



**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
Harold Hollis, Director

January 22, 2020

4:00 p.m.

Chugach Boardroom

- I. CALL TO ORDER (4:00 p.m.)
 - A. *Pledge of Allegiance*
 - B. *Roll Call*
 - C. *Safety Minute – “Avalanche Safety” (Freeman)*
- II. APPROVAL OF THE AGENDA*
- III. PERSONS TO BE HEARD
 - A. *Member Comments*
- IV. CONSENT AGENDA* (4:10 p.m.)
 - A. *Board Calendar*
 - B. *Training and Conferences*
 - 1. *Directors Conference, April 4-7, 2020, Kansas City, MO (Deadline for conference and hotel registration is February 4, 2020)*
 - 2. *2020 APA Federal Legislative Conference, June 2-4, 2020, Washington, D.C. (Deadline for conference and hotel registration is April 13, 2020)*
 - C. *Minutes*
 - 1. *December 18, 2019, Regular Board of Directors' Meeting (Portades)*
 - D. *Director Expenses*
- V. CEO REPORTS AND CORRESPONDENCE (4:15 p.m.)
 - A. *2020 State Legislative Update (Steyer/Miller) (4:15 p.m.)*
 - B. *4th Quarter 2019 Safety Report (Freeman/Andrews) (4:25 p.m.)*
 - C. *4th Quarter 2019 Eklutna Dam (Brodie) (4:35 p.m.)*
 - D. *November 2019 Financial Statements and Variance Report (Harris/Curran) (4:55 p.m.)*
 - E. *Fuel Supply Update (Fouts) (5:05 p.m.)*
- VI. DIRECTOR REPORTS (5:15 p.m.)
 - A. *Alaska Power Association (APA) Report*

- B. Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
- C. Renewable Energy Alaska Project (REAP) Report*
- D. Board Committee Reports (Audit and Finance, Operations & Governance)*
- E. Other Meeting Reports*

VII. UNFINISHED BUSINESS (*none*)

VIII. NEW BUSINESS (*scheduled*) (5:30 p.m.)

- A. Appointment of 2020 CFC Voting Delegate and Alternate* (Board)*

IX. EXECUTIVE SESSION* (*scheduled*) (5:35 p.m.)

- A. Pension and Benefits (5:40 p.m.)*
- B. IMO Update (6:10 p.m.)*
- C. ML&P Acquisition Update (6:40 p.m.)*
- D. 2020 Strategic Plan (7:10 p.m.)*
- E. Financing of ML&P Acquisition (7:30 p.m.)*
- F. RCA Letter to Legislature (8:00 p.m.)*

X. NEW BUSINESS* (*continued*) (8:15 p.m.)

- A. 2020 Strategic Plan* (Miller/Thibert) (8:15 p.m.)*
- B. Financing of ML&P Acquisition** (Highers) (8:25 p.m.)*

XI. DIRECTOR COMMENTS (8:35 p.m.)

XII. ADJOURNMENT* (8:45 p.m.)

* *Denotes Action Items*

** *Denotes Possible Action Items*

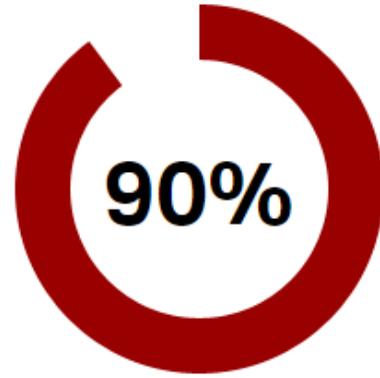


Backcountry/Avalanche Safety

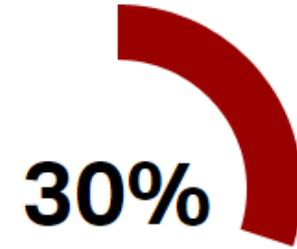
REALITY CHECK



20 to 40 people die
in avalanches each
year in North
America



90% of deaths are
triggered by the
victim or members
of the victim's
group



There is only a 30%
chance of survival
when buried by an
avalanche.

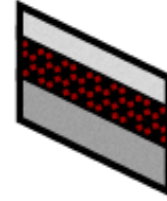
THE RED FLAGS



SIGNIFICANT WARMING



WIND LOADING



PERSISTENT WEAK LAYERS



RECENT AVALANCHES



SIGNS OF UNSTABLE SNOW



HEAVY SNOWFALL OR RAIN

Safety Protocol



Take a class



. Practice. You need to be an expert



Know your gear (Beacon, probe, shovel, assessment tools, airbags, avalung)



Check daily reports.

THE BOTTOM LINE

By forgoing proper training, you're not only endangering yourself, you're risking the life of anyone traveling with you or skiing nearby. There's more than one meaning to "earn your turns":

Don't ski, snowboard, snowshoe, or snowmobile in the backcountry or sidecountry without formal avalanche training. Period.



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* *Denotes Action Items*

** *Denotes Possible Action Items*

January 2020

January 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 29	30	31	Jan 1, 20 New Year's Holiday (U)	2	3	4
5	6	7	8 12:00pm Railbelt Stakeholder Discussion (Dena'ina Center - 3:45pm Director Hollis (Board Video Shoot) (BoardroomCR) - 4:00pm Operations Committee Meeting	9	10	11
12	13	14	15	16 11:00am REAP Annual Meeting (Morse/Henderson) (NeighborWorks Alaska at 2515 A Street) - Connie Owens	17	18
19	20	21 11:00am Review Board Packet w/Thibert (Chastain/Reeves) (LDT's Office) - Connie Owens	22 2:30pm Board Video Shoot (Schedule as Follows) (BoardroomCR) - CCBOD 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	23	24	25
26	27	28	29 APA State Legislative Conference (1/29-30/2020) (.	30	31	Feb 1

February 2020

February 2020						
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March 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jan 26	27	28	29	30	31	Feb 1
2	3	4	5 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	6	7	8
9	10	11	12	13	14	15
16	17 9:00am Review Board Packet w/Thibert (Chastain/Reeves) (LDT's Office) - Connie Owens	18	19 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	20	21	22
23	24	25	26	27 NRECA Annual Meeting - Director Education 2/27-3/1 - Annual Meeting To Mar 4 →	28	29

March 2020

March 2020							April 2020						
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22	23	24	25	26	27	28	19	20	21	22	23	24	25
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 1	2	3	4	5	6	7
<div> <div> <div></div> <div> <div></div> <div> <div>From Feb 27</div> <div>NRECA Annual Meeting - Director Education 2/27-3/1 - Annual Meeting 3/1-3/4 2/27 (N</div> </div> </div> </div> </div>						
8	9	10	<div>4:00pm Operations Committee Meeting (BoardroomcR) - Connie Owens</div>	12	13	14
15	16	17	<div>4:00pm Audit and Finance Committee Meeting (Followed by a Special Board of Directors Meeting) (BoardroomCR) - Connie Owens</div>	19	20	21
22	<div>9:00am Review Board Packet w/Thibert (Chastain/Reeves) (LDT's Office) - Connie Owens</div>	24	<div>4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens</div>	26	27	28
29	30	31	Apr 1	2	3	4

April 2020

April 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 29	30	31	Apr 1	2	3	4 <div> <div>Directors Conference 4/4</div> <div>6:00pm Spring Party (Dena'ina Center) - Connie Owens</div> </div>
5 <div>Directors Conference 4/4-4/7 (Kansas City, MO)</div>	6	7	8 <div>4:00pm Operations Committee Meeting (boardroomcr) - Connie Owens</div>	9	10	11
12	13	14	15	16	17	18
19	20 <div>9:00am Review Board Packet w/Thibert (Chastain/Reeves) (LDT's Office) - Connie Owens</div>	21	22 <div>4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens</div>	23	24	25
26	27	28	29	30	May 1	2

May 2020

May 2020						
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June 2020						
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28	29	30				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Apr 26	27	28	29	30	May 1	2
3	4	5	6 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	7 4:00pm Candidate Forum (BoardroomCR) - Connie Owens	8	9
10	11	12	13 4:00pm Audit and Finance Committee Meeting (BoardroomCR) - Connie Owens	14	15	16
17	18	19	20	21	22	23
24	25 Memorial Day (United States)	26 8:30am Review Board Packet w/Thibert (Chastain/Reeves) (LDT's Office) - Connie Owens	27 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	28	29	30
31	Jun 1	2	3	4	5	6

June 2020

June 2020						
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July 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
May 31	Jun 1	2 APA Federal Legislative Conference (6/2-4, 2020) (Washington, DC) - Connie C	3	4	5 Directors Summer School - 6/5-6/10 (Charleston, C.C.)	6
7 Directors Summer School - 6/5-6/10 (Charleston, C.C.)	8	9	10 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	11	12	13
14 1:00pm Chugach Picnic (Alaska Zoo) - Connie Owens	15 6:30pm Annual Meeting Date (Deni'ana Center) - Connie Owens	16	17	18	19 9:00am New Board Member Orientation (BoardroomCR) - Connie Owens	20
21	22 8:30am Review Board Packet w/Chair (LDT's Office) - Connie Owens	23	24 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	25	26	27
28	29	30	Jul 1	2	3	4

July 2020

July 2020						
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August 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jun 28	29	30	Jul 1	2	3 Independence Day Observed	4 Independence Day (United States)
5	6	7	8 4:00pm Operations Committee Meeting (Boardroom) - Connie Owens	9	10	11
12	13	14	15	16	17	18
19	20 8:30am Review Board Packet w/Chair (LDT's Office) - Connie Owens	21	22 4:00pm Regular Board of Directors Meeting (Boardroom) - CCBOD	23	24 Directors Summer School - 7/24-7/29 (Sal Lake City,	25
26 Directors Summer School - 7/24-7/29 (Sal Lake City, Utah)	27	28	29	30	31	Aug 1

August 2020

August 2020						
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September 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jul 26	27	28	29	30	31	Aug 1
2	3	4	5 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	6	7	8
9	10	11	12 4:00pm Audit and Finance Committee Meeting (BoardroomCR) - CCBOD	13	14	15
16	17 8:30am Review Board Packet w/Chair (LDT's Office) - Connie Owens	18	19 4:00pm Regular Board of Directors Meeting (Boardroom) - CCBOD	20	21	22
23	24	25	26	27	28	29
		APA Annual Meeting (8/25-28/19) (Homer, AK)				
30	31	Sep 1	2	3	4	5

September 2020

September 2020						
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October 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Aug 30	31	Sep 1	2	3	4	5
6	7 Labor Day (United States)	8	9 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	10	11	12
13	14	15	16	17	18	19
20	21 8:30am Review Board Packet w/Chair (LDT's Office) - Connie Owens	22	23 4:00pm Regular Board of Directors Meeting (Boardroom) - CCBOD	24	25	26
27	28	29 NRECA Region IX - 9/29 - 10/1 (Omaha, Neb.) - Conni	30	Oct 1	2	3

October 2020

October 2020						
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November 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sep 27	28	29	30	Oct 1 NRECA Region IX - 9/2	2	3
4	5	6	7 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26 8:30am Review Board Packet w/Chair (LDT's Office) - Connie Owens	27	28 4:00pm Regular Board of Directors Meeting (Boardroom) - CCBOD	29	30	31

November 2020

November 2020						
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December 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Nov 1	2	3	4	5	6	7
8	9 4:00pm Audit and Finance Committee Meeting (BoardroomCR)	10 4:00pm Audit and Finance Committee Meeting (BoardroomCR)	11 Strategic Planning (Meghan Room)			14
15	16	17	18	19	20	21
22	23	24 11:45am Chugach Legislative Luncheon (Embassy Suites) 2:00pm Review Board Packet w/Chair (LDT's Office) - Connie 4:00pm Regular Board of Directors Meeting	25	26 Thanksgiving Day Holiday (United States)	27	28
29	30	Dec 1	2	3	4	5

December 2020

December 2020						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Nov 29	30	Dec 1	2 APA December Meeting Series (12/2-3, 2020) (Anc	3	4	5
6	7	8	9	10	11 Directors Winter School - 12/11-12/16 (Nashville, TN)	12
13	14 8:30am Review Board Packet w/Chair (LDT's Office) - Connie Owens	15 Directors Winter School - 12/11-12/16 (Nashville, TN)	16 4:00pm Regular Board of Directors Meeting (Boardroom) - CCBOD	17	18	19
20	21	22	23	24 Christmas Holiday (United States)	25	26
27	28	29	30	31 New Year's Holiday (Unil	Jan 1, 21	2

Directors Conference

Kansas City, MO April 4 - 7, 2020

The Directors Conference is designed to provide electric cooperative board members with the governance skills and education needed to enhance the effectiveness of electric co-ops nationwide.

JOIN US IN 2020!

Directors Conference

The Directors Conference provides electric co-op board members with the governance skills and education needed to enhance the effectiveness of electric co-ops nationwide.

Join directors and industry experts for the 2020 Directors Conference. Pre-conference director education courses will be held Saturday, April 4, and Sunday, April 5, followed by the conference April 6-7, 2020.

Network with peers and discuss the challenges faced by cooperatives from around the country and learn how the evolving political, economic and regulatory environment impacts your co-op.

Testimonials

"The Directors Conference offers an excellent way to learn and gain knowledge you can apply to the responsibilities of being a director."

Richard H. Johnson, Director, Pee Dee Electric

"There are many opportunities to network and a variety of interesting breakout sessions to increase your cooperative knowledge."

Johnny Johnson, Director, Central Wisconsin Electric Cooperative

Registration Fees

Director Conference Registration	\$985
Director Conference Registration–Non-member	\$1,750
One-Day Registration, Monday, April 6	\$500
One-Day Registration, Tuesday, April 7	\$500
Pre-Conference Training Course (unless otherwise noted)	\$619
Pre-Conference Training Course 956.1 Crucial Conversations	\$926

Resource for Executive & Administrative Assistants

Download this checklist to help organize the information you'll need to register co-op staff and directors.

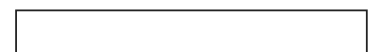
2020 DIRECTORS CONFERENCE EA CHECKLIST

Also of Interest

[Director Certificate Programs](#)
[Annual Meeting](#)

Looking to earn credit?

Earn credits toward your Credentialed Cooperative
Director (CCD) certificate or Board Leadership



Certificate (BLC). If you've already earned your CCD and BLC credentials, earn the credits you need to achieve Director Gold status.

[LEARN MORE](#)

Schedule

Subject to change

ALL DAYS SAT. 04/04 SUN. 04/05 MON. 04/06 TUE. 04/07

SAT. 04/04

⊕ 7:00am - 4:00pm Pre-Conference Training Registration

⊕ 8:00am - 4:00pm Pre-con: 2600 Director Duties and Liabilities

Registration fee: \$619

Co-op boards are responsible for directing the affairs of the corporation. This course, the first of the required CCD courses, explains the board's duties of loyalty, obedience and due care and the need for directors to acquire the knowledge and skills necessary to fulfill their responsibilities. Topics covered include the co-op business model; an overview of today's electric utility business, legal and regulatory concepts; and the importance of maintaining an effective CEO-board relationship.

⊕ 8:00am - 4:00pm Pre-con: 901.1 Rules and Procedures for Effective Board Meetings

Registration fee: \$619

To equip directors to participate more effectively in board meetings, this course introduces them to the rules of parliamentary procedure as contained in "Robert's Rules of Order." Topics covered include the essential rules of debate; the key elements of agendas and minutes; and procedures for voting, elections and secret ballots.

⊕ 8:00am - 4:00pm Pre-con: 905.1 Assessing Governance: Taking a Continuous Improvement Approach to Governing Your Co-op

Registration fee: \$619

Similar to a board performance evaluation, a governance assessment is a thoughtful and thorough review of governance bylaws, policies and practices. Doing this can help ensure that your co-op is keeping up with evolving member preferences and changes in the law. This course is designed to walk directors or boards through the governance assessment process. It covers a number of different areas, which may include nominating and electing, member access to information and board composition. There is no one-size-fits-all and priorities vary.

⊕ 8:00am - 4:00pm Pre-con: 956.1 Crucial Conversations in the Boardroom

Registration fee: \$926

This highly interactive one-day course teaches directors skills for creating alignment and agreement in the boardroom by fostering open dialogue around high-stakes, emotional or risky topics. Using real-world co-op examples, directors will practice speaking for clarity and purpose, encourage others to do the same and analyze the best ideas to make the highest-quality decisions with the goal of acting on issues with unity and commitment.

⊕ 8:00am - 4:00pm Pre-con: 974.1 Rate Making Strategies and Policy Decisions for Electric Cooperative Boards

Registration fee: \$619

The jointly developed (NRECA and CFC) publication titled “Rate Strategies for 21st Century Challenges: A Guide to Rate Innovation for Cooperatives” is featured in this course. Directors will discuss the complex issues that they must balance when considering business plans, financial policies and alternative rate philosophies and strategies.

SUN. 04/05

⊕ 7:00am - 4:00pm Registration

⊕ 8:00am - 4:00pm Pre-con: 2640 Financial Decision Making

Registration fee: \$619

This course helps directors understand the role of the board in financial planning, including identifying the basic documents used in financial planning and reporting, assessing the issues that drive financial decisions, balancing competing goals and taking responsibility to monitor and evaluate results.

⊕ 8:00am - 4:00pm Pre-con: 903.1 The Role of the Board Chair in Conducting Effective Meetings

Registration fee: \$619

Course participants will learn how board chairs run successful meetings, including how to organize the meeting, present the issues, encourage the free exchange of opinion among board members and lead the decision-making process to a successful resolution. The material presented complies with "Robert's Rules of Order Newly Revised," the parliamentary authority used by more than 95% of the groups in the United States.

⊕ 8:00am - 4:00pm Pre-con: 953.1 Improving Board Decision-Making Quality

Registration fee: \$619

Boards exist to make decisions on behalf of the members. At a time when cooperative governance is under scrutiny, boards are looking for ways to demonstrate that their decisions are grounded in fair process and with appropriate objectivity and due diligence. Recognizing and avoiding the common pitfalls of decision-making can increase the likelihood of the board making a good decision while decreasing the risks of making bad ones. This course delves into the hurdles, traps and minefields that can negatively impact boardroom decision-making and provides strategies for how to counterbalance them.

⊕ 8:00am - 4:00pm Pre-con: 963.1 Strategic Technologies and Their Impact on the Cooperative

Registration fee: \$619

This course focuses on the importance of technology planning by examining today's emerging technologies using four questions: What will the technology do for the membership? What will it do for the business of the cooperative? Is it cost effective? How well will it integrate with existing systems? This course explores a wide variety of technologies, the role of management versus the board in technology planning and strategies to get the most out of technology investments.

⊕ 8:00am - 4:00pm Pre-con: 977.1 Equity Management and Boardroom Decision Making

Registration fee: \$619

This class has the board member consider common boardroom decisions and how these decisions impact the cooperative's financial strength. In one day, you will cover a year's worth of key financial decisions and how they affect the cooperative's equity position. Concepts will be reinforced through practical and strategic exercises designed to give attendees a theoretical understanding they can apply to situations back at their own co-ops.

⊕ 5:00pm - 6:00pm Meet-and-Greet Social Hour

MON. 04/06

⊕ 7:00am - 8:00am Breakfast



☺ 7:00am - 4:00pm Registration

⊕ 8:00am - 9:30am General Session 1

Keynote Presentation

Margie Warrell, Global Leadership Authority and Best-Selling Author

Featured Speaker

Margie Warrell

⊕ 9:30am - 9:45am Break

⊕ 9:45am - 10:45am Breakouts

⊕ 10:45am - 11:00am Break

⊕ 11:00am - 12:00pm Breakouts

⊕ 12:00pm - 1:30pm Luncheon

Sponsored by CFC



Featured Speaker

Sheldon C. Petersen

⊕ 1:30pm - 1:45pm Break

⊕ 1:45pm - 2:45pm Breakouts

⊕ 2:45pm - 3:00pm Break

⊕ 3:00pm - 4:30pm General Session 2

Keynote Presentation

Dr. Larry J. Sabato, Election Analyst and Best-Selling Author, Founder and Director of the University of Virginia Center for Politics

Featured Speaker

Dr. Larry J. Sabato

⊕ 5:00pm - 6:00pm Reception

TUE. 04/07

⊕ 7:00am - 8:00am Breakfast

⊕ 7:00am - 4:00pm Registration

⊕ 8:00am - 9:30am General Session 1

Working With Directors That Don't Look Like You

Kelly McDonald, Founder, McDonald Marketing

Featured Speaker

Kelly McDonald

⊕ 9:30am - 10:00am Break

⊕ 10:00am - 11:00am Breakouts

⊕ 11:00am - 12:30pm Lunch

⊕ 12:30pm - 2:00pm General Session 2

Keynote Presentation

Commander Mark Nutsch, Green Beret Commander and New York Times Best-Selling Author

Featured Speaker

Commander Mark Nutsch

⊕ 2:00pm - 2:15pm Break

⊕ 2:15pm - 3:15pm Breakouts

⊕ 3:15pm - 3:30pm Break

⊕ 3:30pm - 4:30pm Breakouts

Speakers

JIM MATHESON
CEO, NRECA

KELLY MCDONALD
★ *Keynote Speaker*
Founder, McDonald Marketing

COMMANDER MARK NUTSCH
★ *Keynote Speaker*
Green Beret Commander and New York Times
Best-Selling Author

SHELDON C. PETERSEN
CEO, National Rural Utilities Cooperative
Finance Corporation

DR. LARRY J. SABATO
★ *Keynote Speaker*
Election Analyst and Best-Selling Author,
Founder and Director of the University of
Virginia Center for Politics

MARGIE WARRELL
★ *Keynote Speaker*
Global Leadership Authority and Best-Selling
Author

2019 Directors Conference Photos

Highlights from the 2019 Directors Conference.



Mark Santero, Director, President and CEO of RE Advisors, offers guidance for cooperatives' investment needs.

Hotel & Travel

MEETING LOCATION

PRIMARY HOTEL

Kansas City Marriott Downtown

200 W. 12th Street | Kansas City, Missouri 64105 | 816-421-6800

☎ For reservations call 1-888-236-2427

RESERVE BY

3/5/20

To guarantee event rate

RATE

\$169

USD/Night + taxes

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AIRPORT(S)

MCI

19mi from event

Additional Travel Information ▼

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REGISTER

**View My Co-op's
Registrants**

Questions about the Program?

Pat Mangan

703-907-5626

patrick.mangan@nreca.coop

Questions about Sponsorships Opportunities?

Stephanie Harbrecht

703-907-5830

stephanie.harbrecht@nreca.coop

Questions about Registration?

Accounts Receivable Department

703-907-6875

accountsreceivable@nreca.coop

Cancellation and Refund Policy →

Photography/Image Agreement →

Conferences & Meetings Policies →

Questions about Hotel and Travel?

Von McMeekin

703-907-5576

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Questions about Certification/Continuing Education?

Angie Hylton

703-907-5656

angie.hylton@nreca.coop

Questions about Anything Else?

Member Contact Center

877-766-3226

member-support@cooperative.com

Divina Portades

From: Connie Owens
Sent: Thursday, December 12, 2019 2:52 PM
To: Divina Portades
Subject: FW: APA Federal Legislative Conference - Save The Date

Importance: High

From: Michael Rovito <MRovito@alaskapower.org>
Sent: Friday, December 6, 2019 12:18 PM
To: Michael Rovito <mrovito@alaskapower.org>
Subject: APA Federal Legislative Conference - Save The Date
Importance: High

*****EXTERNAL EMAIL*****

Alaska Power Association is excited to announce that the 2020 APA Federal Legislative Conference in Washington, D.C. will take place **June 2-4, 2020**. As always, we will be based at the [Phoenix Park Hotel](#) near Union Station and the U.S. Capitol Building.

The deadline to register for the conference is Friday, May 15. The purpose of the deadline is so APA can have a firm count of attendees when finalizing meetings in D.C. that are limited on space. Registration materials and hotel information will be sent after the first of the year, so for now we hope you'll save the date.

The fly-in is an important opportunity for our industry to meet with Alaska's federal delegation and with high-level officials at federal agencies that impact our membership. Those who have been on the trip before recognize its value for building relationships and advancing our priorities at the federal level.

Please contact APA with any questions.



Michael Rovito, CCC

Deputy Director

Alaska Power Association

703 West Tudor Road, Suite 200 | Anchorage, Alaska 99503-6650

907-771-5700 Main Office | 907-771-5711 Direct

907-561-5547 Fax | www.alaskapower.org

~ The Unified Voice of Alaska's Electric Utilities ~

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

December 18, 2019
Wednesday
4:00 PM

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 4:03 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 – *via teleconference*

Stuart Parks, Secretary – *arrived at 4:13 p.m.*

Rachel Morse, Treasurer

Jim Henderson, Director

Harry Crawford, Director

Harold Hollis, Director – *via teleconference*

Guests and Staff in Attendance:

Lee Thibert

Mark Fouts

Renee Curran

Brian Hickey

Paul Risse

Laurel Foster

Matthew Clarkson

Arthur Miller

Tom Schulman

Tyler Andrews

Sherri Highers

Crystal Enkvist, Alaska

Sean Skaling

Arden Quezon-Vicente

Power Association (APA)

Andrew Laughlin

Marty Freeman

Paul McLarnon, HDR

Jody Wolfe

Josh Resnick

Dave Casey, HDR

Phil Steyer

Teresa Kurka

Luke Sliman

Pete Smithson

C. Safety Minute

Marty Freeman, Manager, Safety discussed "*Winter Vehicle Preparation*".

II. APPROVAL OF THE AGENDA

Director Hollis moved and Director Crawford seconded the motion to approve the agenda.

Lee Thibert, Chief Executive Officer (CEO), requested to add “115kV line going to Kenai and RCA Order on the ML&P Acquisition” to the CEO Reports and Correspondence.

After discussion, Chair Chastain called for a vote. The motion passed unanimously, as amended.

Director Parks was not present at the time of the vote.

III. PERSONS TO BE HEARD

- A. *Member Comments*
None

IV. CONSENT AGENDA

- A. *Board Calendar*
- B. *Training and Conferences*
 - 1. *Alaska Power Association State Legislative Conference, January 29-30, 2020, Juneau, Alaska (Deadline for conference registration is December 18, 2019)*
 - 2. *2020 NRECA Annual Meeting, February 27-March 1, 2020, New Orleans, LA (Deadline for conference registration is December 30, 2019)*
- C. *Minutes*
 - 1. *November 26, 2019, Special Board of Directors’ Meeting (Portades)*
 - 2. *November 26, 2019, Regular Board of Directors’ Meeting (Portades)*
- D. *Director Expenses*

Director Morse moved and Director Crawford seconded the motion to approve the consent agenda.

Chair Chastain stated that Directors Hollis and Reeves are participating via teleconference and need to designate a Board member to sign for their expense report. Due to audio technical difficulties, Chair Chastain appointed Director Henderson to sign for Director Reeves’ expense report and Director Crawford to sign for Director Hollis’ expense report. No objections were made.

Chair Chastain stated that she is requesting for an excused absence for the December 9, 2019, Operations Committee Meeting.

After discussion, Chair Chastain called for a vote on the consent agenda. The motion passed unanimously.

Director Morse moved and Director Crawford seconded the motion to excuse Chair Chastain for the December 9, 2019, Operations Committee Meeting. The motion passed unanimously.

Director Parks was not present at the time of the vote.

V. CEO REPORTS AND CORRESPONDENCE

Lee Thibert, CEO discussed the following items. Mr. Thibert, Arthur Miller, Executive VP, Regulatory and External Affairs and Sherri Highers, CFO and Executive VP, Finance and Administration responded to questions from the Board.

1. 115kV Line going to Kenai
2. ML&P Acquisition – RCA Order
3. Financial Statements
4. Safety Record
5. Vehicle Incident Report
6. RRC MOU
7. Cybersecurity

Director Parks arrived at 4:13 p.m.

- A. *October 2019 Financial Statements and Variance Report (Harris/Curran)*
Sherri Highers, CFO and Executive VP, Finance and Administration discussed the October 2019 Financial Statements and Variance Report and responded to questions from the Board. Further discussion will be deferred in Executive Session.
- B. *4th Quarter 2019 Railbelt Bill Comparison (Skaling/Miller)*
The 4th Quarter 2019 Railbelt Bill Comparison is provided in the meeting packet.
- C. *Write-off of Accounts Receivable – Electric/Other (Kurka/Miller)*
Lee Thibert, CEO and Executive VP, Regulatory and External Affairs discussed the Write-off of Accounts Receivable – Electric/Other and responded to questions from the Board.
- D. *Board Policy Scheduled Tasks (Thibert)*
The Board Policy Scheduled Tasks/Reports provided in the meeting packet.
- E. *Review 2021-2034 Financial Forecast (Highers)*
The 2021-2024 Financial Forecast is provided in the meeting packet.

VI. DIRECTOR REPORTS

- A. *Alaska Power Association (APA) Report*
Director Hollis stated that Crystal Enkvist, APA is present and will be reporting on APA upcoming events and responded to questions from the Board.
- B. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
Director Crawford and Lee Thibert, CEO stated that there was no ARCTEC meeting to report.
- C. *Renewable Energy Alaska Project (REAP) Report*
Director Morse reported on the December 6, 2019, Telephonic REAP Board Meeting.

- D. *Board Committee Reports (Audit and Finance, Operations & Governance)*
Director Morse stated that there was no Audit and Finance Committee meeting to report.

Director Parks reported on the December 9, 2019 Operations Committee meeting.

Director Reeves stated that there was no Governance Committee meeting to report and that glad to see management's attention to reviewing the policies.

- E. *Other Meeting Reports*
None

VII. UNFINISHED BUSINESS

None

VIII. NEW BUSINESS

- A. *Appointment of 2020 NRECA Voting Delegate and Alternate* (Board)*
Director Parks discussed the current NRECA Voting Delegate and Alternate.

Director Parks moved and Director Crawford seconded the motion that the Board of Directors appoint Director Susan Reeves as the NRECA Voting Delegate and Director Jim Henderson as the alternate. The motion passed unanimously.

IX. EXECUTIVE SESSION

- A. *IMO Update*
B. *2020-2022 Strategic Plan*
C. *Chugach Comments on Senate Bill No. 123 and House Bill No. 151*
D. *2019 (May 1, 2019 – April 30, 2020) Chief Executive Officer Key Performance Indicators and CEO 360 Review Questions*
E. *Succession Plan for Key Management Positions*
F. *Integration of ML&P Non-Represented Employees into Chugach Pay and Benefits System*

At 4:40 p.m., Director Morse 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.

The meeting reconvened in open session at 7:34 p.m.

X. NEW BUSINESS

- A. *2020-2022 Strategic Plan* (Miller/Thibert)*
No action taken for this agenda item and has been deferred to the next Committee and Board meetings in January 2020.

B. *Chugach Comments on Senate Bill No. 123 and House Bill No. 151* (Hickey)*
Director Morse moved and Director Parks seconded the motion that the Board of Directors authorize the Chief Executive Officer to sign a letter of conditioned support for Senate Bill No. 123 as discussed in the Executive Session. The motion passed unanimously.

C. *Helicopter Services* (Hickey)*
Brian Hickey, Chief Operating Officer discussed the Helicopter Services and responded to questions from the Board.

Director Morse moved and Director Parks seconded the motion that the Board of Directors authorize the Chief Executive Officer to execute a contract with Alpha Aviation, LLC for Helicopter Services for the period January 1, 2020 through December 31, 2022, with an estimated cost of \$2,202,192.00 and further, the Chief Executive Officer is authorized, after Board review, to extend the contract for three (3) additional one year periods subject to Chugach's sole discretion and mutual agreement on price. The motion passed unanimously.

XI. DIRECTOR COMMENTS

Director comments were made at this time.

XII. ADJOURNMENT

At 7:52 p.m., Director Henderson moved and Director Reeves seconded the motion to adjourn. The motion passed unanimously.

Stuart Parks, Secretary
Date Approved: January 22, 2020

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

January 22, 2020

ACTION REQUIRED

AGENDA ITEM NO. IV.D.

<u> </u>	Information Only
<u> X </u>	Motion
<u> </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

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

January 17, 2020

TO: Board of Directors
FROM: Lee D. Thibert, Chief Executive Officer
SUBJECT: *2020 State Legislative Update*

2nd Session

The 2nd Regular Session of the 31st Legislature is scheduled to begin on January 21.

Prefiled bills

Prefiled bills were released in two batches, one on January 10 and a second on January 17. There were no bills apparently affecting the electric utility industry in the first batch. Two bills in the second batch would or could affect Chugach. SB 143 would amend the RCA's statute to call for utilities to give notice and provide opt-out information regarding smart meters. HB 200 deals with employment offers relative to prior wages.

SB 123 Electric Reliability Organizations

The Senate Special Committee on the Railbelt Electric System has scheduled a series of meetings early in the session. The meetings will focus on SB 123 and a Railbelt reliability organization. Committee staff has announced the following schedule:

January 24	Hear from the RCA
January 27	Hear from the utilities
January 29	Hear from stakeholders, including AEA, REAP and IPPs
January 31	Unspecified

The meetings on January 27 and 29 are noted as likely being joint with the House Special Committee on Energy, which is considering HB 151 (similar to SB 123). Both would grant the Regulatory Commission of Alaska additional authorities, including oversight over new types of organizations.

HB 151 Electric Reliability Organizations

The House Special Committee on Energy has scheduled a hearing on HB 151 for January 23. The bill is similar to SB 123.

Federal issues

Some of the federal issues that Chugach was monitoring were addressed by Congress when portions of stand-alone legislation were incorporated into the spending package signed into law in late December. Language from the RURAL Act resolved concerns about grant funds and FEMA reimbursements jeopardizing a co-op's status under the 85/15 rule, while language from the SECURE Act lowered the rate paid to the Pension Benefit Guarantee Corporation. A tax credit for "alternative fuel refueling property" for 2018-2020 provides a credit for part of the cost of installing the means to charge electric vehicles.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

January 14, 2020

TO: Lee Thibert, CEO

FROM: Tyler Andrews, Vice President, Member and Employee Services

SUBJECT: *4th Quarter Safety Report 2019*

4th Quarter Safety Report 2019

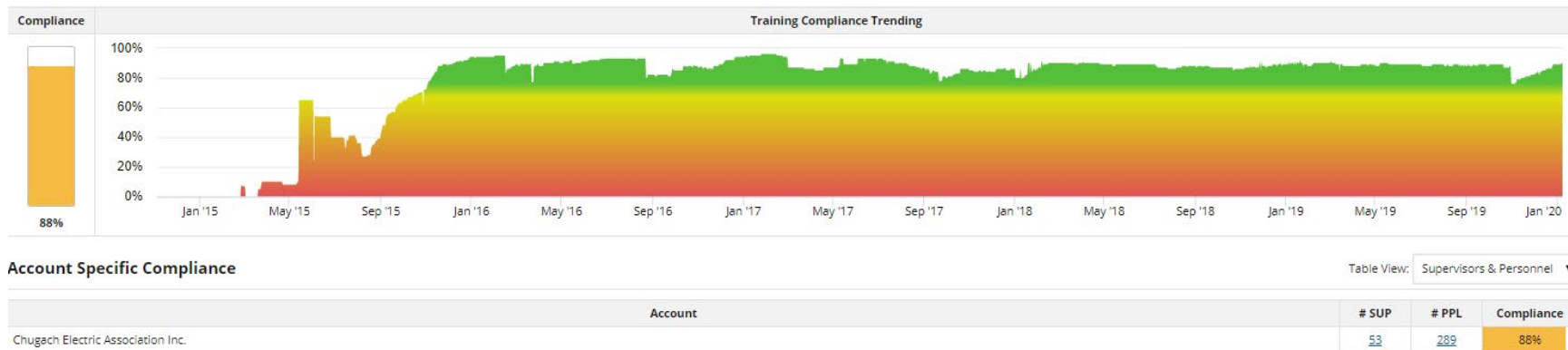
• Total Number of Recordable Injuries	5
• Number of Lost Work Day Recordable Injuries	0
• Preventable Incidents	1
• Lost Work Days	0
• Vehicle Incidents	1

Notable Items:

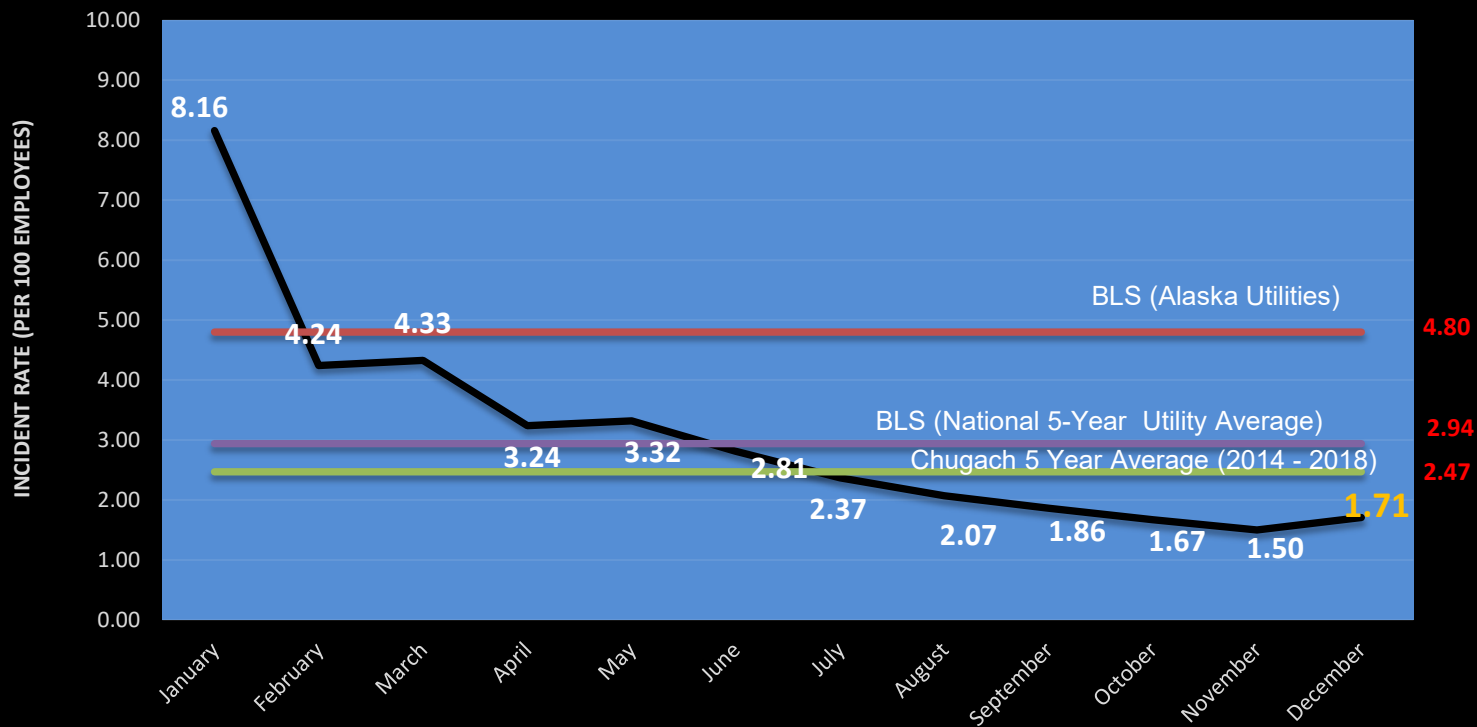
- 2019 was an especially good year for safety at Chugach Electric Association in that it was the first time in at least 20 years that we have not had a lost time injury. Recognition and year-in-review sessions are underway as part of reinforcing the organizational efforts that have led to sustained safety performance.
- Represented Chugach Electric Association at the NWPPA conference as breakout session presenter on Security for Utilities: Challenges and Lessons Learned.
- Met with fellow utility safety professionals to discuss prevailing safety issues as part of our ongoing professional outreach.

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 88% of our training plan has been completed.

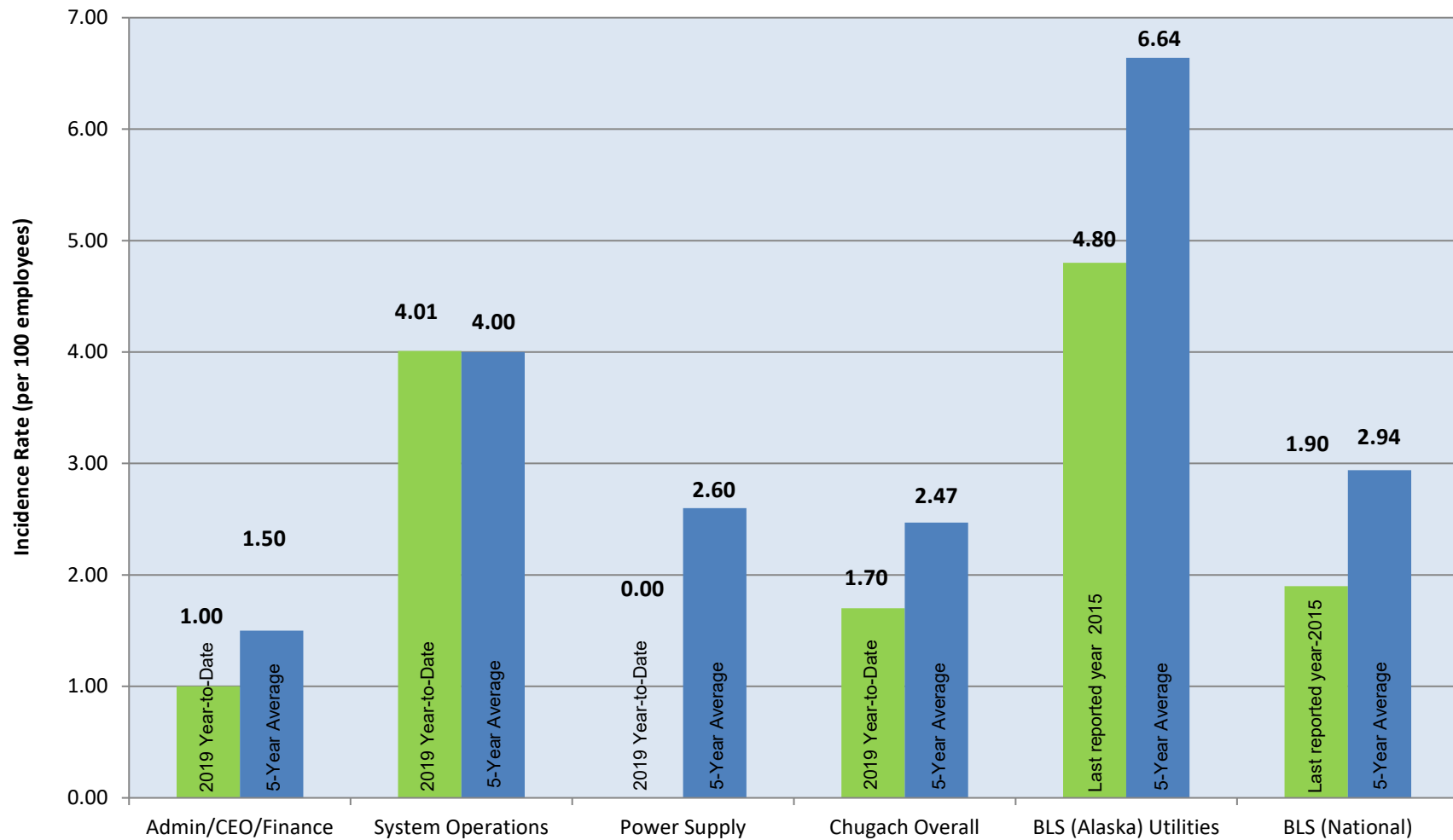


Recordable Incident Rate 2019



* Based on data reported to the Bureau of Labor Statistics (BLS) under NAICS Code 2211

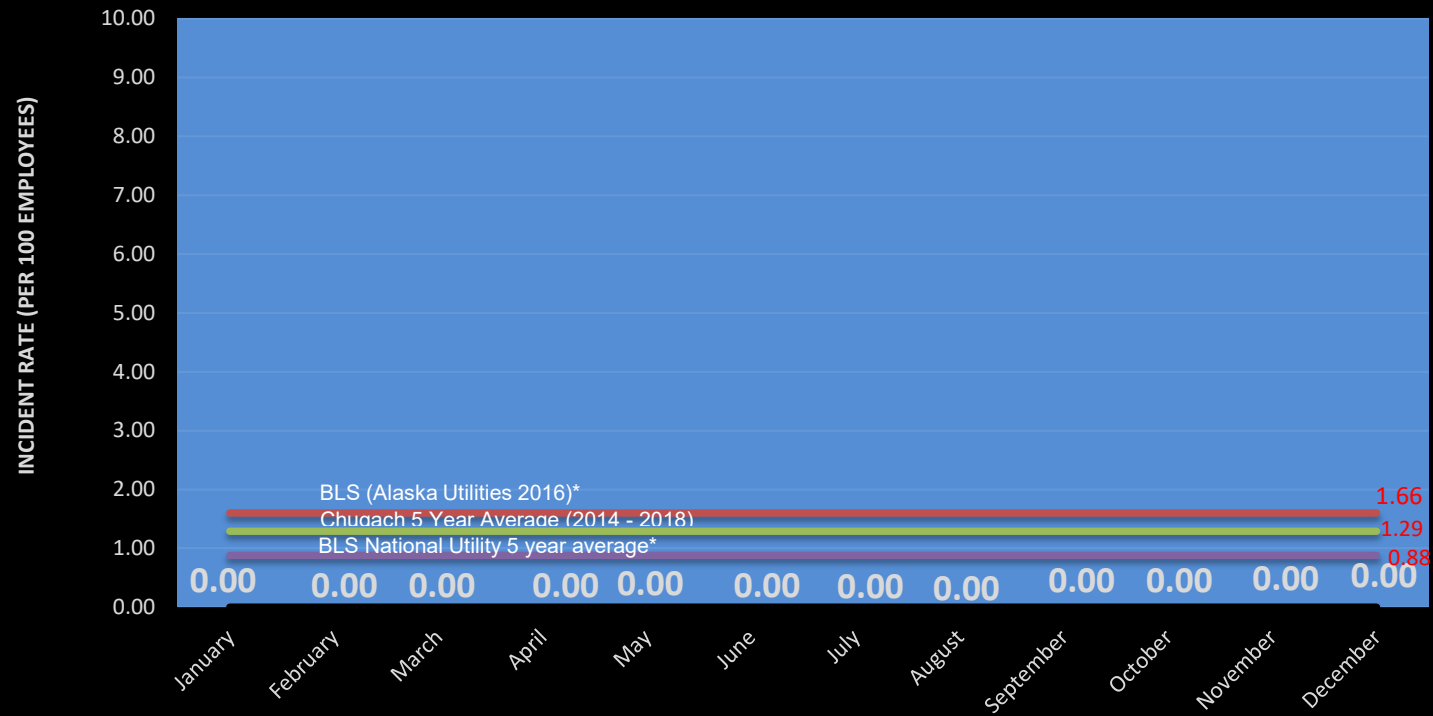
Recordable Incident Rate 2019 by Group



Injury rate: 12 Month Rolling Average

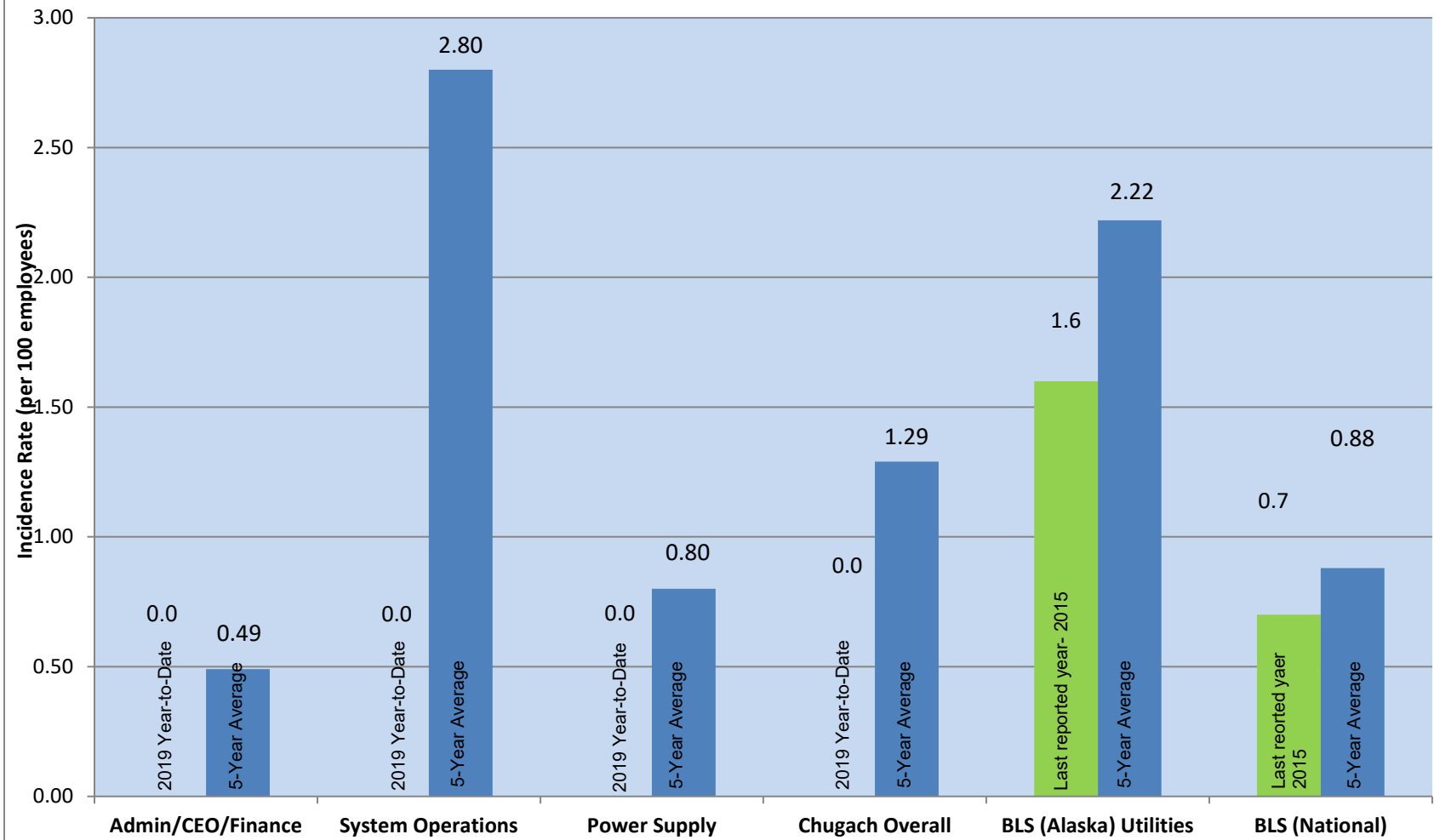


Lost Time Rate YTD 2019

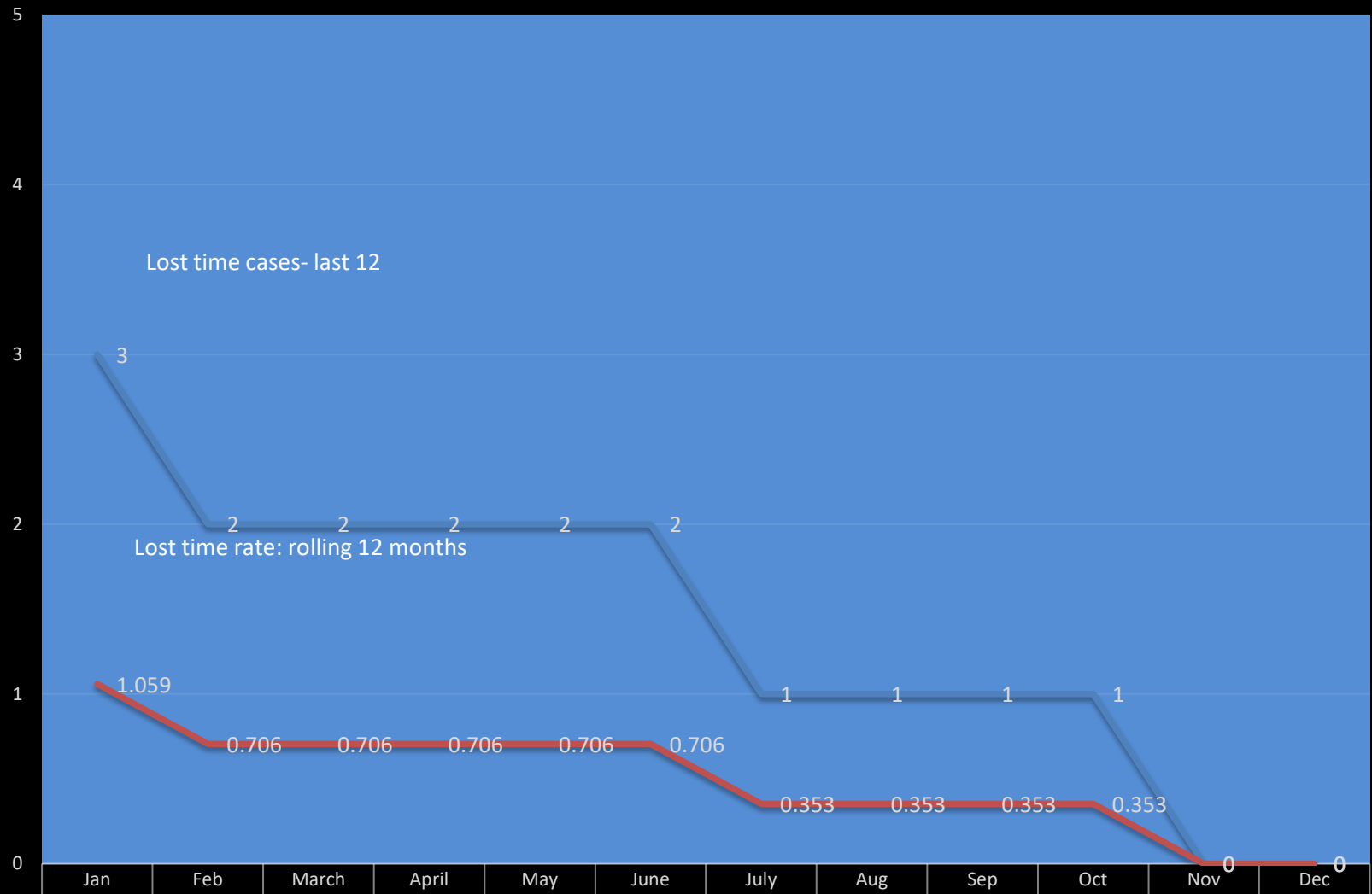


* Based on data reported to the Bureau of Labor Statistics (BLS) under NAICS Code 2211

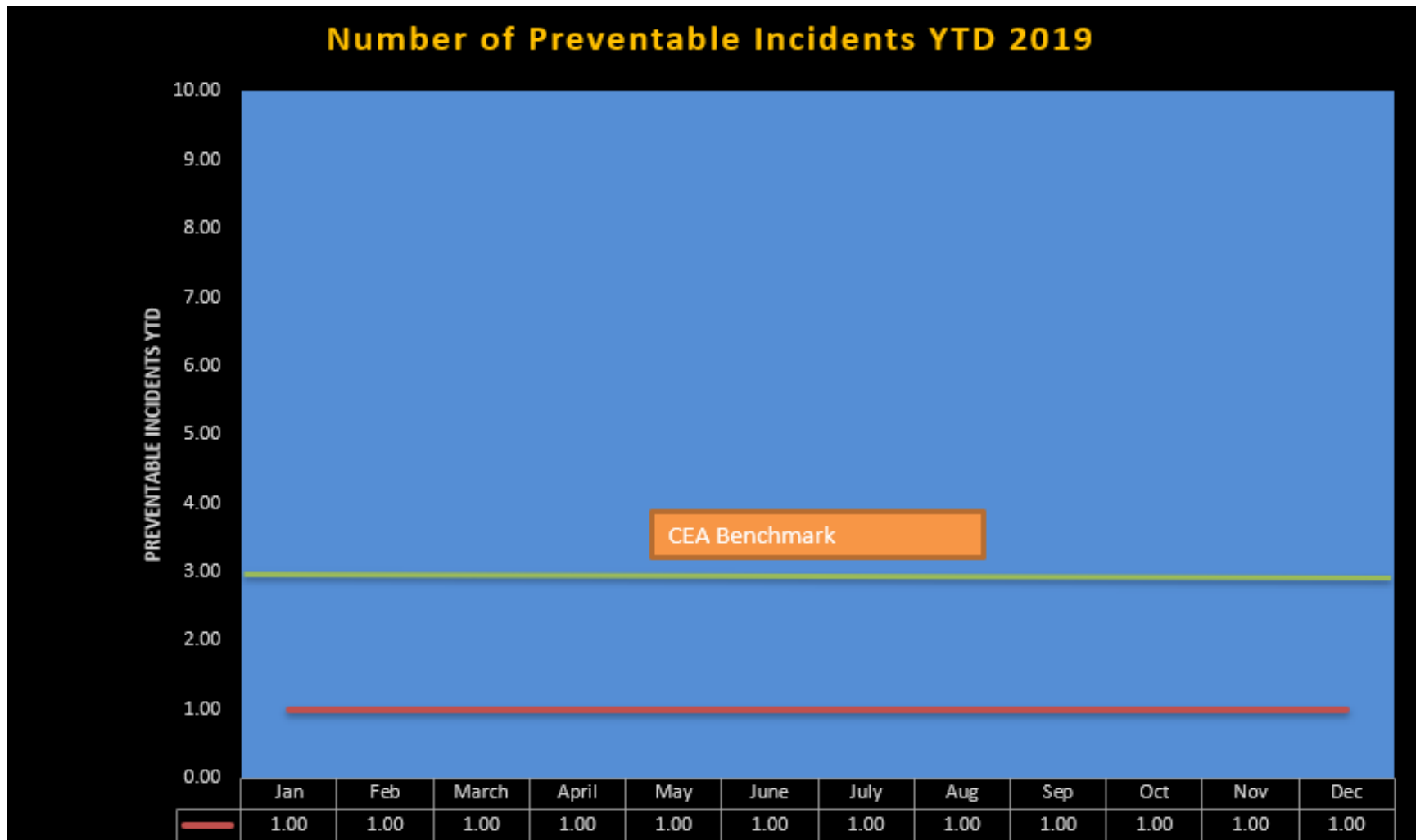
Lost Time Rate 2019 YTD by Group



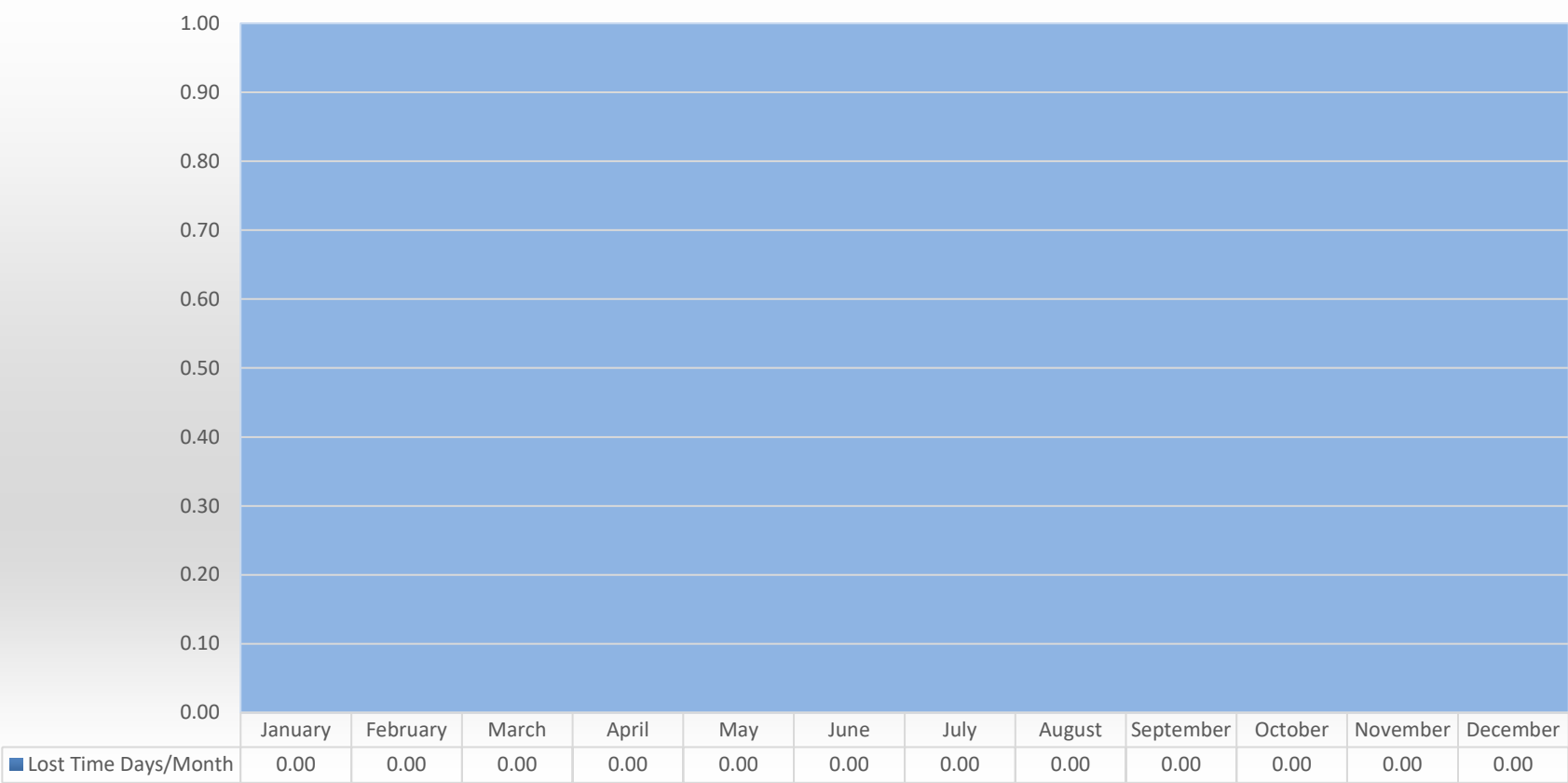
12 Month Rolling Average - Lost Time Injuries



Preventable Incidents: There has been 1 preventable incident YTD 2019

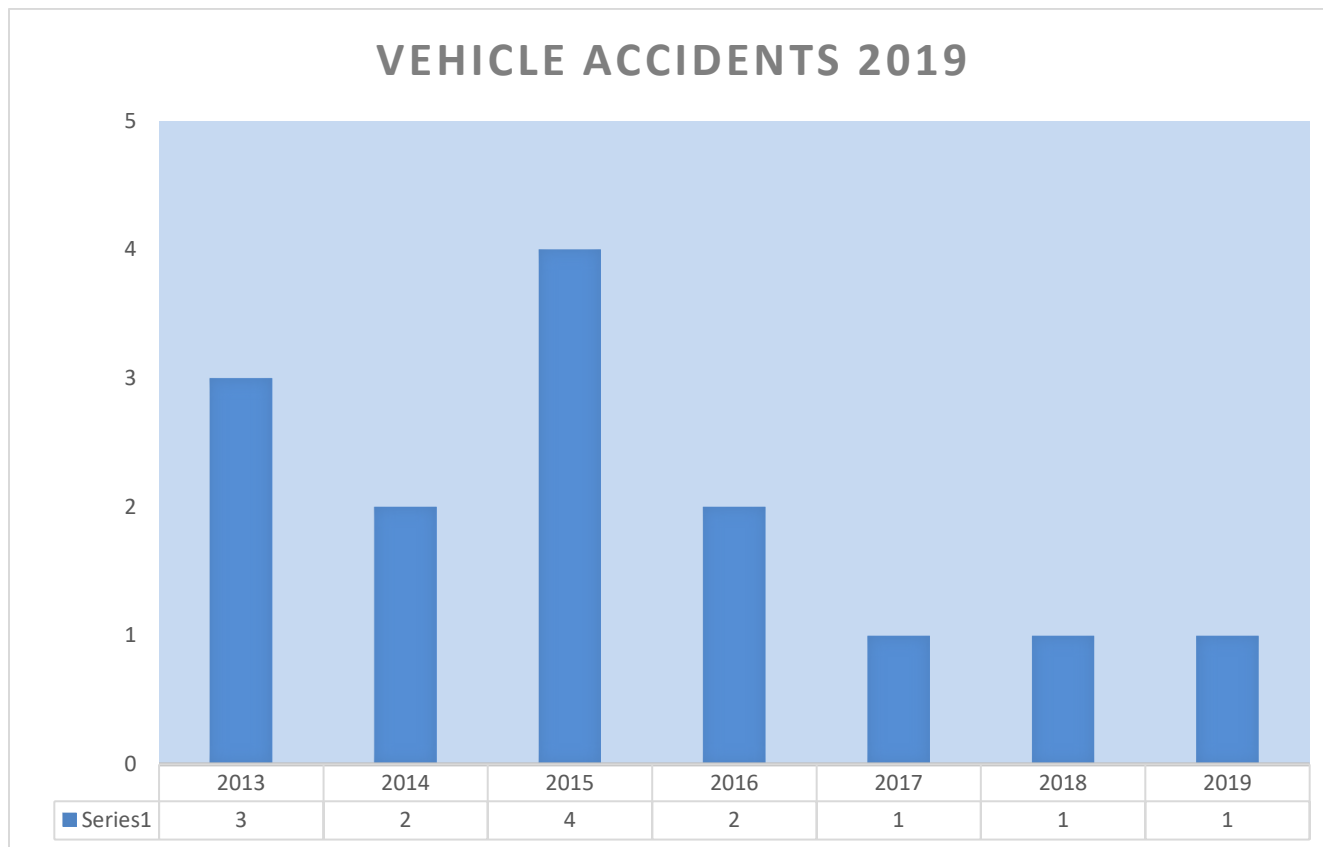


Lost work days by month 2019



Vehicle Incidents

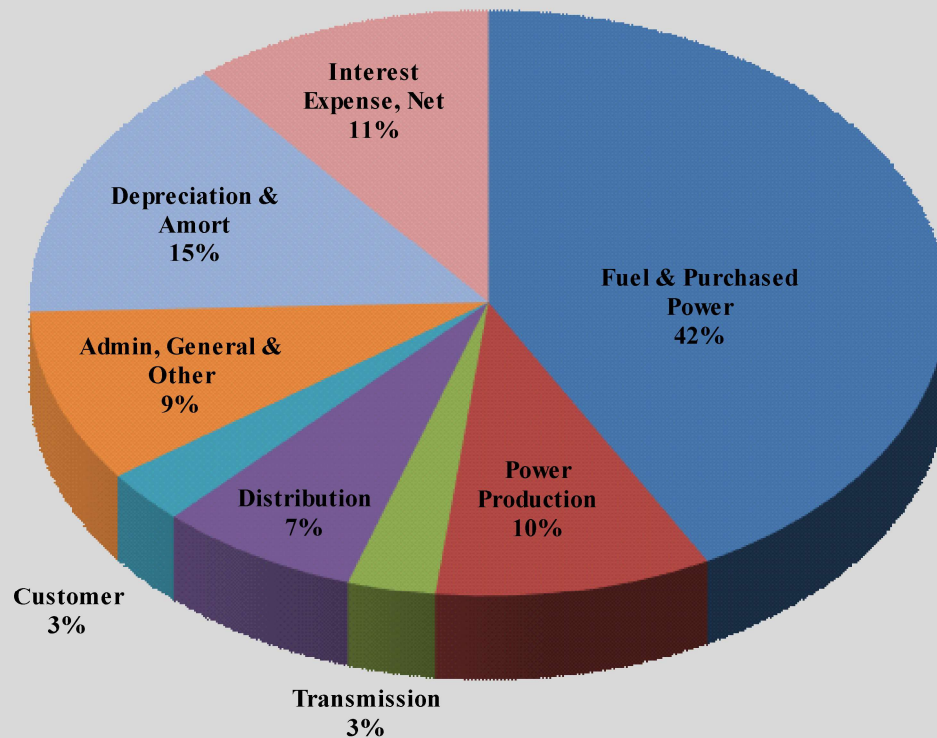
There has been 1 preventable vehicle incident year to date.



STATEMENT OF OPERATIONS

CATEGORY	2019 MTD ACTUAL	2019 MTD BUDGET	2019 MTD VARIANCE
Operating Revenue and Patronage Capital	\$ 18,964,615	\$ 19,293,046	\$ (328,431)
Fuel and Purchased Power Expense	7,340,238	7,051,032	289,206
Power Production Expense	1,703,381	1,830,654	(127,273)
Transmission Expense	541,812	537,453	4,359
Distribution Expense	1,231,150	1,346,934	(115,784)
Customer Expense	512,416	639,175	(126,759)
Administrative, General and Other	1,664,058	1,904,427	(240,369)
Depreciation & Amortization Expense	2,586,823	2,546,695	40,128
Interest Expense, Net	1,862,610	1,857,846	4,764
Total Cost of Electric Service	\$ 17,442,488	\$ 17,714,216	\$ (271,728)
Patronage Capital & Operating Margins	\$ 1,522,127	\$ 1,578,830	\$ (56,703)
Non-Operating Margins - Interest	36,020	52,481	(16,461)
Allowance for Funds Used During Construction	13,492	14,846	(1,354)
Non-Operating Margins - Other	(260)	-	(260)
Patronage Capital or Margins	\$ 1,571,379	\$ 1,646,157	\$ (74,778)

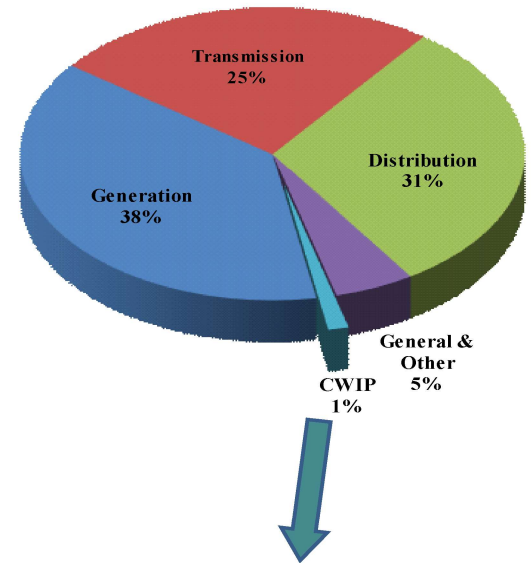
Total Cost of Electric Service (MTD Actual)



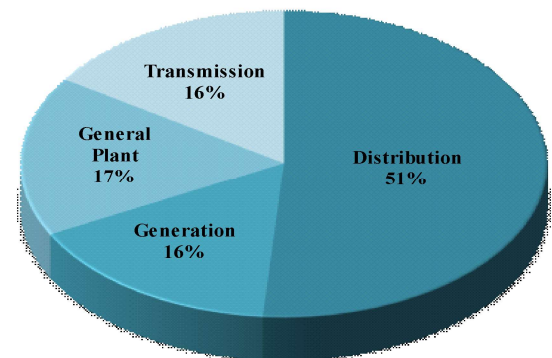
BALANCE SHEET

ASSETS & OTHER DEBITS	11/30/19	12/31/18
Electric Plant in Service	1,241,282,754	1,216,663,092
Construction Work in Progress	16,461,973	17,272,307
Total Utility Plant	\$ 1,257,744,727	\$ 1,233,935,399
Accum. Prov. for Depreciation/Amortization	(554,861,187)	(529,099,451)
Net Utility Plant	\$ 702,883,540	\$ 704,835,948
Nonutility Property - Net	76,889	76,889
Operating Lease Right-of-Use Assets	945,776	-
Investment in Assoc. Organizations	8,148,223	8,570,046
Special Funds	2,429,936	1,890,221
Restricted Cash & Other Investments	108,000	108,000
Total Other Property & Investments	\$ 11,708,824	\$ 10,645,156
Cash, Marketable Securities & Other	1,476,807	12,423,578
Special Deposits/Restricted Cash	1,285,789	1,268,274
Accounts Receivable - Net	27,791,352	31,165,249
Materials and Supplies, Fuel Stock	30,143,910	28,175,563
Prepayments	3,218,790	2,227,117
Other Current & Accrued Assets	3,158,558	241,279
Total Current & Accrued Assets	\$ 67,075,206	\$ 75,501,060
Deferred Debits	45,323,232	37,668,424
Total Assets & Other Debits	\$ 826,990,802	\$ 828,650,588
LIABILITIES & OTHER CREDITS	11/30/19	12/31/18
Memberships	1,774,727	1,748,172
Pat. Capital, Margins & Equities	189,596,882	192,776,522
Total Margins & Equities	\$ 191,371,609	\$ 194,524,694
Long-Term Debt - Bonds	449,999,997	398,416,664
Long-Term Debt - Other	30,552,000	33,972,000
Unamortized Debt Issuance Costs	(2,704,779)	(2,425,247)
Operating Lease Liabilities	754,888	-
Total Long-Term Debt	\$ 478,602,106	\$ 429,963,417
Notes Payable	45,027,555	87,608,667
Accounts Payable	9,134,395	9,538,749
Consumer Deposits	4,351,847	4,845,611
Other Current & Accrued Liabilities	31,488,035	32,853,659
Total Current & Accrued Liabilities	\$ 90,001,832	\$ 134,846,686
Deferred Compensation	1,612,964	1,359,878
Other Liabilities, Non-Current	568,649	580,841
Deferred Liabilities	898,317	764,834
Patronage Capital Payable	1,931,295	3,393,253
Cost of Removal Obligation	62,004,030	63,216,985
Total Liabilities & Other Credits	\$ 826,990,802	\$ 828,650,588

2019 Total Utility Plant (YTD)
\$1,257,744,727



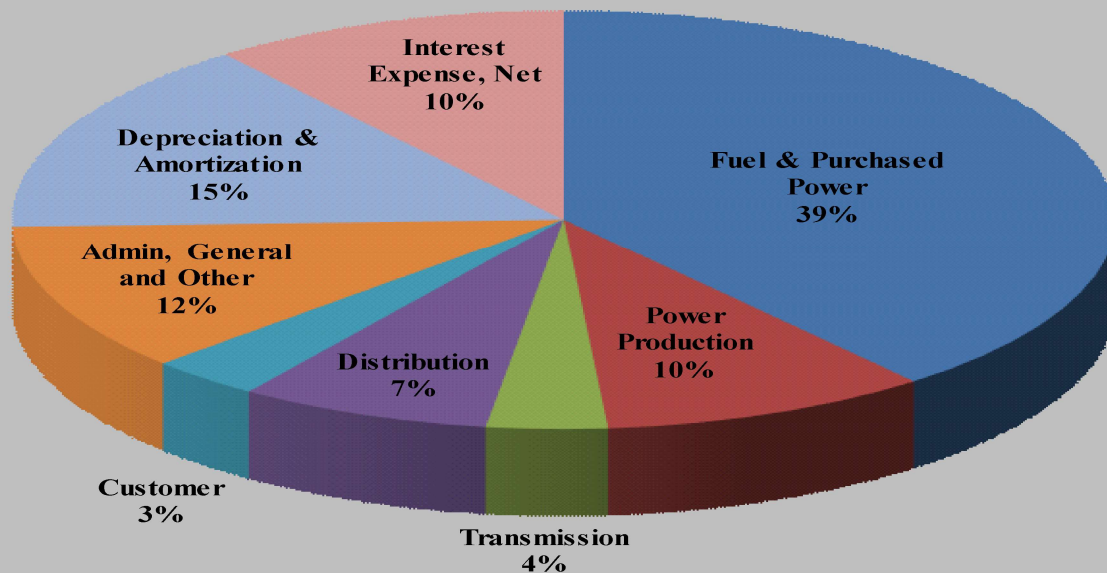
2019 Construction Work in Progress (YTD)
\$16,461,973



COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT YTD ACTUAL TO BUDGET VARIANCE

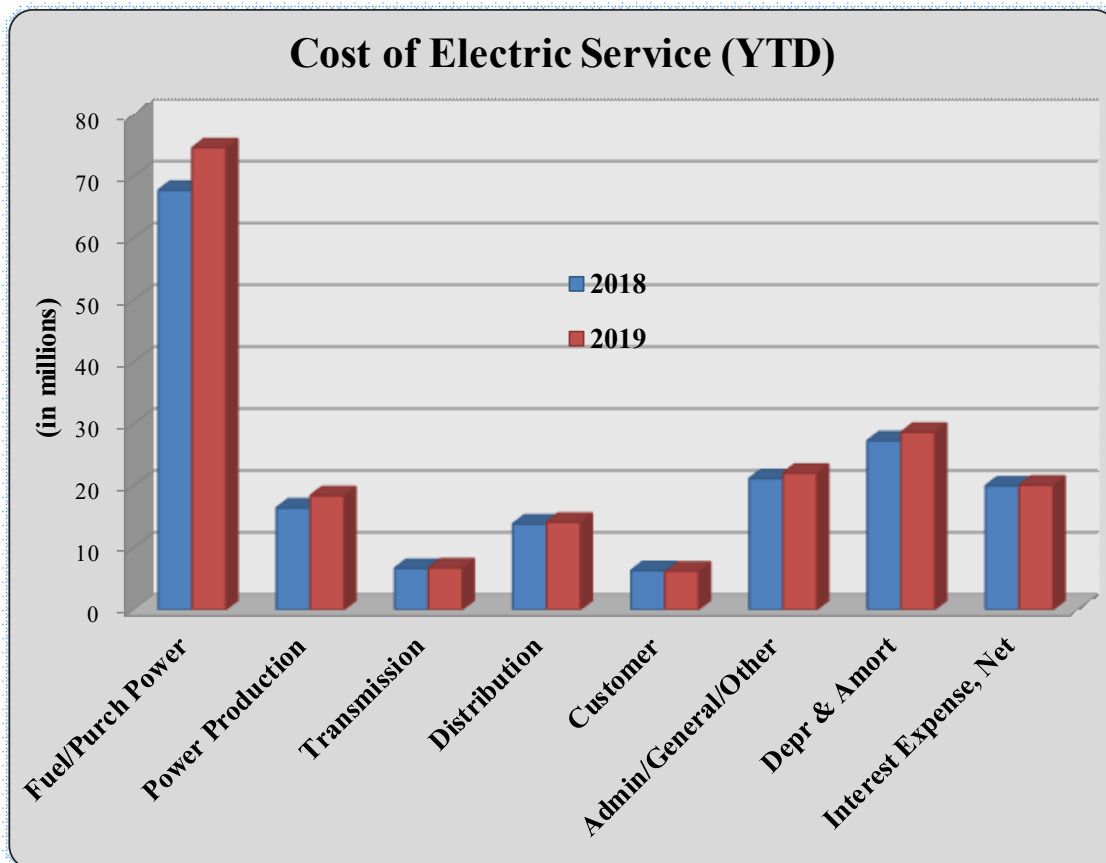
CATEGORY	2019 YTD ACTUAL	2019 YTD BUDGET	2019 YTD VARIANCE
Operating Revenue and Patronage Capital	\$ 192,320,395	\$ 187,651,767	\$ 4,668,628
Fuel and Purchased Power Expense	74,656,590	68,997,697	5,658,893
Power Production Expense	18,432,164	18,582,432	(150,268)
Transmission Expense	6,766,413	6,883,545	(117,132)
Distribution Expense	14,135,046	14,494,815	(359,769)
Customer Expense	6,250,258	6,485,915	(235,657)
Administrative, General and Other	22,063,150	22,417,922	(354,772)
Depreciation & Amortization Expense	28,669,058	28,066,639	602,419
Interest Expense, Net	20,125,289	19,558,252	567,037
Total Cost of Electric Service	\$ 191,097,968	\$ 185,487,217	\$ 5,610,751
Patronage Capital & Operating Margins	\$ 1,222,427	\$ 2,164,550	\$ (942,123)
Non-Operating Margins - Interest	541,031	577,291	(36,260)
Allowance Funds Used During Const.	140,015	163,305	(23,290)
Non-Operating Margins - Other	108,239	-	108,239
Patronage Capital or Margins	\$ 2,011,712	\$ 2,905,146	\$ (893,434)
MF/I	1.10	1.14	
TIER	1.10	1.15	

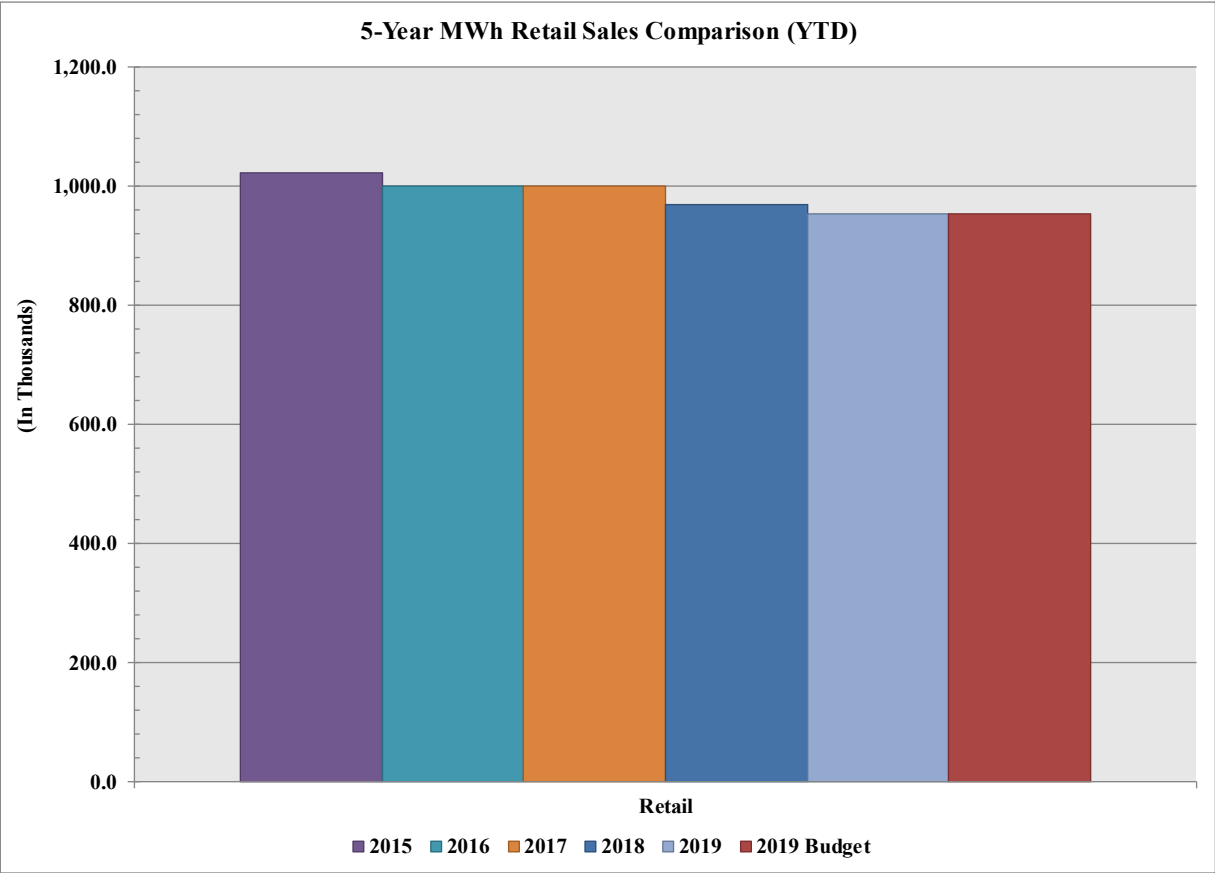
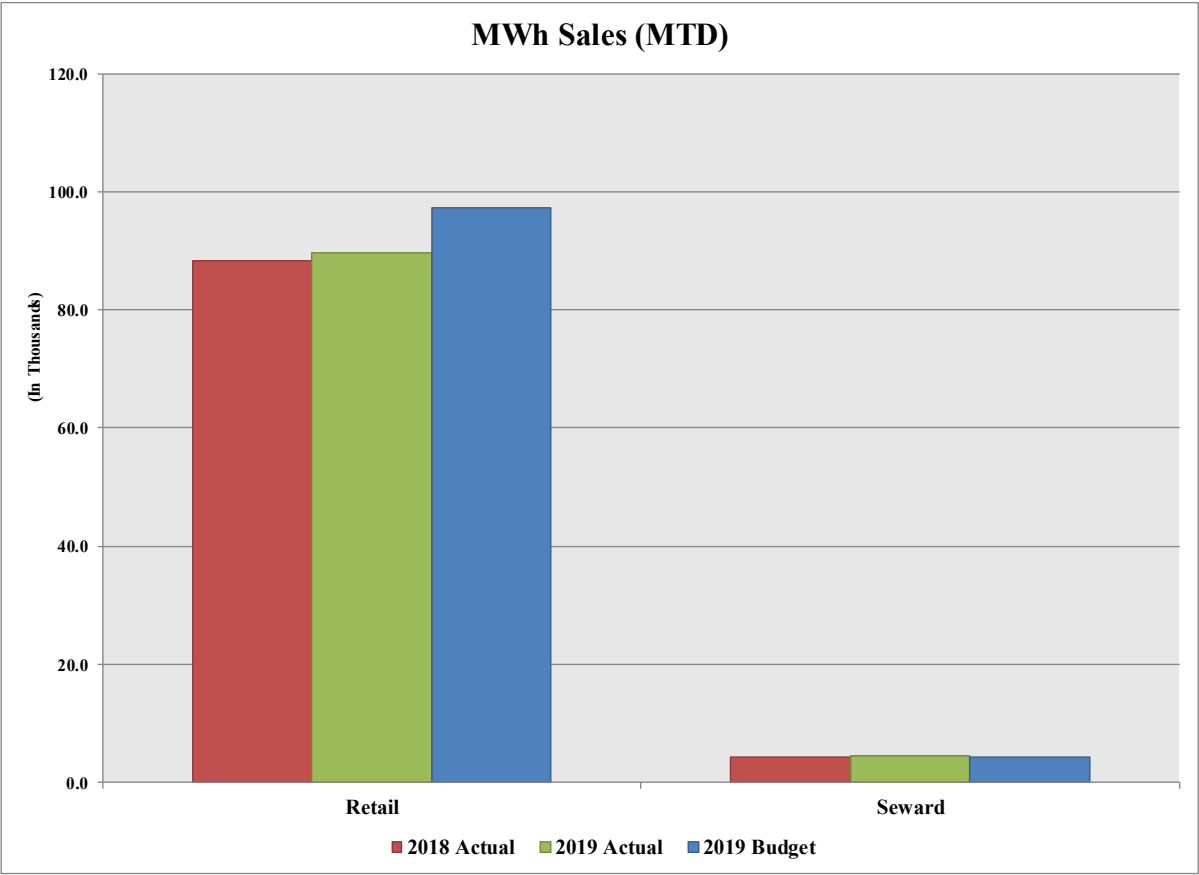
Total Cost of Electric Service (YTD Actual)

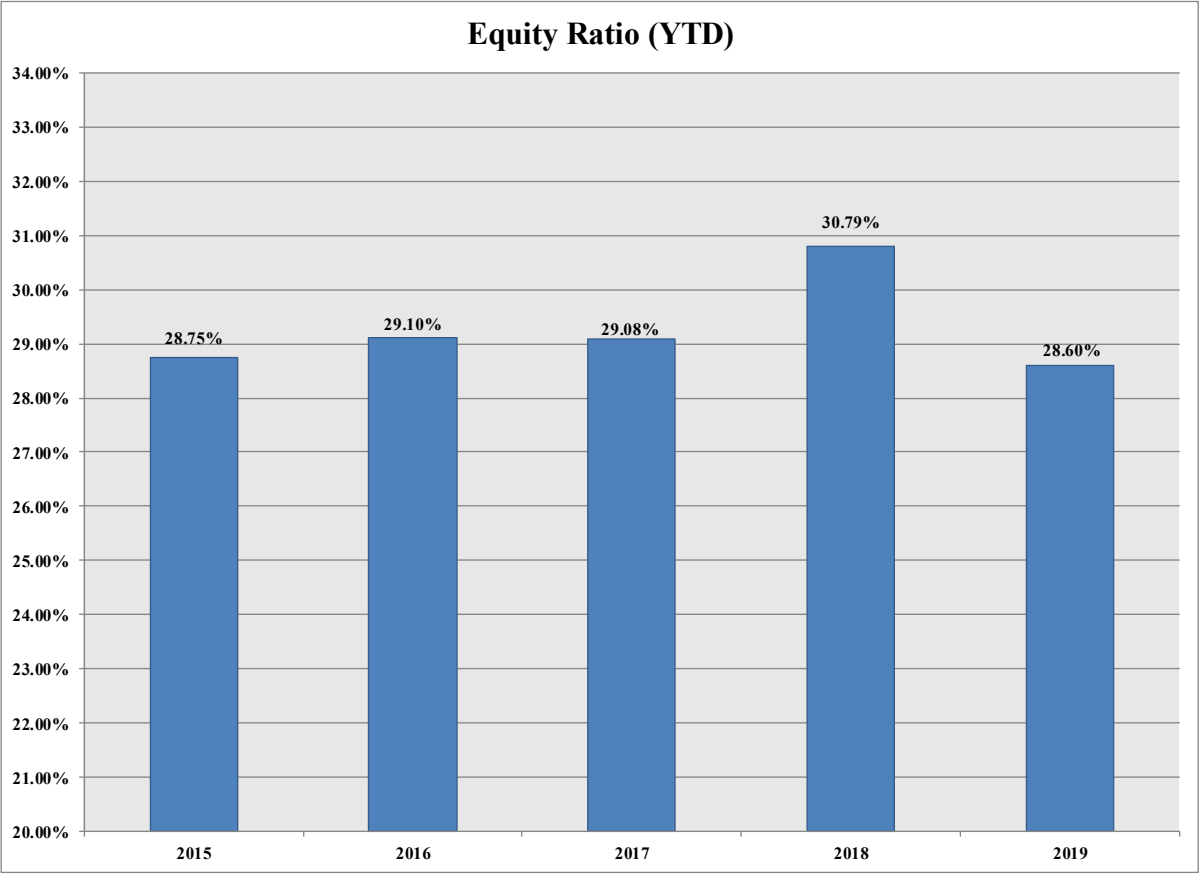
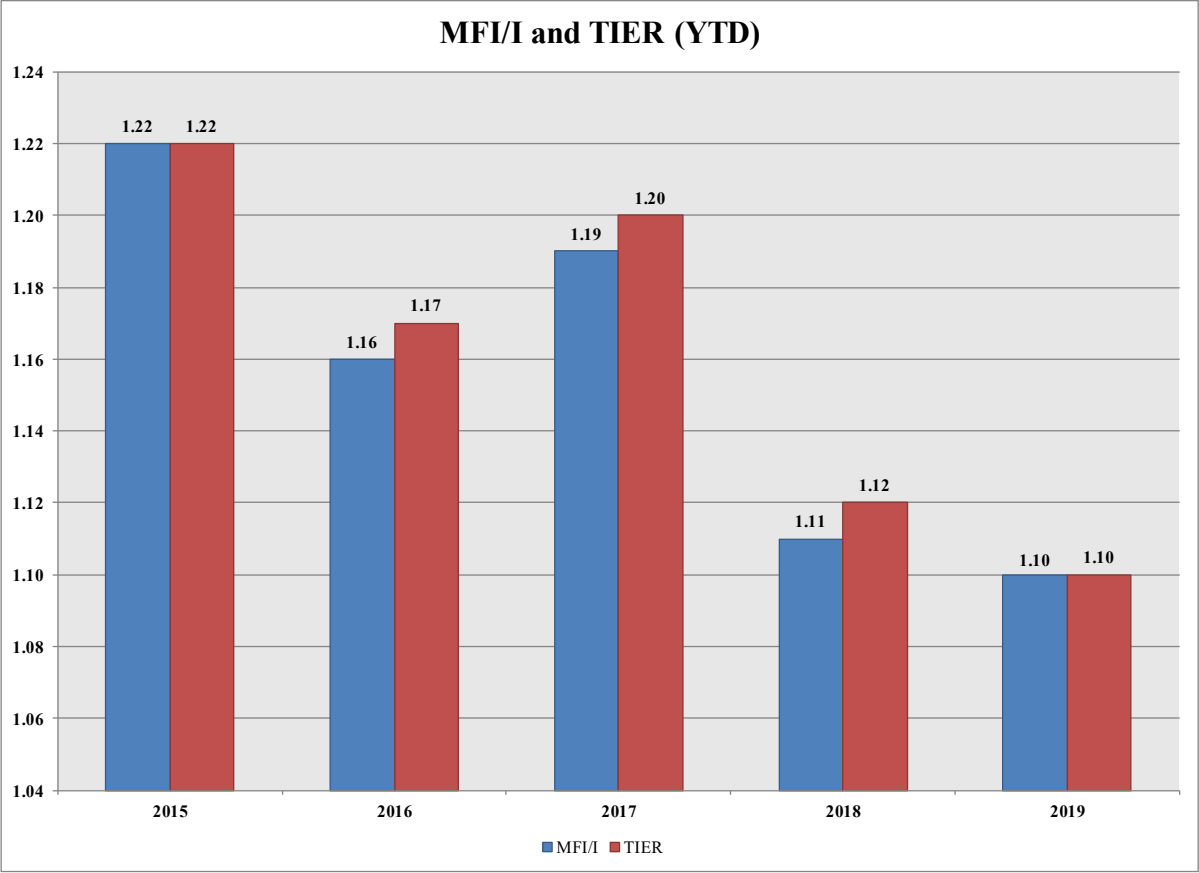


COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YTD ACTUAL

CATEGORY	2019 YTD ACTUAL	2018 YTD ACTUAL
Operating Revenue and Patronage Capital	\$ 192,320,395	\$ 181,414,195
Fuel and Purchased Power Expense	74,656,590	67,807,494
Power Production Expense	18,432,164	16,464,665
Transmission Expense	6,766,413	6,687,842
Distribution Expense	14,135,046	13,862,155
Customer Expense	6,250,258	6,330,847
Administrative, General and Other	22,063,150	21,187,223
Depreciation and Amortization Expense	28,669,058	27,322,299
Interest Expense, Net	20,125,289	20,016,016
Total Cost of Electric Service	\$ 191,097,968	\$ 179,678,541
Patronage Capital & Operating Margins	\$ 1,222,427	\$ 1,735,654
Non-Operating Margins - Interest	541,031	650,035
Allowance for Funds Used During Construction	140,015	114,355
Non-Operating Margins - Other	108,239	(276,592)
Patronage Capital or Margins	\$ 2,011,712	\$ 2,223,452
MFI/I	1.10	1.11
TIER	1.10	1.12







ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	954,308,221	953,988,409
Wholesale Energy Sales	<u>51,851,915</u>	<u>52,419,700</u>
Total Firm Energy Sales	1,006,160,136	1,006,408,109
Economy Energy Sales	<u>195,400</u>	<u>0</u>
Total Energy Sales	1,006,355,536	1,006,408,109

Firm energy sales totaled 1,006,160,136 kWh, compared to budgeted sales of 1,006,408,109. While not a significant overall variance, higher than anticipated sales earlier in the year were offset by lower than anticipated sales later in the year. Retail energy sales totaled 954,308,221 kWh, with no significant variance from budget. Wholesale energy sales were under budget by 1.1%.

Economy energy sales totaled 195,400 kWh, which was a favorable variance of 100% compared to budget. This was due to unanticipated sales to Golden Valley Electric Association (GVEA) and Matanuska Electric Association (MEA).

ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$ 181.2	\$ 177.5
Wholesale Revenue	<u>5.3</u>	<u>5.2</u>
Total Firm Revenue	186.5	182.7
Economy/Other Energy Revenue	0.0	0.0
Other Operating Revenue	<u>5.8</u>	<u>5.0</u>
Total Revenue	\$ 192.3	\$ 187.7

Revenue from firm sales totaled \$186.5 million compared to \$182.7 million in the budget. Firm revenue was higher than expected primarily due to higher than anticipated fuel and purchased power costs recovered in revenue. Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, miscellaneous service and other electric revenue. Other operating revenue totaled \$5.8 million compared to \$5.0 million in the budget, primarily due to higher than anticipated wheeling revenue.

FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 53.6	\$ 51.8
Purchased Power	<u>21.1</u>	<u>17.2</u>
Total	\$ 74.7	\$ 69.0

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$53.6 million compared to \$51.8 million projected in the budget. This variance was primarily due to more fuel consumed at the Beluga Power Plant as a result of the Swan Lake fire which impacted the transmission lines and reduced the amount of purchased power that Chugach was able to access from the Bradley Lake Hydro facility. The increase in fuel expense was somewhat offset by lower than anticipated storage and transportation expense.

Actual fuel purchased or withdrawn from inventory and used for production was 6,019,028 MCF at an average effective delivered price of \$8.21 per MCF, compared to 5,475,090 MCF in the budget at an average effective delivered price of \$8.31 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 \$21.1 million compared to \$17.2 million in the budget, due to higher than anticipated purchases from ML&P and MEA as a result of the Swan Lake fire. Less purchases from Bradley Lake also resulted in an increase in the average effective price.

Actual energy purchased was 224,571 MWh at an average effective price of 7.93 cents per kWh compared to 202,437 MWh budgeted at an average effective price of 6.76 cents per kWh.

POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 18.4	\$ 18.6

Power production expense was \$18.4 million compared to \$18.6 million in the budget. This favorable variance is primarily due to lower than anticipated maintenance costs, which was somewhat offset by higher amortization expense associated with the Cooper Lake dredging project.

TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 6.8	\$ 6.9

Transmission operations and maintenance expense was \$6.8 million compared to \$6.9 million in the budget. This favorable variance is primarily due to lower than anticipated microwave maintenance and helicopter services, which was offset by a shift in substation expense labor recorded as Distribution expense.

DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 14.1	\$ 14.5

Distribution operations and maintenance expense was \$14.1 million compared to \$14.5 million in the budget. This favorable variance is primarily due to lower than anticipated lease costs and a shift in substation expense labor recorded as Transmission expense.

CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 6.3	\$ 6.5

Consumer accounts and customer information expense was \$6.3 million compared to \$6.5 million in the budget. This favorable variance is primarily due to lower than anticipated credit card merchant fees as well as printing costs, which was somewhat offset by higher than anticipated uncollectible accounts.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 22.1	\$ 22.4

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 \$22.1 million compared to \$22.4 million in the budget. This favorable variance is primarily due to lower than anticipated costs associated with outside legal services, human resources, headquarters maintenance, and workers' compensation, which were somewhat offset by higher than anticipated labor expense and project write-offs.

SUMMARY

Depreciation, interest, and interest during construction expense totaled \$48.8 million compared to \$47.6 million in the budget. The unfavorable variance compared to budget was primarily due to higher than anticipated interest expense on short-term borrowings of commercial paper as well as increased depreciation expense due primarily to the estimate of retirements.

All of the foregoing expenses resulted in total cost of electric service of \$191.1 million compared to \$185.5 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 \$0.8 million compared to \$0.7 million in the budget primarily due to the gain in value of marketable securities earlier this year.

The net result of revenue and expenses was margins of \$2.0 million compared to projected margins of \$2.9 million in the budget. The current forecast projects year-end margins of \$5.1 million, an MFI/I of 1.23, and TIER of 1.24.

COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS YEAR-END FORECAST

CATEGORY	2019 APPROVED BUDGET	2019 AMENDED BUDGET	2019 YTD ACTUALS	2019 REVISED FORECAST
Operating Revenue and Patronage Capital	\$ 207,385,275	\$ 208,813,709	\$ 192,320,395	\$ 214,604,841 ²
Fuel and Purchased Power Expense	76,788,722	76,788,722	74,656,590	83,751,119 ²
Power Production Expense	20,297,640	20,297,640	18,432,164	20,085,075 ²
Transmission Expense	7,442,254	7,442,254	6,766,413	7,314,311 ²
Distribution Expense	15,695,623	15,813,973	14,135,046	15,372,249 ²
Customer Expense	7,089,507	7,089,507	6,250,258	6,688,850 ²
Administrative, General & Other	24,398,225	24,398,225	22,063,150	23,879,407 ²
Depreciation and Amortization Expense	30,612,717	30,612,717	28,669,058	31,255,136 ²
Interest Expense, Net	20,112,012	21,416,228	20,125,289	22,018,265 ²
Total Cost of Electric Service	\$ 202,436,700	\$ 203,859,266	\$ 191,097,968	\$ 210,364,412
Patronage Capital & Operating Margins	\$ 4,948,575	\$ 4,954,443	\$ 1,222,427	\$ 4,240,429
Non-Operating Margins - Interest	629,772	629,772	541,031	593,512 ¹
Allowance for Funds Used During Construction	178,150	178,150	140,015	154,860 ¹
Non-Operating Margins - Other	-	-	108,239	108,239 ¹
Patronage Capital or Margins	\$ 5,756,497	\$ 5,762,365	\$ 2,011,712	\$ 5,097,040
MFI/I	1.28	1.26	1.10	1.23
TIER	1.30	1.27	1.10	1.24

¹ Forecast based on 11 month actual and 1 month forecast

² Forecast has been adjusted to reflect anticipated changes

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

January 22, 2020

ACTION REQUIRED

AGENDA ITEM NO. VIII.A.

<u> </u>	Information Only
<u> X </u>	Motion
<u> </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

Appointment of 2019 CFC Voting Delegate and Alternate

DISCUSSION

The voting delegate and alternate to the CFC meetings are chosen from those who will be attending.

The current CFC voting delegate is Jim Henderson and the alternate is Susan Reeves.

The 2020 CFC Annual Membership Meeting is scheduled for March 2, 2020, New Orleans, LA.

MOTION

Move that the Board of Directors appoint _____ as the CFC Voting Delegate and _____ as the alternate.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

January 22, 2020

ACTION REQUIRED

AGENDA ITEM NO. X.A.

☐ **Information Only**
☒ **Motion**
☐ **Resolution**
☐ **Executive Session**
☐ **Other**

TOPIC

Chugach Electric Association, Inc. (Chugach or Association) 2020 Strategic Plan

DISCUSSION

Chugach Board Policy 306 (Strategic Planning) provides that the Chugach Board of Directors approve the Association's strategic plan on an annual basis. The Chugach Board of Directors has reviewed and discussed the 2020 Strategic Plan in executive sessions held during December 2019 and January 2020.

MOTION

Move that the Chugach Board of Directors approve the 2020 Strategic Plan.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

January 22, 2020

ACTION REQUIRED

AGENDA ITEM NO. X.B

<u> </u>	Information Only
<u> X </u>	Motion
<u> </u>	Resolution
<u> </u>	Executive Session
<u> </u>	Other

TOPIC

Financing of ML&P Acquisition

DISCUSSION

On December 19, 2018, the Chugach Electric Association, Inc. (Chugach) Board of Directors authorized the Chief Executive Officer to execute and deliver the Asset Purchase Agreement, the Eklutna Power Purchase Agreement, the Payment in Lieu of Taxes Agreement and the Beluga River Unit Fuel Agreement (collectively the "Transaction Agreements") by and among Chugach and the Municipality of Anchorage.

Resolution 12-01-18 authorized the Chief Executive Officer to take such further action as deemed necessary to consummate, effectuate, carry out or further the Transaction Agreements, which includes authorization to secure the required financing.

Upon receipt of all necessary regulatory approvals related to the acquisition, Chugach intends to issue long-term debt to fund the Upfront Payment of the acquisition of ML&P's assets in accordance with the Asset Purchase Agreement.

MOTION

Move that the Board of Directors approve the attached resolution authorizing the Chief Executive Officer or the Chief Financial Officer to negotiate pricing, finalize terms and conditions, and enter into a Purchase Agreement for long-term debt financing associated with Chugach's acquisition of ML&P's assets upon approval by the RCA as discussed in executive session.



RESOLUTION

Financing of ML&P Acquisition

WHEREAS, Chugach Electric Association, Inc., an Alaska electric cooperative (the “Company”), executed and delivered the Asset Purchase Agreement, the Eklutna Power Purchase Agreement, the Payment in Lieu of Taxes Agreement, and the Beluga River Unit Fuel Agreement (collectively the “Transaction Agreements”) and associated amendments, by and among the Company and the Municipality of Anchorage;

WHEREAS, Resolution 12-01-18 authorized the Chief Executive Officer to take such further action as deemed necessary to consummate, effectuate, carry out or further the Transaction Agreements, which includes authorization to secure the required financing;

WHEREAS, management of the Company has determined that further specific authorization from the Company’s Board of Directors is necessary for the Company to execute the financing required to fund the Upfront Payment for the acquisition of ML&P’s assets in accordance with the Asset Purchase Agreement;

WHEREAS, upon receipt of all necessary regulatory approvals related to the acquisition, the Company intends to (1) issue new long-term debt, pursuant to a supplemental indenture (the “Supplemental Indenture”) to its Second Amended and Restated Indenture of Trust dated January 20, 2011 (the “Indenture”) to be entered into by the Company and U.S. Bank Trust National Association, a national banking association, as trustee under the Indenture, by the creation of new series of obligations thereunder (the “Bonds”) in an aggregate principal amount of up to \$810,000,000, with a maturity date of no more than 30 years from the date of issuance thereof and on such other terms and conditions as may be agreed upon by the Chief Executive Officer or Chief Financial Officer of the Company, and (2) issue the Bonds pursuant to an agreement (the “Purchase Agreement”) with one or more lenders and/or institutional investors;

WHEREAS, upon receipt of all necessary regulatory approvals, the Company has the power and authority to enter into, deliver, and perform its obligations under the Supplemental Indenture, the Purchase Agreement, the Bonds, and any and all other documents, instruments, and agreements necessary or desirable to be entered into in connection therewith; and

WHEREAS, it is in the best interests of the Company to enter into, deliver, and perform its obligations under the Supplement Indenture, the Purchase Agreement, and the Bonds and any and all other documents, instruments, and agreements necessary or desirable to be entered into in connection therewith;



NOW THEREFORE, BE IT RESOLVED THAT:

The Board of Directors authorizes the Chief Executive Officer or Chief Financial Officer to negotiate pricing, finalize terms and conditions, and enter into a Purchase Agreement for long-term debt financing associated with Chugach's acquisition of ML&P's assets upon approval by the RCA as discussed in executive session at the January 22, 2020, Board of Directors meeting;

The Chief Executive Officer, Chief Financial Officer, and Controller of the Company (each a "Particular Officer") be, and each of them acting alone is, hereby authorized on behalf of the Company to execute and deliver the Supplemental Indenture, the Purchase Agreement, the Bonds, and any and all other documents, instruments and agreements necessary or desirable in connection therewith on the terms negotiated by the Chief Executive Officer, and each Particular Officer and each other officer of the Company (collectively, the "Authorized Officers") be and each of them acting alone is hereby authorized on behalf of the Company to execute and deliver such other documents, including but not limited to, in the case of the Particular Officers, those specifically described above, in each case in the name and on behalf of the Company, on such terms and conditions and in such form deemed necessary or desirable and approved by such Authorized Officer, and with such changes and modifications thereto as such Authorized Officer may in its discretion approve, which approval shall be conclusively evidenced by the execution of such documents, instruments, and agreement;

Each Authorized Officer be, and each of them acting alone is, hereby authorized on behalf of the Company to execute and deliver such forms of certificates and other documents as may be necessary or desirable in connection with the transactions contemplated by the Supplemental Indenture, the Purchase Agreement, the Bonds, and any and all other documents, instruments, and agreements necessary or desirable in connection therewith, or any opinion of counsel to be provided in connection therewith.

Each Authorized Officer be, and each of them acting alone is, hereby authorized and directed to take all such further action, to execute and deliver such further agreements, instruments, and documents in writing and to do all such other acts and things as in the Authorized Officer's opinion may be necessary or desirable in the name and on behalf of the Company to give effect to the foregoing resolutions, which opinion shall be conclusively evidenced by the taking of such further actions, the execution and delivery of such further documents, instruments, and agreements and the doing of such other acts and things.

CERTIFICATION

I, Stuart Parks, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 22nd day of January 2020; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation on the 22nd day of January 2020.

Secretary