specific Initiatives
   C. On-Going Strategic Matters
      1. Initiatives Under Consideration
      2. Outstanding Risks to the Association
   D. Discuss the Interviews of Applicants for Vacant Board of Director Position

X. NEW BUSINESS** (continued)
   A. 2018 CEO Performance Scorecard and Project Specific Initiatives** (Board)
   B. Appointment of New Board Member** (Board)

XI. DIRECTOR COMMENTS

XII. ADJOURNMENT*

* Denotes Action Items
** Denotes Possible Action Items
7/25/2019 2:03:53 PM
Anatomy of the Back

- Cervical vertebrae
- Scapula
- Thoracic vertebrae
- Lumbar vertebrae
- Iliac crest
- Trapezius
- Spine of scapula
- Deltoid
- Infraspinatus
- Teres minor
- Teres major
- Latissimus dorsi
- Thoracolumbar fascia
- External oblique
- Internal oblique
- Gluteus medius
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   B. Appointment of New Board Member** (Board)

XI. DIRECTOR COMMENTS

XII. ADJOURNMENT*
LIFTING DO'S & DON'TS

DO USE EQUIPMENT
- Use equipment like hand trucks to do heavy lifting. It's much less risk of injury.

DON'T LIFT HEAVY LOADS
- Don't lift loads without using equipment.

DO USE YOUR LEGS
- Lift the load using your leg muscles. Your feet should be wide apart, head down, and body straight.

DON'T USE YOUR BACK
- Don't lift the load with your back muscles. Use your leg muscles instead.

DO TURN WITH LEGS
- Do turn with your legs when turning. Avoid twisting at the waist.

DON'T TWIST WHEN LIFTING
- Don't twist even when carrying a load in one hand.

DO LIFT AS A TEAM
- Lift bulky or heavy loads as a team.

DON'T LIFT BULKY LOADS ALONE
- Don't lift bulky or heavy loads alone.

Do lift by pulling the load as it's smart and the safer way to work.

Don't lift heavy loads with your back muscles and spine.
## July 2018

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<td>11:00AM REAP 3rd Quarter Board Meeting (Morse/Henderson) (ACS Business and Technology Center, 600 East 36th Avenue in Anchorage)</td>
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August 2018

NRECA Summer School for Directors (East) • Savannah, GA

- 4:00PM - 5:00PM Bi-Weekly Update on ML&P Acquisition Efforts (Chesney/Parise) (BoardRoomCR)
- 11:00AM - 2:00PM REAP 2nd Quarter Board Meeting (Morse/Handerson) (ACS Business and Technology Center, 600 East 30th Avenue in Anchorage)
- 3:00PM - 4:00PM Monu (Review Audit and Finance Committee Packet) (SH Office)

APA 67th Annual Meeting & ARECA Insur... • Fairbanks, AK

- 4:00PM - 7:00PM Board of Directors' Meeting (BoardroomCR)
- 12:00PM - 5:00PM Strategic Planning w/ Board (Anchorage - The Mogan Room (6591 A St Anchorage, AK 99518)
- 6:00PM - 10:00PM Strategic Planning w/ Board - Dinner (TBD)

- 10:00AM - 2:00PM Strategic Planning w/ Board (Anchorage - The Mogan Room (6591 A St Anchorage, AK 99518)

7/25/2018 2:12 PM
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**September 2018**
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- **4:00PM - 7:00PM** Operations Committee Meeting (BoardroomCR)
- **4:00PM - 7:00PM** Regular Board of Directors Meeting (BoardroomCR)
- **9:00AM - 10:00AM** Bi-Weekly Update on M&A Acquisition Efforts (Chastain/Parks) (BoardroomCR)
- **9:00AM - 10:00AM** Bi-Weekly Update on M&A Acquisition Efforts (Chastain/Parks) (BoardroomCR)
## November 2018

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<td>11:00AM - 2:00PM Chugach Legislative Reception (Embassy Suites)</td>
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### Events
- **28th**: 4:00PM - 7:00PM Audit & Finance Committee Meeting (BoardroomCR)
- **29th**: 4:00PM - 7:00PM Audit & Finance Committee Meeting (BoardroomCR)
- **30th**: 9:00AM - 10:00AM Bi-Weekly Update on ML&P Acquisition Efforts (Chastain/Parks) (BoardroomCR)
- **31st**: 9:00AM - 10:00AM Bi-Weekly Update on ML&P Acquisition Efforts (Chastain/Parks) (BoardroomCR)
- **1st**: 4:00PM - 7:00PM Operations Committee Meeting (BoardroomCR)
- **2nd**: 11:00AM - 2:00PM Chugach Legislative Reception (Embassy Suites)
- **3rd**: 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)
- **25th**: NRECA Winter School (Nashville, TN)
## December 2018

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- 4:00PM - 7:00PM: Regular Board of Directors Meeting (Boardroom)
# February 2019

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- **February 19**: 4:00 PM - 7:00 PM
  - Regular Board of Directors Meeting
  - (Boardroom)
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<tr>
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<td>Strategic Planning w/ Chugach Board</td>
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<td>4:00PM - 5:00PM Community Meeting - Board of Directors Candidate Forum (Training Room)</td>
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<td>4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)</td>
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7/25/2018 2:12 PM  10/12  CCBOD
May 2019

- **28**
- **29**
- **30**
- **1**  
  - 4:00PM - 7:00PM Audit and Finance Followed by Regular Board of Directors Meeting (BoardroomCR)
- **2**
- **3**
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- **7**
- **8**
- **9**
- **10**
- **11**
- **12**
- **13**
- **14**
  - 6:00PM - 9:00PM Annual Meeting (Dansinia Center)
- **15**
- **16**
- **17**
- **18**
- **19**
- **20**
- **21**
- **22**
- **23**
- **24**
- **25** (Memorial Day)
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<tr>
<th>Sunday</th>
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<td>- 4:00PM - 7:00PM Yearly Internal Controls Workshop (BoardroomCR)</td>
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<td>- 4:00PM - 7:00PM Yearly Internal Controls Workshop (BoardroomCR)</td>
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Regional Meeting 7&9
Anchorage, AK | September 25 - 27, 2018

This is your opportunity to strengthen your co-op and make vital contributions to the role America’s electric cooperatives will play in leading the new energy future.

NRECA Regional Meetings offer a prime venue for electric co-op leaders (CEOs, directors, voting delegates and key staff) from neighboring locations to engage with industry experts and colleagues who share common issues.
Your Regional Meeting Advantages:

- Build a valuable network of fellow co-op leaders who are facing some of the same challenges you face on a daily basis.
- Gain insights on the issues affecting your community through region-specific programming offered at each meeting.
- Exchange ideas and best practices that will help your co-op survive and thrive during this time of dramatic change.
- Get up-to-date on the latest news and trends in the electric co-op industry and the broader energy sector.
- Engage in the resolutions process by proposing, debating and discussing the issues that will be voted on at the national meeting.
- Invest in your own professional development by attending pre-meeting education opportunities.

Questions about Program?
Kristen Wheeler
703-907-5695
Kristen.Wheeler@nreca.coop

Questions about Registration?
Registration
703-907-6875
accounts receivable@nreca.coop
Winter School for Directors
Nashville, TN  November 30 - December 5, 2018

As boards are challenged to address multiple large-scale issues, NRECA’s Winter School for Directors is designed to ensure that board leaders develop the knowledge and skills required to meet these challenges successfully.

JOIN US

2018 Winter School for Directors

To help ensure that board leaders develop the knowledge and skills required to meet the challenges of today’s increasingly complex utility marketplace, NRECA offers a variety courses at Winter School for Directors.

This six-day program offers co-op directors:

- The essential knowledge and skills necessary to succeed on the board
- All required courses to earn the Credentialed Cooperative Director (CCD) certificate
- The opportunity to advance beyond the CCD level toward the Board Leadership Certificate (BLC)
- Earn continuing education credits that can be applied toward maintaining their Director Gold credential.
Also of Interest

- Summer School for Directors (East | West)
- Director Certificate Programs

Looking to earn credit?

Earn your Credentialed Cooperative Director (CCD) certificate or your Board Leadership Certificate (BLC). If you’ve already earned your CCD and BLC credentials, you can earn the credits you need to achieve Director Gold status.

Questions about Program?
Janet Bowers
703-907-5622
janet.bowers@nreca.coop

Questions about Registration?
Accounts Receivable Department
703-907-6875
AccountsReceivable@nreca.coop

Questions about Anything Else?
Member Contact Center
1-877-766-3226
member-support@cooperative.com

Cancellation and Refund Policy →
Photography/Image Agreement →
Conferences & Meetings Policies →
CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

June 27, 2018
Wednesday
4:00 p.m.

REGULAR BOARD OF DIRECTORS’ MEETING

Recording Secretary:  Divina Portades

I. CALL TO ORDER
Chair Chastain called the Regular Board of Directors’ Meeting to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Pledge of Allegiance
Chair Chastain led the Board in the Pledge of Allegiance.

B. Roll Call
Board Members Present:
Bettina Chastain, Chair
Susan Reeves, Vice Chair
Stuart Parks, Secretary
Rachel Morse, Treasurer (via teleconference)
Harry Crawford, Director (via teleconference)
Jim Henderson, Director (via teleconference at 4:02 p.m.)

Guests and Staff in Attendance:
Lee Thibert
Connie Owens
Brian Hickey
Sherri Highers
Paul Risse
Arthur Miller
Matthew Clarkson
Tyler Andrews
Marty Freeman
Tom Schulman
Jean Kommuller
Andrew Laughlin
Jody Wolfe
Teresa Kurka
Renee Curran
Sean Skaling
Phil Steyer
Sarah Wiggers
Jerome George, Member
Mitchell Roth, Member
Eric Campbell, BDO

C. Safety Minute
Marty Freeman, Manager, Safety discussed “Grill/Propane Safety”.

Director Henderson joined via teleconference at 4:02 p.m.

Chair Chastain designated Director Reeves as the Acting Treasurer.

Director Crawford designated Director Reeves to sign for his expense report.
II. APPROVAL OF THE AGENDA
Director Reeves moved and Director Parks seconded the motion to approve the agenda. The motion passed unanimously.

III. PERSONS TO BE HEARD
A. Member Comments
   Mr. Jerome George, a member, spoke before the Board regarding auto pay and member communication over the phone/remote area issues and responded to questions from the Board.

IV. CONSENT AGENDA
A. Board Calendar
B. Training and Conferences
   1. 2018 NRECA Region 9 Meeting, September 25-27, 2018, Anchorage, AK (Deadline for conference registration is August 1, 2018)
   2. Director Winter School, November 30 – December 5, 2018, Nashville, TN (Deadline for conference and hotel registration is October 29, 2018)
C. Minutes
   1. May 23, 2018, Regular Board of Directors’ Meeting (Quezon-Vicente)
D. Director Expenses
E. Update Bank Signature Cards (Housekeeping)

Chair Chastain stated that the training and conferences are coming up and to let Connie Owens know, if interested in attending.

Director Reeves moved and Director Parks seconded the motion to approve the consent agenda. The motion passed unanimously.

V. CEO REPORTS AND CORRESPONDENCE
A. April 2018 Financial Statements and Variance Report (Harris/Curran)
   Sherri Highers, Chief Financial Officer and VP, Finance and Administration discussed the April 2018 Financial Statements and Variance Report. Ms. Highers, Lee Thibert, Chief Executive Officer (CEO), Arthur Miller, VP, Regulatory and External Affairs and Sean Skaling, Manager, Business and Sustainability Program Development responded to questions from the Board.

B. 2018 Annual Meeting and Election Report (Kurka/Miller)
   Teresa Kurka, Director, Member Services and Sarah Wiggers, Communication and Creative Specialist discussed the 2018 Annual Meeting and Election Report, asked the Board for their feedback and responded to questions from the Board.

C. 2019 Annual Meeting Plan Discussion (Wiggers/Andrews)
   Teresa Kurka, Director, Member Services and Sarah Wiggers, Communication
and Creative Specialist discussed the 2019 Annual Meeting Plan and responded to questions from the Board.

D. 2nd Quarter 2018 Utility Bill Comparison (Skaling/Miller)
The 2nd Quarter 2018 Utility Bill Comparison was provided in the meeting packet.

VI. DIRECTOR REPORTS
A. Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report
Lee Thibert, CEO and Director Crawford reported on the June 21 & 27, 2018 ARCTEC meetings.

Brian Hickey, Sr. Vice President, System Operations responded to question from the Board.

B. Renewable Energy Alaska Project (REAP) Report
Director Parks stated that the last REAP meeting, May 24, 2018, was reported at the last Board meeting and that the next REAP meeting is scheduled for July 11, 2018.

C. Accelerated Transition Plan Moving to 100% Renewable Energy with Zero Emissions – Report from Director Henderson
Director Henderson stated that he has nothing to report at this time and additional time is needed for research and analysis.

D. Board Committee Reports (Audit and Finance, Operations & Governance)
Chair Chastain appointed Director Morse as the Chair for Audit and Finance Committee. Chair Chastain stated that there has been no Audit and Finance Committee Meeting and that the next meeting is scheduled for July 11, 2018.

Director Parks reported on the May 24, 2018 and June 25, 2018, Operations Committee Meetings.

Director Henderson stated that he provided a copy of the CEO evaluations PowerPoint prepared by Tracy Beam specifically for Chugach Electric to the Board. Director Parks requested a copy of the presentation for his review.

Director Reeves stated that Director Morse has volunteered to serve on the Governance Committee and as a Vice Chair.

E. Other Meeting Reports
Chair Chastain and Director Reeves reported on the June 25, 2018 meeting with Doug Robbins on Renewable/Hydro Project opportunities and was encouraged to get involved with ARCTEC.
Director Reeves reported on the teleconference with NRECA and Meera Kohler of AVEC to discuss NRECA Resolution on emissions and climate change.

Director Henderson reported on the June 25, 2018, NACD meeting in Chicago.

VII. UNFINISHED BUSINESS
None

VIII. NEW BUSINESS
A. 2017 Capital Credit Allocations* (Kornmuller/Miller)
Jean Kornmuller, Manager, Regulatory Affairs and Arthur Miller, VP Regulatory & External Affairs, discussed the 2017 Capital Credit Allocations and responded to questions from the Board.

Director Parks moved and Director Reeves seconded the motion that the Board of Directors approve the Resolution authorizing 2017 capital credit allocations in the amounts of $6,018,165 to Chugach retail members and $30,559 to Seward Electric System. The motion passed unanimously.

IX. EXECUTIVE SESSION
A. Alaska Power Association (APA) Membership
B. Stand for Alaska Coalition
C. 2018 CEO Performance Scorecard and Project Specific Initiatives
D. 1st Quarter 2018 Fire Island Wind Report
E. Review of Request for Information Protocols
F. Board Policy (BP) Scheduled Tasks:
   1. BP 100 – Code of Ethics (Annual Review)
   2. BP 103 – Duties and Responsibilities of the Board of Directors (Annual Review)
   3. BP 106 – Director Duties and Standards of Conduct (Annual Review)
   4. BP 401 – 2nd Quarter 2018 Business Development and Sustainability Report (Skaling/Miller)
G. On-Going Strategic Matters
   1. Initiatives Under Consideration
   2. Outstanding Risks to the Association
H. ML&P Acquisition

At 5:09 p.m., Director Reeves moved and Director Parks seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1), (2) and (3) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion; and, 3) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.
X. NEW BUSINESS

A. ML&P - Approval of the Integration Consulting Agreement* (Fouts)
Director Reeves moved and Director Parks seconded the motion that the Board of Directors authorize the Chief Executive Officer to execute the Integration Consulting Agreement as discussed in Executive Session. The motion passed unanimously.

B. ML&P - Authorization to Negotiate Asset Purchase Agreement for Potential Acquisition** (Miller)
Director Reeves moved and Director Parks seconded the motion that the Chugach Board of Directors approve the resolution authorizing the Chief Executive Officer to negotiate and develop an Asset Purchase Agreement with the Municipality of Anchorage for the purchase of all or a majority interest of ML&P, with expected savings of at least $110 million and subject to due diligence, under terms and conditions substantially the same as discussed in Executive Sessions. The motion passed unanimously, as amended.

C. ML&P - Schedule for the Negotiation of Asset Purchase Agreement for Potential Acquisition** (Miller)
Director Reeves moved and Director Parks seconded the motion to waive the 7-day rule notice requirement. The motion passed unanimously.

Director Parks moved and Director Reeves seconded the motion that the Chugach Board of Directors approve the resolution regarding the schedule for Chugach Board approval of the Asset Purchase Agreement for the purchase of all or a majority interest of ML&P, subject to the timely receipt of due diligence information and successful negotiations with the Municipality of Anchorage. The motion passed unanimously, as amended.

D. 2018 CEO Performance Scorecard and Project Specific Initiatives** (Board)
Chair Chastain deferred this agenda item to the next Board meeting. No objections were made.

E. Director Vacancy* (Schulman)
Director Parks moved and Director Reeves seconded the motion that the Board accept Director Cooper’s resignation and proceed to fill the vacancy pursuant to Board Policy 603 and Article IV, Section 8 of the Chugach bylaws.

Lee Thibert, CEO, Connie Owens, Manager, Executive Office and Tom Schulman, Manager, Regulatory Legal responded to questions from the Board.

After discussion, Director Parks withdrew the original motion and accepted by Director Reeves.
Director Parks moved and Director Reeves seconded the motion that the Board accept Director Cooper's resignation and proceed to fill the vacancy pursuant to Board Policy 603 and Article IV, Section 8 of the Chugach bylaws. The motion passed unanimously.

Chair Chastain requested that the Board return to Executive Session. No objections were made.

At 7:51 p.m., Director Parks moved and Director Reeves seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1), (2) and (3) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion; and, 3) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 8:03 p.m.

XI. DIRECTOR COMMENTS
Director comments were made at this time.

XI. ADJOURNMENT
At 8:08 p.m., Director Reeves moved and Director Parks seconded the motion to adjourn. The motion passed unanimously.

Stuart Parks, Secretary
Date Approved: July 25, 2018
CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

July 12, 2018
Thursday
4:45 p.m.

SPECIAL BOARD OF DIRECTORS’ MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER
Chair Chastain called the Special Board of Directors’ Meeting to order at 4:49 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call
Board Members Present:
Bettina Chastain, Chair
Susan Reeves, Vice Chair
Rachel Morse, Treasurer
Stuart Parks, Secretary
Harry Crawford, Director
Jim Henderson, Director

Guests and Staff in Attendance:
Lee Thibert Arden Quezon-Vicente Tom Schulman

II. APPROVAL OF THE AGENDA
Director Morse moved and Director Reeves seconded the motion to approve the agenda. The motion passed unanimously.

III. PERSONS TO BE HEARD
A. Member Comments
None

IV. CEO REPORTS AND CORRESPONDENCE
None

V. DIRECTOR REPORTS
None

VI. UNFINISHED BUSINESS
None

VII. NEW BUSINESS
None
VIII. EXECUTIVE SESSION
   A. Discuss Interview Process of Applicants for Vacant Board of Director Position
   B. Interviews of Applicants for Vacant Board of Director Position
   C. Discuss the Interviews of Applicants for Vacant Board of Director Position

At 4:50 p.m., Director Morse moved and Director Reeves seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(2) and (3) the Board of Directors go into executive session to discuss: 1) personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion; and, 2) matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 8:20 p.m.

IX. DIRECTOR COMMENTS
Director comments were made at this time.

X. ADJOURNMENT
At 8:22 p.m., Director Parks moved and Director Crawford seconded the motion to adjourn. The motion passed unanimously.

______________________________
Stuart Parks, Secretary
Date Approved: July 25, 2018
ACTION REQUIRED

X Motion

TOPIC

Director Expenses

DISCUSSION

The Director’s expenses will be submitted for approval at the board meeting.

MOTION

(Consent Agenda)
CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 25, 2018

ACTION REQUIRED

____ Information Only
X  Motion
____ Resolution
____ Executive Session
____ Other

AGENDA ITEM NO. IV.E.

TOPIC

Stoel Rives Task Order Amendment.

DISCUSSION

Stoel Rives was retained to assist the Board of Directors in its review of Director qualifications. The Task Order for this matter has a not-to-exceed (NTE) amount of $15,000. However, because the number of tasks assigned to Stoel Rives exceeded the anticipated scope of services, the NTE amount of the Task Order needs to be increased. Chugach recently received the final invoice for this matter and the total cost exceeds the task order limit by $4,153, or a total of $19,153.

Board Policy 401 provides that any increase to task orders for the Board that exceed 10% of the original contract or $10,000, whichever is less, must be approved by the Board of Directors. Here, the final invoice exceeds the task order limit by $4,153 and therefore, Board approval is required for the increase.

MOTION

Consent Agenda
## Statement of Operations

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<thead>
<tr>
<th>Category</th>
<th>2018 MTD Actual</th>
<th>2018 MTD Budget</th>
<th>2018 MTD Variance</th>
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<tr>
<td>Operating Revenue and Patronage Capital</td>
<td>$15,621,334</td>
<td>$15,906,158</td>
<td>$(284,824)</td>
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<tr>
<td>Fuel and Purchased Power Expense</td>
<td>$5,786,076</td>
<td>$6,144,149</td>
<td>$(358,073)</td>
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<tr>
<td>Power Production Expense</td>
<td>$1,320,841</td>
<td>$1,531,009</td>
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<tr>
<td>Transmission Expense</td>
<td>$613,321</td>
<td>$566,825</td>
<td>$46,496</td>
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<td>Distribution Expense</td>
<td>$1,283,455</td>
<td>$1,256,711</td>
<td>$26,744</td>
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<td>Customer Expense</td>
<td>$589,597</td>
<td>$590,198</td>
<td>$(601)</td>
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<tr>
<td>Administrative, General and Other</td>
<td>$1,763,944</td>
<td>$1,869,289</td>
<td>$(105,345)</td>
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<tr>
<td>Depreciation &amp; Amortization Expense</td>
<td>$2,136,105</td>
<td>$2,650,708</td>
<td>$(514,603)</td>
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<tr>
<td>Interest Expense, Net</td>
<td>$1,816,239</td>
<td>$1,798,386</td>
<td>$17,853</td>
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<td><strong>Total Cost of Electric Service</strong></td>
<td><strong>$15,309,578</strong></td>
<td><strong>$16,407,275</strong></td>
<td><strong>$(1,097,697)</strong></td>
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<tr>
<td>Patronage Capital &amp; Operating Margins</td>
<td>$311,756</td>
<td>$(501,117)</td>
<td>$812,873</td>
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<td>Non-Operating Margins - Interest</td>
<td>$57,046</td>
<td>$52,630</td>
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<td>Allowance for Funds Used During Construction</td>
<td>$9,218</td>
<td>$8,060</td>
<td>$1,158</td>
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<td>Non-Operating Margins - Other</td>
<td>$(29,907)</td>
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<td><strong>Patronage Capital or Margins</strong></td>
<td><strong>$348,113</strong></td>
<td><strong>$(440,427)</strong></td>
<td><strong>$788,540</strong></td>
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### Total Cost of Electric Service (MTD Actual)

- **Fuel & Purchased Power**: 38%
- **Transmission**: 4%
- **Depreciation & Amortization**: 14%
- **Power Production**: 9%
- **Distribution**: 8%
- **Customer**: 4%
- **Admin. General & Other**: 11%
- **Interest Expense, Net**: 12%
# FINANCIAL REPORT

## MAY 2018

### BALANCE SHEET

<table>
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<tr>
<th>ASSETS &amp; OTHER DEBITS</th>
<th>05/31/2018</th>
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<td>Electric Plant in Service</td>
<td>1,206,487,179</td>
<td>1,205,092,224</td>
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<tr>
<td>Construction Work in Progress</td>
<td>15,329,369</td>
<td>17,952,573</td>
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<tr>
<td><strong>Total Utility Plant</strong></td>
<td>$1,221,816,548</td>
<td>$1,223,044,797</td>
</tr>
<tr>
<td>Accum. Prov. for Depreciation/Amortization</td>
<td>(517,681,320)</td>
<td>(515,496,312)</td>
</tr>
<tr>
<td><strong>Net Utility Plant</strong></td>
<td>$704,135,228</td>
<td>$707,548,485</td>
</tr>
<tr>
<td>Nonutility Property - Net</td>
<td>76,889</td>
<td>76,889</td>
</tr>
<tr>
<td>Investment in Assoc. Organizations</td>
<td>8,566,395</td>
<td>8,580,410</td>
</tr>
<tr>
<td>Special Funds</td>
<td>1,465,872</td>
<td>1,466,010</td>
</tr>
<tr>
<td>Restricted Cash &amp; Other Investments</td>
<td>754,998</td>
<td>1,028,758</td>
</tr>
<tr>
<td><strong>Total Other Property &amp; Investments</strong></td>
<td>$10,864,154</td>
<td>$11,552,067</td>
</tr>
<tr>
<td>Cash, Marketable Securities &amp; Other</td>
<td>15,407,090</td>
<td>16,906,531</td>
</tr>
<tr>
<td>Special Deposits/Restricted Cash</td>
<td>604,934</td>
<td>741,670</td>
</tr>
<tr>
<td>Materials and Supplies, Fuel Stock</td>
<td>24,576,266</td>
<td>22,193,089</td>
</tr>
<tr>
<td>Prepayments</td>
<td>3,875,129</td>
<td>4,953,170</td>
</tr>
<tr>
<td>Other Current &amp; Accrued Assets</td>
<td>3,219,943</td>
<td>5,178,987</td>
</tr>
<tr>
<td><strong>Total Current &amp; Accrued Assets</strong></td>
<td>$72,791,522</td>
<td>$85,654,127</td>
</tr>
<tr>
<td>Deferred Debits</td>
<td>33,151,293</td>
<td>32,764,065</td>
</tr>
<tr>
<td><strong>Total Assets &amp; Other Debts</strong></td>
<td>$820,942,197</td>
<td>$837,518,744</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES &amp; OTHER CREDITS</th>
<th>05/31/2018</th>
<th>12/31/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memberships</td>
<td>1,729,932</td>
<td>1,719,154</td>
</tr>
<tr>
<td>Pat. Capital, Margins &amp; Equities</td>
<td>190,317,484</td>
<td>187,582,140</td>
</tr>
<tr>
<td><strong>Total Margins &amp; Equities</strong></td>
<td>$192,047,416</td>
<td>$189,201,294</td>
</tr>
<tr>
<td>Long-Term Debt - Bonds</td>
<td>398,416,664</td>
<td>421,833,331</td>
</tr>
<tr>
<td>Long-Term Debt - Other</td>
<td>35,568,000</td>
<td>37,164,000</td>
</tr>
<tr>
<td>Unamortized Debt Issuance Costs</td>
<td>(2,566,681)</td>
<td>(2,669,485)</td>
</tr>
<tr>
<td><strong>Total Long-Term Debt</strong></td>
<td>$431,417,983</td>
<td>$456,327,846</td>
</tr>
<tr>
<td>Notes Payable</td>
<td>81,608,667</td>
<td>76,608,667</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>8,266,605</td>
<td>7,420,279</td>
</tr>
<tr>
<td>Consumer Deposits</td>
<td>5,198,784</td>
<td>5,335,896</td>
</tr>
<tr>
<td>Other Current &amp; Accrued Liabilities</td>
<td>28,604,069</td>
<td>30,002,352</td>
</tr>
<tr>
<td><strong>Total Current &amp; Accrued Liabilities</strong></td>
<td>$123,678,125</td>
<td>$119,367,194</td>
</tr>
<tr>
<td>Deferred Compensation</td>
<td>1,230,508</td>
<td>1,229,294</td>
</tr>
<tr>
<td>Other Liabilities, Non-Current</td>
<td>722,005</td>
<td>531,630</td>
</tr>
<tr>
<td>Deferred Liabilities</td>
<td>1,330,737</td>
<td>1,249,390</td>
</tr>
<tr>
<td>Patronage Capital Payable</td>
<td>8,798,077</td>
<td>8,798,077</td>
</tr>
<tr>
<td>Cost of Removal Obligation</td>
<td>61,717,346</td>
<td>60,714,019</td>
</tr>
<tr>
<td><strong>Total Liabilities &amp; Other Credits</strong></td>
<td>$820,942,197</td>
<td>$837,518,744</td>
</tr>
</tbody>
</table>
# Comparative Financial Report

## Statement of Operations

### Current YTD Actual to Budget Variance

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 YTD Actual</th>
<th>2018 YTD Budget</th>
<th>2018 YTD Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue and Patronage Capital</td>
<td>$87,718,883</td>
<td>$92,369,660</td>
<td>($4,650,777)</td>
</tr>
<tr>
<td>Fuel and Purchased Power Expense</td>
<td>34,392,805</td>
<td>37,430,896</td>
<td>(3,038,091)</td>
</tr>
<tr>
<td>Power Production Expense</td>
<td>7,105,342</td>
<td>7,666,198</td>
<td>(560,856)</td>
</tr>
<tr>
<td>Transmission Expense</td>
<td>3,084,608</td>
<td>2,901,956</td>
<td>182,652</td>
</tr>
<tr>
<td>Distribution Expense</td>
<td>6,511,535</td>
<td>6,183,875</td>
<td>327,660</td>
</tr>
<tr>
<td>Customer Expense</td>
<td>3,033,335</td>
<td>2,685,160</td>
<td>348,175</td>
</tr>
<tr>
<td>Administrative, General and Other</td>
<td>9,512,398</td>
<td>9,555,673</td>
<td>(43,275)</td>
</tr>
<tr>
<td>Depreciation &amp; Amortization Expense</td>
<td>12,081,065</td>
<td>13,268,882</td>
<td>(1,187,817)</td>
</tr>
<tr>
<td>Interest Expense, Net</td>
<td>9,192,239</td>
<td>9,146,233</td>
<td>46,006</td>
</tr>
<tr>
<td><strong>Total Cost of Electric Service</strong></td>
<td>$84,913,327</td>
<td>$88,838,873</td>
<td>($3,925,546)</td>
</tr>
<tr>
<td>Patronage Capital &amp; Operating Margins</td>
<td>$2,805,556</td>
<td>$3,530,787</td>
<td>($725,231)</td>
</tr>
<tr>
<td>Non-Operating Margins - Interest</td>
<td>274,457</td>
<td>259,940</td>
<td>14,517</td>
</tr>
<tr>
<td>Allowance Funds Used During Const.</td>
<td>41,558</td>
<td>35,191</td>
<td>6,367</td>
</tr>
<tr>
<td>Non-Operating Margins - Other</td>
<td>(151,035)</td>
<td>-</td>
<td>(151,035)</td>
</tr>
<tr>
<td><strong>Patronage Capital or Margins</strong></td>
<td>$2,970,536</td>
<td>$3,825,918</td>
<td>($855,382)</td>
</tr>
</tbody>
</table>

| MFI/I                                         | 1.32            | 1.41            |
| TIER                                          | 1.34            | 1.44            |

**Total Cost of Electric Service (YTD Actual)**

- **Fuel & Purchased Power** 40%
- **Depreciation & Amortization** 14%
- **Admin, General and Other** 11%
- **Transmission** 4%
- **Distribution** 8%
- **Power Production** 8%
- **Customer** 4%
- **Interest Expense, Net** 11%
## Comparative Financial Report

**Statement of Operations**

Current to Prior YTD Actual

<table>
<thead>
<tr>
<th>Category</th>
<th>2018 YTD</th>
<th>2017 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ACTUAL</td>
<td>ACTUAL</td>
</tr>
<tr>
<td>Operating Revenue and Patronage Capital</td>
<td>$87,718,883</td>
<td>$96,021,642</td>
</tr>
<tr>
<td>Fuel and Purchased Power Expense</td>
<td>34,392,805</td>
<td>40,195,637</td>
</tr>
<tr>
<td>Power Production Expense</td>
<td>7,105,342</td>
<td>6,761,960</td>
</tr>
<tr>
<td>Transmission Expense</td>
<td>3,084,608</td>
<td>2,510,555</td>
</tr>
<tr>
<td>Distribution Expense</td>
<td>6,511,535</td>
<td>5,163,997</td>
</tr>
<tr>
<td>Customer Expense</td>
<td>3,033,335</td>
<td>2,602,246</td>
</tr>
<tr>
<td>Administrative, General and Other</td>
<td>9,512,398</td>
<td>10,636,711</td>
</tr>
<tr>
<td>Depreciation and Amortization Expense</td>
<td>12,081,065</td>
<td>15,771,817</td>
</tr>
<tr>
<td>Interest Expense, Net</td>
<td>9,192,239</td>
<td>9,215,142</td>
</tr>
<tr>
<td><strong>Total Cost of Electric Service</strong></td>
<td>$84,913,327</td>
<td>$92,858,065</td>
</tr>
<tr>
<td>Patronage Capital &amp; Operating Margins</td>
<td>$2,805,556</td>
<td>$3,163,577</td>
</tr>
<tr>
<td>Non-Operating Margins - Interest</td>
<td>274,457</td>
<td>253,794</td>
</tr>
<tr>
<td>Allowance for Funds Used During Construction</td>
<td>41,558</td>
<td>21,264</td>
</tr>
<tr>
<td>Non-Operating Margins - Other</td>
<td>(151,035)</td>
<td>97,177</td>
</tr>
<tr>
<td><strong>Patronage Capital or Margins</strong></td>
<td>$2,970,536</td>
<td>$3,535,812</td>
</tr>
<tr>
<td>MFI/I</td>
<td>1.32</td>
<td>1.38</td>
</tr>
<tr>
<td>TIER</td>
<td>1.34</td>
<td>1.40</td>
</tr>
</tbody>
</table>

### Cost of Electric Service (YTD)

The chart shows the cost of electric service for the years 2017 and 2018, categorized into various cost components such as Fuel/Purch Power, Power Production, Transmission, Distribution, Customer, Admin/General/Other, Depr & Amort, and Interest Expense, Net. The costs are represented in millions of dollars.
ENERGY SALES (kWh)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Energy Sales</td>
<td>462,331,093</td>
<td>475,827,720</td>
</tr>
<tr>
<td>Wholesale Energy Sales</td>
<td>24,133,203</td>
<td>24,749,758</td>
</tr>
<tr>
<td>Total Firm Energy Sales</td>
<td>486,464,296</td>
<td>500,577,478</td>
</tr>
<tr>
<td>Economy Energy Sales</td>
<td></td>
<td>0</td>
</tr>
<tr>
<td>Total Energy Sales</td>
<td>486,464,503</td>
<td>500,577,478</td>
</tr>
</tbody>
</table>

Firm energy sales totaled 486,464,296 kWh, which was a 2.8% unfavorable variance compared to budget. Retail energy sales were under budget 2.8% and wholesale energy sales were under budget by 2.5%, primarily due to warmer than anticipated weather through April.

ENERGY REVENUE (in millions)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail Revenue</td>
<td>$81.0</td>
<td>$85.9</td>
</tr>
<tr>
<td>Wholesale Revenue</td>
<td>2.2</td>
<td>2.5</td>
</tr>
<tr>
<td>Total Firm Revenue</td>
<td>83.2</td>
<td>88.4</td>
</tr>
<tr>
<td>Economy Energy Revenue</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Other Operating Revenue</td>
<td>4.4</td>
<td>4.0</td>
</tr>
<tr>
<td>Total Revenue</td>
<td>$87.7</td>
<td>$92.4</td>
</tr>
</tbody>
</table>

Revenue from firm sales totaled $83.2 million compared to $88.4 million in the budget. Firm revenue was lower than expected primarily due to lower than anticipated kWh sales and lower fuel recovered in revenue through the fuel and purchased power adjustment process.

Economy energy revenue totaled $28.6 thousand due to unanticipated sales to GVEA, MEA, and HEA. Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, miscellaneous service and other electric revenue. Other operating revenue totaled $4.4 million compared to $4.0 million in the budget, primarily due to higher than anticipated wheeling revenue.
FUEL AND PURCHASED POWER (in millions)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuel</td>
<td>$ 27.3</td>
<td>$ 30.6</td>
</tr>
<tr>
<td>Purchased Power</td>
<td>$ 7.1</td>
<td>$ 6.8</td>
</tr>
<tr>
<td>Total</td>
<td>$ 34.4</td>
<td>$ 37.4</td>
</tr>
</tbody>
</table>

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was $27.3 million compared to $30.6 million projected in the budget. This variance was primarily due to less fuel consumed as a result of lower sales and lower than anticipated BRU operating costs.

Actual fuel purchased for production was 3,005,083 MCF at an average effective delivered price of $8.37 per MCF, compared to 3,283,430 MCF in the budget at an average effective delivered price of $8.45 per MCF.

Purchased power expense represents energy purchased from Bradley Lake, Fire Island, and other utilities as needed, as well as costs associated with dispatching. Purchased power expense was $7.1 million compared to $6.8 million in the budget. This variance is due primarily to higher than anticipated purchases.

Actual energy purchased was 89,503 MWh at an average effective price of 6.44 cents per kWh compared to 75,912 MWh budgeted at an average effective price of 7.20 cents per kWh. Higher than anticipated purchases from Bradley Lake resulted in a lower average effective price.

POWER PRODUCTION (in millions)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Power Production</td>
<td>$ 7.1</td>
<td>$ 7.7</td>
</tr>
</tbody>
</table>

Power production expense was $7.1 million compared to $7.7 million in the budget. This favorable variance is primarily due to reimbursement from Hilcorp for Beluga camp use and lower than anticipated SPP maintenance costs. These savings were somewhat offset by costs associated with a maintenance procedures program.

TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Transmission</td>
<td>$ 3.1</td>
<td>$ 2.9</td>
</tr>
</tbody>
</table>

Transmission operations and maintenance expense was $3.1 million compared to $2.9 million in the budget, primarily due to higher than anticipated substation expense labor and vegetation clearing expenses.
VARIANCE REPORT

DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Distribution</td>
<td>$ 6.5</td>
<td>$ 6.2</td>
</tr>
</tbody>
</table>

Distribution operations and maintenance expense was $6.5 million compared to $6.2 million in the budget. This unfavorable variance is primarily due to higher than anticipated vegetation control expenses as well as increased labor and maintenance costs due to storm-related damage.

CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Consumer / Customer Information</td>
<td>$ 3.0</td>
<td>$ 2.7</td>
</tr>
</tbody>
</table>

Consumer accounts and customer information expense was $3.0 million compared to $2.7 million in the budget. This variance is primarily due to advertising for the ML&P acquisition.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

<table>
<thead>
<tr>
<th></th>
<th>YTD Actual</th>
<th>YTD Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative, General and Other</td>
<td>$ 9.5</td>
<td>$ 9.6</td>
</tr>
</tbody>
</table>

Administrative, general and other expense includes tax, donations, other deductions associated with preliminary survey and investigation charges of projects, and obsolete inventory write-offs that are not attributable to operating or maintenance accounts, which was $9.5 million compared to $9.6 million in the budget. While not a significant variance, increased labor expenses were somewhat offset by the deferred classification of costs associated with the ML&P acquisition.

SUMMARY

Depreciation, interest, and interest during construction expense totaled $21.3 million compared to $22.4 million in the budget. The favorable variance compared to budget was primarily due to lower than anticipated depreciation expense as a result of retirement adjustments from project closeouts.

All of the foregoing expenses resulted in total cost of electric service of $84.9 million compared to $88.8 million in the budget.

Non-operating margins include allowance for funds used during construction (AFUDC), capital credit and patronage capital allocations, extraordinary items, and interest income. Non-operating margins totaled $165.0 thousand compared to $295.1 thousand in the budget primarily due to the loss in value of marketable securities.

The net result of revenue and expenses was margins of $3.0 million compared to projected margins of $3.8 million in the budget. The current forecast projects year-end margins of $6.4 million, an MFI/I of 1.29, and TIER of 1.31.
## COMPARATIVE FINANCIAL REPORT
### STATEMENT OF OPERATIONS
#### YEAR-END FORECAST

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>2018 APPROVED BUDGET</th>
<th>2018 YTD ACTUALS</th>
<th>2018 REVISED FORECAST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue and Patronage Capital</td>
<td>$214,960,079</td>
<td>$87,718,883</td>
<td>$210,659,302</td>
</tr>
<tr>
<td>Fuel and Purchased Power Expense</td>
<td>85,194,690</td>
<td>34,392,805</td>
<td>82,156,599</td>
</tr>
<tr>
<td>Power Production Expense</td>
<td>18,965,542</td>
<td>7,105,342</td>
<td>18,704,035</td>
</tr>
<tr>
<td>Transmission Expense</td>
<td>6,915,445</td>
<td>3,084,608</td>
<td>7,098,097</td>
</tr>
<tr>
<td>Distribution Expense</td>
<td>14,835,722</td>
<td>6,511,535</td>
<td>15,163,382</td>
</tr>
<tr>
<td>Customer Expense</td>
<td>6,833,267</td>
<td>3,033,335</td>
<td>7,181,442</td>
</tr>
<tr>
<td>Administrative, General &amp; Other</td>
<td>22,127,986</td>
<td>9,512,398</td>
<td>22,022,711</td>
</tr>
<tr>
<td>Depreciation and Amortization Expense</td>
<td>32,264,325</td>
<td>12,081,065</td>
<td>31,076,508</td>
</tr>
<tr>
<td>Interest Expense, Net</td>
<td>21,493,320</td>
<td>9,192,239</td>
<td>21,539,326</td>
</tr>
<tr>
<td><strong>Total Cost of Electric Service</strong></td>
<td>$208,630,297</td>
<td>$84,913,327</td>
<td>$204,942,100</td>
</tr>
<tr>
<td>Patronage Capital &amp; Operating Margins</td>
<td>$6,329,782</td>
<td>$2,805,556</td>
<td>$5,717,202</td>
</tr>
<tr>
<td>Non-Operating Margins - Interest</td>
<td>625,941</td>
<td>274,457</td>
<td>640,458</td>
</tr>
<tr>
<td>Allowance for Funds Used During Construction</td>
<td>181,126</td>
<td>41,558</td>
<td>187,493</td>
</tr>
<tr>
<td>Non-Operating Margins - Other</td>
<td>-</td>
<td>(151,035)</td>
<td>(151,035)</td>
</tr>
<tr>
<td><strong>Patronage Capital or Margins</strong></td>
<td>$7,136,849</td>
<td>$2,970,536</td>
<td>$6,394,118</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>MIS/1</th>
<th>TIER</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.32</td>
<td>1.32</td>
</tr>
<tr>
<td>1.35</td>
<td>1.34</td>
</tr>
<tr>
<td>1.29</td>
<td>1.31</td>
</tr>
</tbody>
</table>

1 Forecast based on 5 month actual and 7 month forecast
2 Forecast has been adjusted to reflect known and measurable changes
CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

TO: Lee Thibert, CEO
FROM: Tyler Andrews, Vice President, Member and Employee Services
SUBJECT: 2nd Quarter Safety Report 2018

Year to Date Safety Statistics - 2nd Quarter

- Total Number of Recordable Injuries: 3
- Number of Lost Work Day Recordable Injuries: 2
- Preventable Incidents: 1
- Lost Work Days: 203
- Vehicle Incidents: 1

Notable Items:

- Joe D’Amico, Security Director, Operations, from Denali Universal Services conducted a training class for our linemen on techniques they can use to prevent a potentially dangerous situation from escalating into a physical confrontation or injury.
- Provided unit 3 overhaul safety support to include training of contract employees and assessing risk for infrequently performed work activities.
- Finalized plans to demo new intrusion detection technology at University Substation.
- Conducted a quarterly safety manager meeting April 23rd during which we reviewed the underlying pillars of high performing safety management systems.

Safety Training:

- A primary incident prevention effort from the Safety Department is the delivery of safety training. Safety training topics contribute to employee knowledge, hazard identification and mitigation, required safe work procedures, and safety regulations. To date 83% of our training plan has been completed.
Global Statistics

Learning Management System Compliance

Here are some big picture learning management statistics for you to peruse. Permission will dictate how deep into the you can go. Consider applying a filter if you are feeling in the mood for more specific results.

<table>
<thead>
<tr>
<th>Component</th>
<th>Count</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
</table>
| Internal Training   | 1,088 | 122   | 9%
| Certificates        | 1,056 | 120   | 7%
| Practice Demonstrations | 34  | 5     | 8%
| Total Average       | 2,207 | 157   | 83% |

Recordable Incident Rate 2018

* Based on data reported to the Bureau of Labor Statistics (BLS) under NAICS Code 2211
### Injury Rate: 12 Month Rolling Average

<table>
<thead>
<tr>
<th>Month</th>
<th>July</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>1 Jan - 2018</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>May</th>
<th>June</th>
</tr>
</thead>
<tbody>
<tr>
<td>Series 1</td>
<td>1.765</td>
<td>1.412</td>
<td>1.412</td>
<td>1.412</td>
<td>1.765</td>
<td>1.412</td>
<td>1.059</td>
<td>1.412</td>
<td>1.412</td>
<td>1.412</td>
<td>1.412</td>
<td>1.412</td>
</tr>
</tbody>
</table>

### Recordable Incident Rate 2018 by Group

<table>
<thead>
<tr>
<th>Group</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
<th>2018 Year-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin/CEO/Finance</td>
<td>1.50</td>
<td>2.00</td>
<td>4.57</td>
<td>4.75</td>
<td>2.13</td>
<td>2.86</td>
<td>4.80</td>
<td>6.64</td>
<td>1.90</td>
<td>2.94</td>
</tr>
<tr>
<td>System Operations</td>
<td>6.00</td>
<td>2.00</td>
<td>4.57</td>
<td>4.75</td>
<td>2.13</td>
<td>2.86</td>
<td>4.80</td>
<td>6.64</td>
<td>1.90</td>
<td>2.94</td>
</tr>
<tr>
<td>Power Supply</td>
<td>6.00</td>
<td>2.00</td>
<td>4.57</td>
<td>4.75</td>
<td>2.13</td>
<td>2.86</td>
<td>4.80</td>
<td>6.64</td>
<td>1.90</td>
<td>2.94</td>
</tr>
<tr>
<td>Chugach Overall</td>
<td>6.00</td>
<td>2.00</td>
<td>4.57</td>
<td>4.75</td>
<td>2.13</td>
<td>2.86</td>
<td>4.80</td>
<td>6.64</td>
<td>1.90</td>
<td>2.94</td>
</tr>
<tr>
<td>BLS (Alaska) Utilities</td>
<td>6.00</td>
<td>2.00</td>
<td>4.57</td>
<td>4.75</td>
<td>2.13</td>
<td>2.86</td>
<td>4.80</td>
<td>6.64</td>
<td>1.90</td>
<td>2.94</td>
</tr>
<tr>
<td>BLS (National)</td>
<td>6.00</td>
<td>2.00</td>
<td>4.57</td>
<td>4.75</td>
<td>2.13</td>
<td>2.86</td>
<td>4.80</td>
<td>6.64</td>
<td>1.90</td>
<td>2.94</td>
</tr>
</tbody>
</table>
Vehicle Incidents:

- There has been 1 vehicle incident YTD.
CHUGACH ELECTRIC ASSOCIATION, INC.  
Anchorage, Alaska  
July 17, 2018

TO:  Arthur Miller, VP, Regulatory & External Affairs  
THROUGH: Teresa Kurka, Director, Member Services  
FROM: Lynda Muise, Manager, Consumer Accounting  
SUBJECT: Semi-Annual Electric & Miscellaneous Accounts Receivable Write-Off

The current electric write-off reflects uncollectible account balances through October 31, 2017. This write-off consists of 854 accounts totaling $175,219.94, which represents .17% of the retail revenue for this write-off period. These accounts will be written-off of our accounts receivable general ledger and reclassified as bad debt. Attachment 1 is a summary of prior periods electric accounts receivable write-off’s.

In addition to the electric write-off's, Chugach is also writing off miscellaneous accounts receivable. Miscellaneous accounts receivable are damage claims that have become uncollectible. For the period ending October 31, 2017, the amount that will be reclassified as bad debt is $1,925.14. Attachment 2 is a summary of prior periods miscellaneous accounts receivable write-off’s.
## 5 YEAR ELECTRIC WRITE-OFF COMPARISON

<table>
<thead>
<tr>
<th>Write-Off Date</th>
<th>Collection Period</th>
<th>Number of Accounts</th>
<th>Retail Revenue</th>
<th>Write Off Amount</th>
<th>Percent of Revenue</th>
<th>Collection Accounts Recovered</th>
<th>Collections as a Percent of Revenue</th>
<th>Net Write Off</th>
<th>Net Write Off as a Percent of Revenue</th>
<th>Average Amount per Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 19, 2013</td>
<td>April 30, 2013</td>
<td>617</td>
<td>$73,145,026</td>
<td>$110,501.61</td>
<td>0.15%</td>
<td>$30,312.00</td>
<td>0.04%</td>
<td>$80,189.61</td>
<td>0.11%</td>
<td>$179,092</td>
</tr>
<tr>
<td>June 25, 2014</td>
<td>October 31, 2013</td>
<td>903</td>
<td>$85,568,850</td>
<td>$160,134.93</td>
<td>0.19%</td>
<td>$41,787.79</td>
<td>0.05%</td>
<td>$118,347.14</td>
<td>0.14%</td>
<td>$177,342</td>
</tr>
<tr>
<td>December 9, 2014</td>
<td>April 30, 2014</td>
<td>661</td>
<td>$77,643,405</td>
<td>$117,629.35</td>
<td>0.15%</td>
<td>$56,221.00</td>
<td>0.07%</td>
<td>$61,408.35</td>
<td>0.08%</td>
<td>$177,962</td>
</tr>
<tr>
<td>June 24, 2015</td>
<td>October 31, 2014</td>
<td>787</td>
<td>$88,324,971</td>
<td>$126,104.13</td>
<td>0.15%</td>
<td>$41,961.50</td>
<td>0.05%</td>
<td>$84,142.63</td>
<td>0.10%</td>
<td>$160,232</td>
</tr>
<tr>
<td>December 16, 2015</td>
<td>April 30, 2015</td>
<td>622</td>
<td>$81,418,107</td>
<td>$108,494.75</td>
<td>0.13%</td>
<td>$38,426.31</td>
<td>0.05%</td>
<td>$70,068.44</td>
<td>0.09%</td>
<td>$174,432</td>
</tr>
<tr>
<td>June 23, 2016</td>
<td>October 31, 2015</td>
<td>771</td>
<td>$94,542,710</td>
<td>$115,842.51</td>
<td>0.12%</td>
<td>$50,966.16</td>
<td>0.05%</td>
<td>$64,876.35</td>
<td>0.07%</td>
<td>$150,252</td>
</tr>
<tr>
<td>December 6, 2016</td>
<td>April 30, 2016</td>
<td>636</td>
<td>$83,344,470</td>
<td>$125,809.55</td>
<td>0.15%</td>
<td>$42,018.07</td>
<td>0.05%</td>
<td>$83,791.48</td>
<td>0.10%</td>
<td>$197,812</td>
</tr>
<tr>
<td>July 26, 2017</td>
<td>October 31, 2016</td>
<td>783</td>
<td>$105,477,123</td>
<td>$147,454.48</td>
<td>0.14%</td>
<td>$48,156.33</td>
<td>0.05%</td>
<td>$99,309.15</td>
<td>0.09%</td>
<td>$188,322</td>
</tr>
<tr>
<td>December 20, 2017</td>
<td>April 30, 2017</td>
<td>783</td>
<td>$89,530,357</td>
<td>$177,458.80</td>
<td>0.20%</td>
<td>$72,114.57</td>
<td>0.08%</td>
<td>$105,345.23</td>
<td>0.12%</td>
<td>$226,652</td>
</tr>
<tr>
<td>July 12, 2018</td>
<td>October 30, 2017</td>
<td>854</td>
<td>$105,900,546</td>
<td>$175,219.94</td>
<td>0.17%</td>
<td>$52,142.99</td>
<td>0.05%</td>
<td>$123,076.95</td>
<td>0.12%</td>
<td>$206,182</td>
</tr>
</tbody>
</table>

### Semi-annual Write Off (% of Retail Revenue)

### Semi-annual Write Off ($) vs. Net Write Off
5 YEAR MISCELLANEOUS ACCOUNTS RECEIVABLE WRITE OFF COMPARISON

<table>
<thead>
<tr>
<th>Write-Off Date</th>
<th>Collection Period</th>
<th>Number of Accounts</th>
<th>Write Off Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>December 19, 2013</td>
<td>April 30, 2013</td>
<td>0</td>
<td>$0.00</td>
</tr>
<tr>
<td>June 25, 2014</td>
<td>October 31, 2013</td>
<td>15</td>
<td>$56,151.30</td>
</tr>
<tr>
<td>December 9, 2014</td>
<td>April 30, 2014</td>
<td>3</td>
<td>$4,493.39</td>
</tr>
<tr>
<td>June 24, 2015</td>
<td>October 31, 2014</td>
<td>0</td>
<td>$0.00</td>
</tr>
<tr>
<td>December 16, 2015</td>
<td>April 30, 2015</td>
<td>3</td>
<td>$1,214.48</td>
</tr>
<tr>
<td>June 23, 2016</td>
<td>October 31, 2015</td>
<td>6</td>
<td>$13,500.48</td>
</tr>
<tr>
<td>December 6, 2016</td>
<td>April 30, 2016</td>
<td>0</td>
<td>$0.00</td>
</tr>
<tr>
<td>July 26, 2017</td>
<td>October 31, 2016</td>
<td>0</td>
<td>$0.00</td>
</tr>
<tr>
<td>December 20, 2017</td>
<td>April 30, 2017</td>
<td>2</td>
<td>$1,638.62</td>
</tr>
<tr>
<td>July 12, 2018</td>
<td>October 30, 2017</td>
<td>2</td>
<td>$1,925.14</td>
</tr>
</tbody>
</table>

Semi-annual Write Off Miscellaneous Accounts Receivable

![Graph showing write-off amounts over time](image-url)
CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

July 25, 2018

TO: Lee Thibert, Chief Executive Officer

THROUGH: Arthur Miller, VP Regulatory and External Affairs

FROM: Kate Ayers, Member and Energy Services Program Manager

SUBJECT: Member Appreciation Day and National Drive Electric Week—Planning Update

Chugach began planning for its fifth annual Member Appreciation Day and first celebration of National Drive Electric Week (NDEW). Members will be invited to attend Member Appreciation Day on October 5 from 10:00 am to 2:00 pm. The event serves as an opportunity for Chugach to join the nation in celebrating Energy Awareness and National Cooperative Month. National Drive Electric Week, September 8-16, 2018, is a nationwide celebration to heighten awareness of benefits and widespread availability of all-electric and plug-in hybrid-electric vehicles.

Member Appreciation Day
Like past years, members will be invited to participate in the popular Southcentral Power Project tour, take a ride in a bucket truck, or hop on the energy bike to power light bulbs. Members will also be able to enjoy a hot dog barbecue served by Chugach staff and learn about various topics from the anticipated community educational booths. This year will also feature Wattson, Chugach’s electric vehicle, and EV charging station. In addition, members will be able to test drive electric vehicles on-site through utilizing partnerships with local car dealerships.

Chugach members will be able to enter a drawing for a chance to win a DEWALT 1800-Watt Portable Power Station. Members will be able to enter the drawing online or at the event on October 5. Event giveaways will also be distributed.

National Drive Electric Week
Information about NDEW and electric vehicles will be published in the Outlet Newsletter and on Chugach’s social media platforms. During NDEW Chugach will present at the Clean Power Happy Hour series, hosted by the Alaska Center. This presentation will focus on electric vehicle technology and will include information on Wattson. In addition, Wattson will be showcased in various locations around the community during NDEW. This “Where’s Wattson” effort will give members an opportunity to see the car and discuss electric vehicles with a Chugach representative.
Chugach’s communication team has agreed to publish a press release outlining the “Where’s Wattson” effort and Chugach’s participation in the Clean Power Happy Hour.

Finally, the efforts towards NDEW and promoting electric vehicles will kick off the first weekend in August when Chugach’s Sustainability Intern will showcase Wattson at the Spenard Farmers Market.

Under ideal circumstances Wattson will be available for pre-registered test drives by Chugach members during the week, however, researching the feasibility of this is still underway and needs further development to determine if this will be possible.
CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS’ MEETING
AGENDA ITEM SUMMARY

July 25, 2018

ACTION REQUIRED

- Information Only
- X Motion
- Resolution
- Executive Session
- Other

AGENDA ITEM NO. VIII.A.

TOPIC

Financing for Potential Acquisition of ML&P

DISCUSSION

At the July 25, 2018, Audit and Finance Committee recommended the Board of Directors authorize the Chief Executive Officer to select and negotiate financing services associated with the potential acquisition of ML&P as discussed in executive session.

MOTION

Move that the Board of Directors authorize the Chief Executive Officer to select and negotiate financing services associated with the potential acquisition of ML&P as discussed in executive session.
Pumped Storage Potential

Regular Board of Directors’ Meeting
July 25, 2018
Cooper Lake Pumped Storage (2014)

- 25 MW's
- $125 million
- $250 (for daily storage)

- Project
- Capital Cost
- $ per MWH
Additional Work

- Permitting & environmental impacts
- Detailed engineering
- Additional economic modeling
- Assessment of impacts on current uses
Eklutna Battery Proposal

(summary of concept proposed by Kerry Williams)

- Two new power plants, 300MW & 750MW
- Cascading storage
- Eklutna Lake not used for storage
- Add Knik tailrace pond
- Add upper and lower Thunderbird reservoirs
- Also proposed large Tanana wind project

https://craigmegred.com/2018/03/09/the-eklutna-battery/
https://www.alaskansknowclimatechange.com/100-percent-renewable-alaska
Eklutna Battery Concept
From this vantage, we see Kerry William’s Eklutna Pumped Hydro complex, the Knik River storage, and the upper elevation impounds. Aspects of this image that might not be apparent are that the tunnels run through the mountains not over them, access to the upper dams would not be by roads but rather by tram, and the dams would be constructed with earth fill rather than concrete.
Eklutna Battery – Proposed Benefits

- Stabilize Eklutna Lake
- Restore salmon run
- Restore recreational value of state park
- Provide lift access to ridgetop
- Ski lift in winter
- Bike, hike, and adventure trek access
Eklutna Battery Project

- 1,050 MW's
- Capital Cost: $5.25 to $10.5 billion
- $ per MWH: $225 (lower capital cost)
Economics

1,050 MW Pumped Storage Economics

Cost per MWh vs Cycles per year

$250 at 5 hours per day

MW Stored
Additional Work

- Permitting & environmental impacts
- Engineering
- Economic modeling
- Assessment of impacts on current uses

The concept is in very early stages
Battle Creek Diversion Update

Regular Board of Directors’ Meeting
July 25, 2018
Battle Creek Progress Through July 20, 2018

Subbase installation on Lower Access Road

Culvert installation on Lower Access Road
Typical Activities

Initial Pioneering of Upper Access Road

Rock Drilling Activity

Overview of Lower Access Road
Schedule

- **2018** – Construct Lower and Upper Access Roads to reach Diversion Dam location.
- **2019** – Complete Diversion Dam and Pipeline. Complete project and Demob in November
- Project is currently on schedule
- Challenges ahead - construction through 2 large wall areas
Talus Rock in Upper Access Road

Wall Locations on Upper Access Road To Be Designed and Constructed
Budget

- Total Battle Creek project budget - $47,200,000
- Project currently on budget
- Fill/Cut quantities are coming in as estimated
- Year to date expenditures - $6,150,000

Installation of Safety Barriers
Along Lower Access Road –
Large Rocks Used Instead of Guardrail
As Cost Savings Measure
Project Safety

- Zero reportable incidents to date
2018 CEO Performance Scorecard and Project Specific Initiatives

DISCUSSION

At the April 25, 2018, Regular Board of Directors' Meeting, no action was taken and Board stated that the agenda item will be discussed at the May Board meeting.

And at the May 24, 2018, Operations Committee Meeting and June 27, 2018, Regular Board of Directors’ Meeting, the Committee and Board discussed the 2018 CEO Performance Scorecard and Project Specific Initiatives. It was decided that an Ad Hoc Committee of four directors would meet and discuss potential goals with Lee Thibert, Chief Executive Officer (CEO).

Chair Chastain, Vice Chair Reeves and Director Crawford met with Lee Thibert, CEO on Wednesday, June 13, 2018.

At the June 27, 2018, Regular Board of Directors’ Meeting, the Board discussed the 2018 CEO Performance Scorecard and Project Specific Initiatives and that the agenda item will be approved at the July Board meeting.

And at the July 23, 2018, Operations Committee Meeting, the Committee discussed the 2018 CEO Performance Scorecard and Project Specific Initiatives in executive session.

MOTION

Move that the Board of Directors approve the 2018 CEO Performance Scorecard and Project Specific Initiatives as discussed in the Executive Session.
CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS’ MEETING
AGENDA ITEM SUMMARY

July 25, 2018

ACTION REQUIRED

[ ] Information Only
X [ ] Motion
[ ] Resolution
[ ] Executive Session
[ ] Other

AGENDA ITEM NO. X.B.

TOPIC

Appointment of New Board Member

DISCUSSION

A resignation letter was received from Director Sisi Cooper on June 20, 2018, creating a vacancy on the Chugach Board of Directors. Pursuant to Board Policy 603 and Article IV, Section 8 of the bylaws, Chugach began solicitation for candidates to fill the vacancy.

Schedule to fill the vacancy:

June 27, 2018 – Regular Board of Director’s Meeting – give notice of the vacancy.
June 28, 2018 through July 10, 2018 – advertise for candidate applications.
July 10, 2018 noon – deadline for receipt of candidate applications.
July 12, 2018 – review applications; schedule and hold interviews.
July 25, 2018 – Regular Board of Directors’ Meeting – vote upon candidate to fill the vacancy

MOTION

Move that pursuant to Board Policy 603 and Article IV, Section 8 of Chugach’s bylaws, the Board of Directors’ appoint ________________, effective July 25, 2018 to fill the vacancy on the Chugach Board.