

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

**AUDIT AND FINANCE COMMITTEE MEETING**

**AGENDA**

Rachel Morse, Chair  
Harold Hollis, Vice Chair

Susan Reeves  
Jim Henderson  
Bettina Chastain

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**March 25, 2019**

**4:00 p.m.**

**Chugach Board Room**

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- I. CALL TO ORDER (4:00 p.m.)
  - A. *Roll Call*
- II. APPROVAL OF THE AGENDA\*
- III. APPROVAL OF THE MINUTES\*
  - A. *December 10, 2018 (Quezon)*
- IV. PERSONS TO BE HEARD
  - A. *Member Comments*
- V. CEO REPORTS AND CORRESPONDENCE (scheduled) (4:05 p.m.)
  - A. *4<sup>th</sup> Quarter 2018 Capital Tracking Report (Curran) (4:15 p.m.)*
  - B. *4<sup>th</sup> Quarter 2018 Operating Budget Status Report (Curran) (4:20 p.m.)*
  - C. *4<sup>th</sup> Quarter 2018 Contract Status Report (Vecera) (4:25 p.m.)*
  - D. *2018 Year-End Financial Statements and Variance Report (Harris/Curran) (4:30 p.m.)*
- VI. NEW BUSINESS (scheduled) (4:35 p.m.)
  - A. *2018 Year-End Financial Information (Harris) (4:35 p.m.)*
- VII. EXECUTIVE SESSION\* (scheduled) (4:50 p.m.)
  - A. *Strategic Planning*
    - 1. *Review and Accept the 2018 Independent Audited Financial Statements (4:50 p.m.)*
    - 2. *Pre-Approval for FY2019 Audit Services (5:15 p.m.)*
    - 3. *December 31, 2018, SEC Form 10K Review (5:25 p.m.)*
    - 4. *Capital Credit Retirement (5:35 p.m.)*
    - 5. *Commercial Paper Backstop Facility (5:45 p.m.)*
- VIII. NEW BUSINESS\* (continued) (6:00 p.m.)
  - A. *Accept the 2018 Independent Audited Financial Statements\* (KPMG) (6:00 p.m.)*

- B. *December 31, 2018, SEC Form 10K Filing\* (Curran) (6:05 p.m.)*
- C. *Pre-Approval for FY2019 Audit Services\* (Highers) (6:10 p.m.)*
- D. *Capital Credit Retirement\* (Highers) (6:15 p.m.)*
- E. *Commercial Paper Backstop Facility\* (Highers) (6:20 p.m.)*

IX. DIRECTOR COMMENTS (6:25 p.m.)

X. ADJOURNMENT\* (6:35 p.m.)

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

**December 10, 2018**  
**Monday**  
**4:00 p.m.**

**AUDIT AND FINANCE COMMITTEE MEETING**

Recording Secretary: Arden Quezon-Vicente

**I. CALL TO ORDER**

Chair Morse called the Audit and Finance Committee meeting to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Committee Members Present:*

Rachel Morse, Chair

Harold Hollis, Vice Chair

Susan Reeves, Director (*via teleconference*)

Jim Henderson, Director

Bettina Chastain, Director (*arrived during Executive Session*)

*Other Board Member Present:*

Stuart Parks, Director (*via teleconference*)

*Guests and Staff in Attendance:*

Lee Thibert

Matthew Clarkson

Renee Curran

Sherri Highers

Tyler Andrews

Jean Kornmuller

Arthur Miller

Brian Hickey

Kathy Harris

Paul Risse

Mark Fouts

Debra Caldwell

Tom Schulman

Josh Resnick

Julie Hasquet

Shelly Schmitt

**II. APPROVAL OF THE AGENDA**

Director Henderson moved and Director Hollis seconded the motion to approve the agenda. The motion passed unanimously.

*Director Chastain was not present at the time of the vote.*

**III. APPROVAL OF THE MINUTES**

Director Hollis moved and Director Henderson seconded the motion to approve the November 6, 2018, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

*Director Chastain was not present at the time of the vote.*

**IV. PERSONS TO BE HEARD**

- A. *Member Comments*  
None

**V. CEO REPORTS AND CORRESPONDENCE**

None

**VI. EXECUTIVE SESSION**

- A. *Strategic Planning*  
1. *2019 Operating Budget and Capital Improvement Plan*

At 4:03 p.m., Director Hollis moved and Director Henderson seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1), the Audit and Finance Committee go into executive session to discuss financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The motion passed unanimously.

*Director Chastain was not present at the time of the vote.*

*Director Chastain arrived during Executive Session.*

The meeting reconvened in open session at 6:35 p.m.

**VII. NEW BUSINESS**

- A. *Recommendation on Approval of the 2019 Operating and Capital Budget\* (Highers)*  
Director Chastain moved and Director Reeves seconded the motion that the Audit and Finance Committee recommend the Board of Directors approve the 2019 Operating and Capital Budget which is expected to produce margins of \$5.8 million, MFI/I ratio of 1.28, TIER ratio of 1.30 and Equity to Total Capitalization ratio of 31.9%. These results are based on a Total Cost of Service of \$202.4 million, Total Revenue of \$207.4 million, Non-Operating Margins of \$0.8 million, and a capital expenditure cash requirement of \$76.3 million. In its recommendation to approve this budget, the Audit and Finance Committee does not recommend authorization for managers to enter into any contract related to the IMO without further Board review and approval after the final APA has been reviewed and approved by the Board.

Chair Morse called for a vote.

Chastain – yes  
Hollis – yes  
Reeves – yes  
Morse – yes  
Henderson - no

The motion passes with a 4 to 1 vote.

**VIII. DIRECTOR COMMENTS**

No comments were made.

**IX. ADJOURNMENT**

At 6:37 p.m., Director Reeves moved and Director Chastain seconded the motion to adjourn. The motion passed unanimously.

CHUGACH ELECTRIC ASSOCIATION  
CAPITAL PROJECT TRACKING REPORT  
As of December 31, 2018

CIP Ref #	Project Name <sup>1</sup>	Project Manager	BOD Project Approval Date	Estimate			Actuals			Variance		Project Completion	Comments
				Estimate	Revisions to Estimate	Revised Estimate	Spending to Date	Forecast to Completion	Total Estimated Completion Cost	Total Estimated Cost vs. Revised Estimate			
										Amount	%		

**SYSTEM IMPROVEMENT PROJECTS**

**Reliability**

20.0303	Beluga U3 Major P1700876	Highers/Love	5/23/2018	\$4,239,012	\$0	\$4,239,012	\$2,726,259	\$1,084,531	\$3,810,790	(\$428,222)	90%	99%	Project is complete and in closeout pending final vendor invoicing. Revised estimate reflects lower anticipated costs for exhaust components and hot gas path parts.
10.0240	Retire INSS 138kV Facilities E1720055	Laughlin	1/24/2018	\$2,700,000	\$0	\$2,700,000	\$387,809	\$2,312,191	\$2,700,000	\$0	100%	20%	This project will retire existing 138 kV facilities at the International Substation (INSS) and move two power transformers to new foundations with oil containment meeting fire protection and seismic requirements. 90% design has been completed. Construction of this project will be moved to 2020.
10.0364	115 kV Rebuild - Hope to Summit E1720053	Wendling	2/20/2018	\$9,500,000	\$0	\$9,500,000	\$448,058	\$9,051,943	\$9,500,000	\$0	100%	7%	This project will rebuild approximately 9 miles of the Quartz Creek 115 kV transmission line between Hope Substation and Summit Lake Substation. The rebuilt line will be insulated to 230 kV standards. The design is complete, all materials have arrived and the construction is underway. Close out is anticipated in the second quarter of 2019.

**Operating Efficiency**

05.0300	Debarr Substation Rebuild E1620052	Reid	1/26/2017	\$6,000,000	\$0	\$6,000,000	\$5,151,078	\$1,088,922	\$6,240,000	\$240,000	104%	85%	This project will upgrade the existing facilities at Debarr Substation. The scope includes replacement of the existing power transformer, 12.5kV switchgear, 34.5kV circuit switchers, and associated control and power cables. The contractor's, Electric Power Constructors (EPC), work is substantially complete. The power transformer and switchgear were delivered in the third quarter. Commissioning is expected to last through early 2019. Forecast to completion includes an additional \$240,000 for work to move the substation per the request of the Municipality.
05.0886	Hope Substation Upgrade Hope 25 kV Xfmr Fdn (HMGP) E1613628	Wendling	12/12/2017	\$1,900,000	\$0	\$1,900,000	\$429,205	\$320,795	\$750,000	(\$1,150,000)	39%	99%	This project upgraded several of the existing facilities at Hope Substation. The scope was changed to reuse the existing transformer and install a seismically rated foundation with a membrane type secondary containment, therefore reducing the total estimated cost. Construction is complete and energized. The project is in close out.

**New Business Offering**

20.0310	Community Solar Project P1731026	Highers	10/1/2017	\$2,000,000	\$0	\$2,000,000	\$0	\$2,000,000	\$2,000,000	\$0	100%	0%	Project to install a 500 kW community solar project. Proposals received for engineering, procurement and construction (EPC) work with one apparent successful bidder identified after evaluation. Awaiting RCA approval of the Community Solar program and the achievement of 80% participation before seeking Board approval of contract.
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<b>Totals</b>				<b>\$26,339,012</b>	<b>\$0</b>	<b>\$26,339,012</b>	<b>\$9,142,409</b>	<b>\$15,858,381</b>	<b>\$25,000,790</b>	<b>(\$1,338,222)</b>	<b>95%</b>	<b>52%</b>	
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<sup>1</sup> Report tracks projects with costs exceeding \$1M.

<sup>2</sup> Represents Chugach costs only.

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

**February 13, 2019**

**TO:** Sherri L. Highers, CFO  
**FROM:** Debra Caldwell, Financial Analyst  
**SUBJECT:** 4<sup>th</sup> Quarter 2018 Operating Budget Status Report

There were no budget adjustments in the fourth quarter of 2018. See Operating Budget Status Report on page 2.

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**4TH QUARTER 2018**

<b>CATEGORY</b>	<b>2018 APPROVED BUDGET</b>	<b>2018 BUDGET REVISIONS</b>	<b>2018 APPROVED BUDGET</b>
<b>REVENUES:</b>			
<b>TOTAL REVENUE</b>	<b>\$214,960,079</b>	<b>\$0</b>	<b>\$214,960,079</b>
<b>EXPENSES:</b>			
FUEL EXPENSE	67,675,501	0	67,675,501
POWER PRODUCTION EXPENSE	18,965,542	0	18,965,542
COST OF PURCHASED POWER	17,519,189	0	17,519,189
TRANSMISSION EXPENSE	6,915,445	0	6,915,445
DISTRIBUTION EXPENSE-OPERATIONS	6,142,833	0	6,142,833
DISTRIBUTION EXPENSE-MAINTENANCE	8,692,889	0	8,692,889
CONSUMER ACCOUNTS EXPENSE	6,437,520	0	6,437,520
CUSTOMER SERVICE/INFO EXPENSE	395,747	0	395,747
ADMINISTRATIVE/GENERAL EXPENSE	21,490,686	0	21,490,686
<b>TOTAL OPERATIONS/MAINTENANCE EXPENSE</b>	<b>\$154,235,352</b>	<b>\$0</b>	<b>\$154,235,352</b>
DEPRECIATION/AMORTIZATION EXPENSE	32,264,325	0	32,264,325
TAX EXPENSE-OTHER	237,300	0	237,300
INTEREST ON DEBT	22,036,708	0	22,036,708
INTEREST ON CONSTRUCTION-CREDIT	(543,388)	0	(543,388)
OTHER DEDUCTIONS	400,000	0	400,000
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$208,630,297</b>	<b>\$0</b>	<b>\$208,630,297</b>
<b>PATRONAGE CAPITAL/OPERATING MARGINS</b>	<b>\$6,329,782</b>	<b>\$0</b>	<b>\$6,329,782</b>
NON-OPERATING MARGINS-INTEREST	625,941	0	625,941
ALLOWANCE FUNDS USED DURING CONST.	181,126	0	181,126
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	0	0	0
EXTRAORDINARY ITEMS	0	0	0
<b>PATRONAGE CAPITAL OR MARGINS</b>	<b>\$7,136,849</b>	<b>\$0</b>	<b>\$7,136,849</b>

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**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**3RD QUARTER 2018**

<b>CATEGORY</b>	<b>2018 APPROVED BUDGET</b>	<b>2018 BUDGET REVISIONS</b>	<b>2018 APPROVED BUDGET</b>
<b>REVENUES:</b>			
<b>TOTAL REVENUE</b>	<b>\$214,960,079</b>	<b>\$0</b>	<b>\$214,960,079</b>
<b>EXPENSES:</b>			
FUEL EXPENSE	67,675,501	0	67,675,501
POWER PRODUCTION EXPENSE	18,965,542	0	18,965,542
COST OF PURCHASED POWER	17,519,189	0	17,519,189
TRANSMISSION EXPENSE	6,915,445	0	6,915,445
DISTRIBUTION EXPENSE-OPERATIONS	6,142,833	0	6,142,833
DISTRIBUTION EXPENSE-MAINTENANCE	8,692,889	0	8,692,889
CONSUMER ACCOUNTS EXPENSE	6,437,520	0	6,437,520
CUSTOMER SERVICE/INFO EXPENSE	395,747	0	395,747
ADMINISTRATIVE/GENERAL EXPENSE	21,490,686	0	21,490,686
<b>TOTAL OPERATIONS/MAINTENANCE EXPENSE</b>	<b>\$154,235,352</b>	<b>\$0</b>	<b>\$154,235,352</b>
DEPRECIATION/AMORTIZATION EXPENSE	32,264,325	0	32,264,325
TAX EXPENSE-OTHER	237,300	0	237,300
INTEREST ON DEBT	22,036,708	0	22,036,708
INTEREST ON CONSTRUCTION-CREDIT	(543,388)	0	(543,388)
OTHER DEDUCTIONS	400,000	0	400,000
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$208,630,297</b>	<b>\$0</b>	<b>\$208,630,297</b>
<b>PATRONAGE CAPITAL/OPERATING MARGINS</b>	<b>\$6,329,782</b>	<b>\$0</b>	<b>\$6,329,782</b>
NON-OPERATING MARGINS-INTEREST	625,941	0	625,941
ALLOWANCE FUNDS USED DURING CONST.	181,126	0	181,126
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	0	0	0
EXTRAORDINARY ITEMS	0	0	0
<b>PATRONAGE CAPITAL OR MARGINS</b>	<b>\$7,136,849</b>	<b>\$0</b>	<b>\$7,136,849</b>

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**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**2ND QUARTER 2018**

<b>CATEGORY</b>	<b>2018 APPROVED BUDGET</b>	<b>2018 BUDGET REVISIONS</b>	<b>2018 APPROVED BUDGET</b>
<b>REVENUES:</b>			
<b>TOTAL REVENUE</b>	<b>\$214,960,079</b>	<b>\$0</b>	<b>\$214,960,079</b>
<b>EXPENSES:</b>			
FUEL EXPENSE	67,675,501	0	67,675,501
POWER PRODUCTION EXPENSE	18,965,542	0	18,965,542
COST OF PURCHASED POWER	17,519,189	0	17,519,189
TRANSMISSION EXPENSE	6,915,445	0	6,915,445
DISTRIBUTION EXPENSE-OPERATIONS	6,142,833	0	6,142,833
DISTRIBUTION EXPENSE-MAINTENANCE	8,692,889	0	8,692,889
CONSUMER ACCOUNTS EXPENSE	6,437,520	0	6,437,520
CUSTOMER SERVICE/INFO EXPENSE	395,747	0	395,747
ADMINISTRATIVE/GENERAL EXPENSE	21,490,686	0	21,490,686
<b>TOTAL OPERATIONS/MAINTENANCE EXPENSE</b>	<b>\$154,235,352</b>	<b>\$0</b>	<b>\$154,235,352</b>
DEPRECIATION/AMORTIZATION EXPENSE	32,264,325	0	32,264,325
TAX EXPENSE-OTHER	237,300	0	237,300
INTEREST ON DEBT	22,036,708	0	22,036,708
INTEREST ON CONSTRUCTION-CREDIT	(543,388)	0	(543,388)
OTHER DEDUCTIONS	400,000	0	400,000
<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$208,630,297</b>	<b>\$0</b>	<b>\$208,630,297</b>
<b>PATRONAGE CAPITAL/OPERATING MARGINS</b>	<b>\$6,329,782</b>	<b>\$0</b>	<b>\$6,329,782</b>
NON-OPERATING MARGINS-INTEREST	625,941	0	625,941
ALLOWANCE FUNDS USED DURING CONST.	181,126	0	181,126
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	0	0	0
EXTRAORDINARY ITEMS	0	0	0
<b>PATRONAGE CAPITAL OR MARGINS</b>	<b>\$7,136,849</b>	<b>\$0</b>	<b>\$7,136,849</b>

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**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**OPERATING BUDGET STATUS REPORT**  
**1ST QUARTER 2018**

<b>CATEGORY</b>	<b>2018 APPROVED BUDGET</b>	<b>2018 BUDGET REVISIONS</b>	<b>2018 APPROVED BUDGET</b>
<b>REVENUES:</b>			
<b>TOTAL REVENUE</b>	<b>\$214,960,079</b>	<b>\$0</b>	<b>\$214,960,079</b>
<b>EXPENSES:</b>			
FUEL EXPENSE	67,675,501	0	67,675,501
POWER PRODUCTION EXPENSE	18,965,542	0	18,965,542
COST OF PURCHASED POWER	17,519,189	0	17,519,189
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DISTRIBUTION EXPENSE-OPERATIONS	6,142,833	0	6,142,833
DISTRIBUTION EXPENSE-MAINTENANCE	8,692,889	0	8,692,889
CONSUMER ACCOUNTS EXPENSE	6,437,520	0	6,437,520
CUSTOMER SERVICE/INFO EXPENSE	395,747	0	395,747
ADMINISTRATIVE/GENERAL EXPENSE	21,490,686	0	21,490,686
<b>TOTAL OPERATIONS/MAINTENANCE EXPENSE</b>	<b>\$154,235,352</b>	<b>\$0</b>	<b>\$154,235,352</b>
DEPRECIATION/AMORTIZATION EXPENSE	32,264,325	0	32,264,325
TAX EXPENSE-OTHER	237,300	0	237,300
INTEREST ON DEBT	22,036,708	0	22,036,708
INTEREST ON CONSTRUCTION-CREDIT	(543,388)	0	(543,388)
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<b>TOTAL COST OF ELECTRIC SERVICE</b>	<b>\$208,630,297</b>	<b>\$0</b>	<b>\$208,630,297</b>
<b>PATRONAGE CAPITAL/OPERATING MARGINS</b>	<b>\$6,329,782</b>	<b>\$0</b>	<b>\$6,329,782</b>
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OTHER CAPITAL CREDITS/DIVIDENDS	0	0	0
EXTRAORDINARY ITEMS	0	0	0
<b>PATRONAGE CAPITAL OR MARGINS</b>	<b>\$7,136,849</b>	<b>\$0</b>	<b>\$7,136,849</b>

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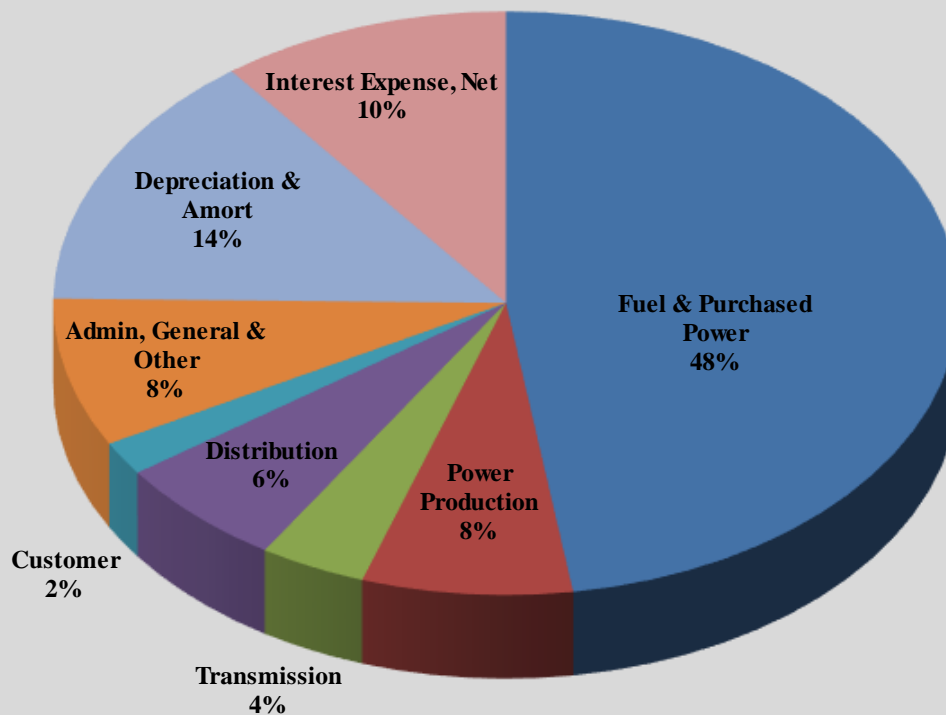
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## STATEMENT OF OPERATIONS

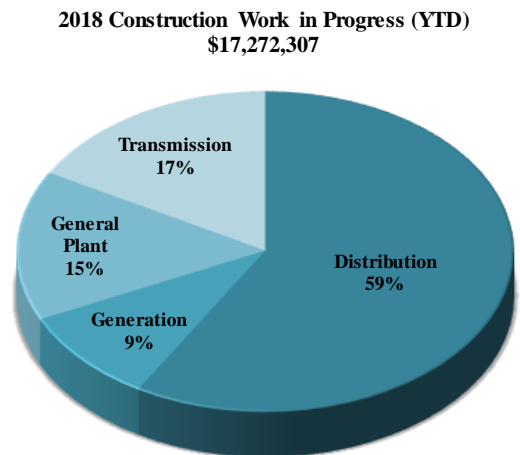
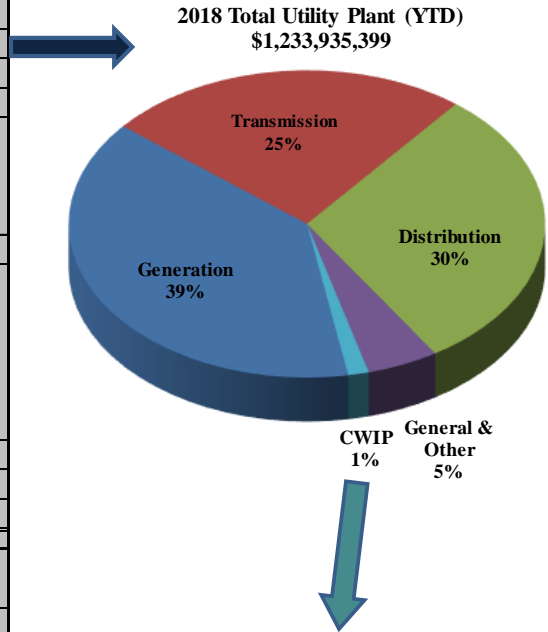
CATEGORY	2018 MTD ACTUAL	2018 MTD BUDGET	2018 MTD VARIANCE
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 20,838,547</b>	<b>\$ 20,885,039</b>	<b>\$ (46,492)</b>
Fuel and Purchased Power Expense	8,454,543	7,956,539	498,004
Power Production Expense	1,332,884	1,625,083	(292,199)
Transmission Expense	673,661	549,667	123,994
Distribution Expense	1,098,614	1,184,994	(86,380)
Customer Expense	331,743	607,956	(276,213)
Administrative, General and Other	1,463,871	1,732,563	(268,692)
Depreciation & Amortization Expense	2,553,384	2,737,430	(184,046)
Interest Expense, Net	1,841,614	1,722,481	119,133
<b>Total Cost of Electric Service</b>	<b>\$ 17,750,314</b>	<b>\$ 18,116,713</b>	<b>\$ (366,399)</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 3,088,233</b>	<b>\$ 2,768,326</b>	<b>\$ 319,907</b>
Non-Operating Margins - Interest	82,129	52,630	29,499
Allowance for Funds Used During Construction	13,275	33,905	(20,630)
Non-Operating Margins - Other	(44,215)	-	(44,215)
<b>Patronage Capital or Margins</b>	<b>\$ 3,139,422</b>	<b>\$ 2,854,861</b>	<b>\$ 284,561</b>

## Total Cost of Electric Service (MTD Actual)



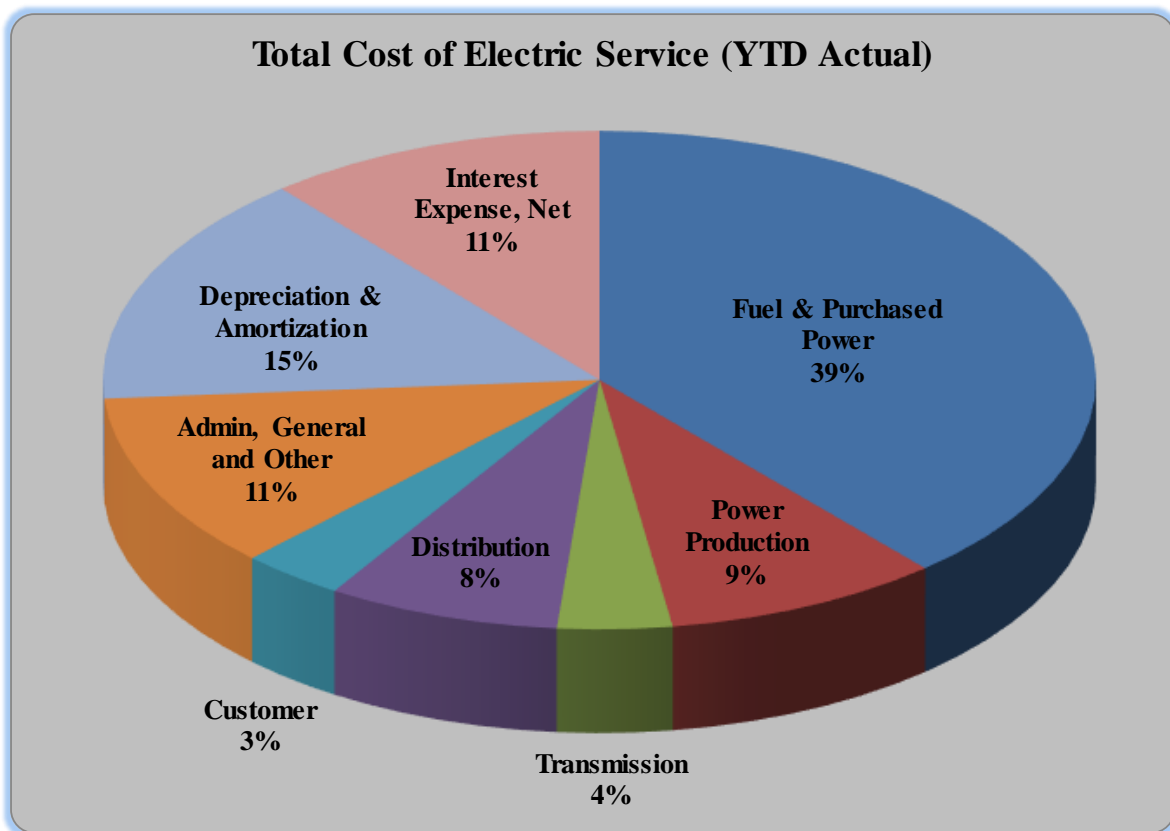
## BALANCE SHEET

ASSETS & OTHER DEBITS	12/31/2018	12/31/17
Electric Plant in Service	1,216,663,092	1,205,092,224
Construction Work in Progress	17,272,307	17,952,573
<b>Total Utility Plant</b>	<b>\$ 1,233,935,399</b>	<b>\$ 1,223,044,797</b>
Accum. Prov. for Depreciation/Amortization	(529,099,451)	(515,496,312)
<b>Net Utility Plant</b>	<b>\$ 704,835,948</b>	<b>\$ 707,548,485</b>
Nonutility Property - Net	76,889	76,889
Investment in Assoc. Organizations	8,570,046	8,980,410
Special Funds	1,890,221	1,466,010
Restricted Cash & Other Investments	108,000	1,028,758
<b>Total Other Property &amp; Investments</b>	<b>\$ 10,645,156</b>	<b>\$ 11,552,067</b>
Cash, Marketable Securities & Other	12,423,578	16,906,531
Special Deposits/Restricted Cash	1,268,274	741,670
Accounts Receivable - Net	31,165,249	35,680,680
Materials and Supplies, Fuel Stock	28,175,563	22,193,089
Prepayments	2,227,117	4,953,170
Other Current & Accrued Assets	241,279	5,178,987
<b>Total Current &amp; Accrued Assets</b>	<b>\$ 75,501,060</b>	<b>\$ 85,654,127</b>
Deferred Debits	37,668,424	32,764,065
<b>Total Assets &amp; Other Debits</b>	<b>\$ 828,650,588</b>	<b>\$ 837,518,744</b>
LIABILITIES & OTHER CREDITS	12/31/2018	12/31/17
Memberships	1,748,172	1,719,154
Pat. Capital, Margins & Equities	192,776,522	187,582,140
<b>Total Margins &amp; Equities</b>	<b>\$ 194,524,694</b>	<b>\$ 189,301,294</b>
Long-Term Debt - Bonds	398,416,664	421,833,331
Long-Term Debt - Other	33,972,000	37,164,000
Unamortized Debt Issuance Costs	(2,425,247)	(2,669,485)
<b>Total Long-Term Debt</b>	<b>\$ 429,963,417</b>	<b>\$ 456,327,846</b>
Notes Payable	87,608,667	76,608,667
Accounts Payable	9,538,749	7,420,279
Consumer Deposits	4,845,611	5,335,896
Other Current & Accrued Liabilities	32,853,659	30,002,352
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$ 134,846,686</b>	<b>\$ 119,367,194</b>
Deferred Compensation	1,359,878	1,229,294
Other Liabilities, Non-Current	580,841	531,630
Deferred Liabilities	764,834	1,249,390
Patronage Capital Payable	3,393,253	8,798,077
Cost of Removal Obligation	63,216,985	60,714,019
<b>Total Liabilities &amp; Other Credits</b>	<b>\$ 828,650,588</b>	<b>\$ 837,518,744</b>



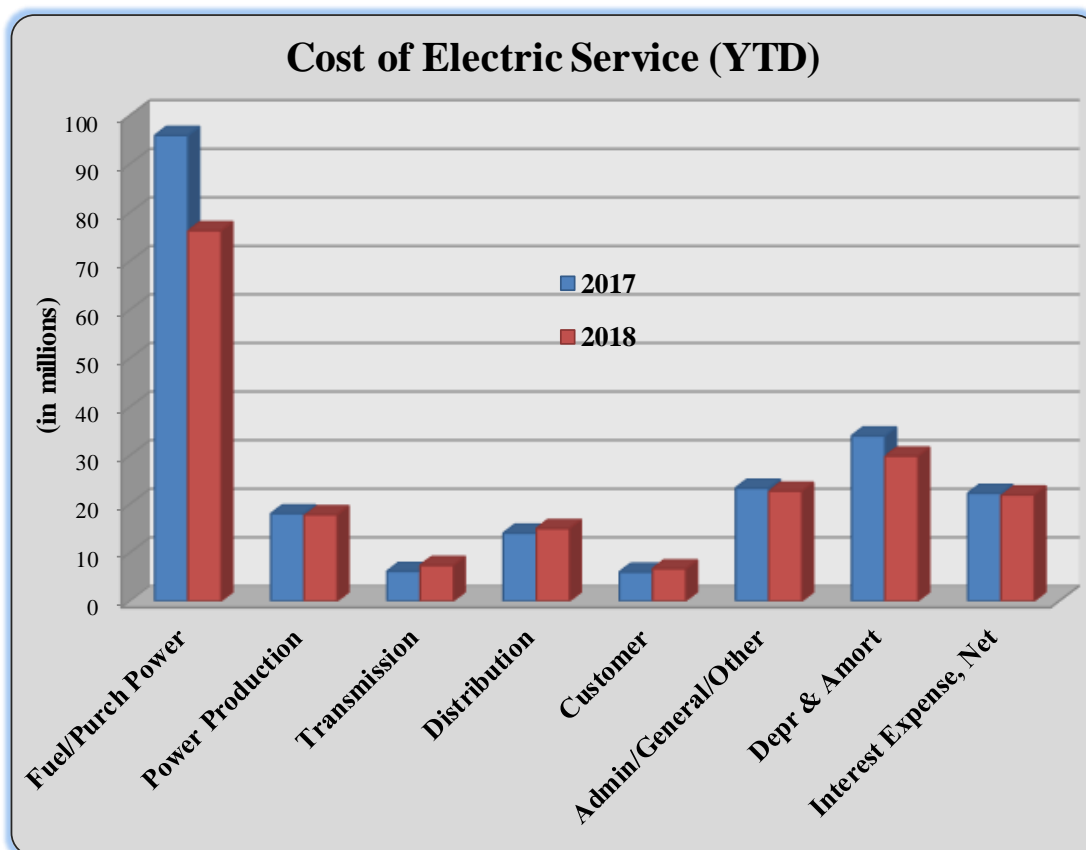
**COMPARATIVE FINANCIAL REPORT  
STATEMENT OF OPERATIONS  
CURRENT YTD ACTUAL TO BUDGET VARIANCE**

CATEGORY	2018 YTD ACTUAL	2018 YTD BUDGET	2018 YTD VARIANCE
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 202,252,742</b>	<b>\$ 214,960,079</b>	<b>\$ (12,707,337)</b>
Fuel and Purchased Power Expense	76,262,038	85,194,690	(8,932,652)
Power Production Expense	17,797,549	18,965,542	(1,167,993)
Transmission Expense	7,361,503	6,915,445	446,058
Distribution Expense	14,960,770	14,835,722	125,048
Customer Expense	6,662,590	6,833,267	(170,677)
Administrative, General and Other	22,651,092	22,127,986	523,106
Depreciation & Amortization Expense	29,875,683	32,264,325	(2,388,642)
Interest Expense, Net	21,857,630	21,493,320	364,310
<b>Total Cost of Electric Service</b>	<b>\$ 197,428,855</b>	<b>\$ 208,630,297</b>	<b>\$ (11,201,442)</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 4,823,887</b>	<b>\$ 6,329,782</b>	<b>\$ (1,505,895)</b>
Non-Operating Margins - Interest	732,165	625,941	106,224
Allowance Funds Used During Const.	127,629	181,126	(53,497)
Non-Operating Margins - Other	(320,807)	-	(320,807)
<b>Patronage Capital or Margins</b>	<b>\$ 5,362,874</b>	<b>\$ 7,136,849</b>	<b>\$ (1,773,975)</b>
MFI/I	1.24	1.32	
TIER	1.26	1.35	



**COMPARATIVE FINANCIAL REPORT  
STATEMENT OF OPERATIONS  
CURRENT TO PRIOR YTD ACTUAL**

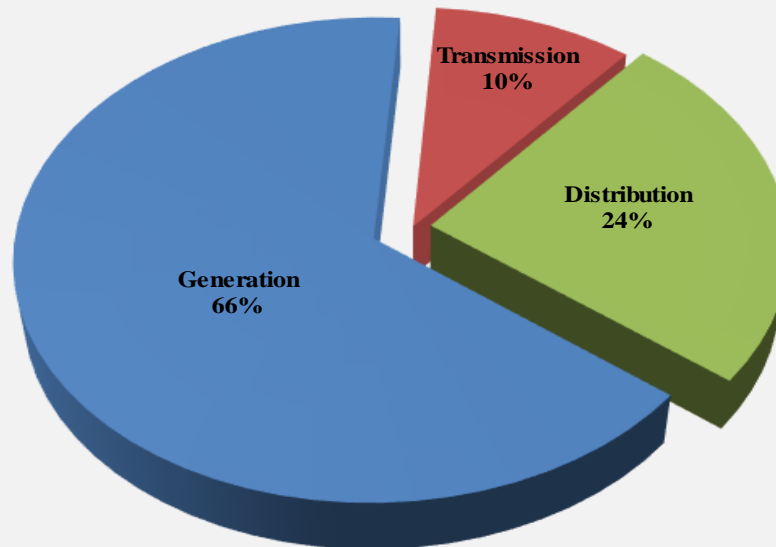
CATEGORY	2018 YTD ACTUAL	2017 YTD ACTUAL
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 202,252,742</b>	<b>\$ 224,688,669</b>
Fuel and Purchased Power Expense	76,262,038	95,853,739
Power Production Expense	17,797,549	18,006,490
Transmission Expense	7,361,503	6,129,871
Distribution Expense	14,960,770	13,991,088
Customer Expense	6,662,590	5,968,736
Administrative, General and Other	22,651,092	23,256,983
Depreciation and Amortization Expense	29,875,683	34,010,777
Interest Expense, Net	21,857,630	22,201,136
<b>Total Cost of Electric Service</b>	<b>\$ 197,428,855</b>	<b>\$ 219,418,820</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 4,823,887</b>	<b>\$ 5,269,849</b>
Non-Operating Margins - Interest	732,165	644,663
Allowance for Funds Used During Construction	127,629	69,157
Non-Operating Margins - Other	(320,807)	65,055
<b>Patronage Capital or Margins</b>	<b>\$ 5,362,874</b>	<b>\$ 6,048,724</b>
MFI/I	1.24	1.27
TIER	1.26	1.28

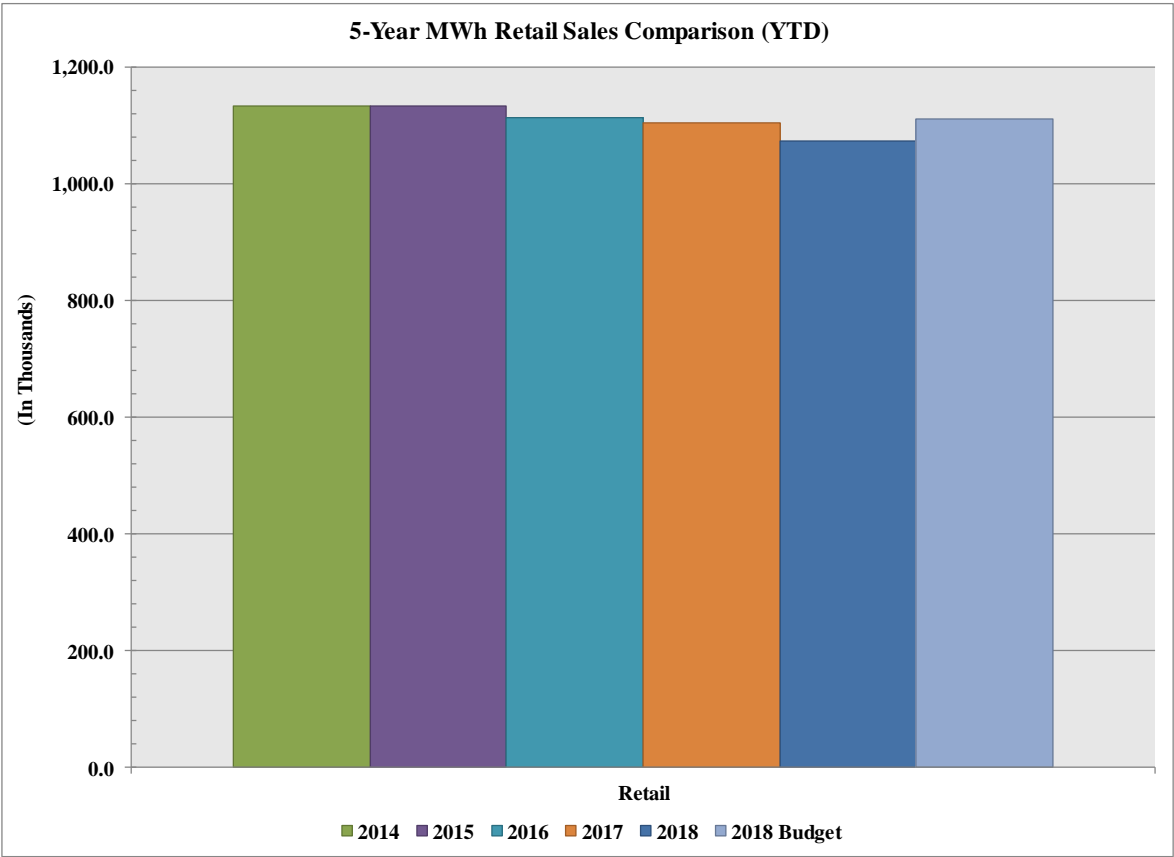
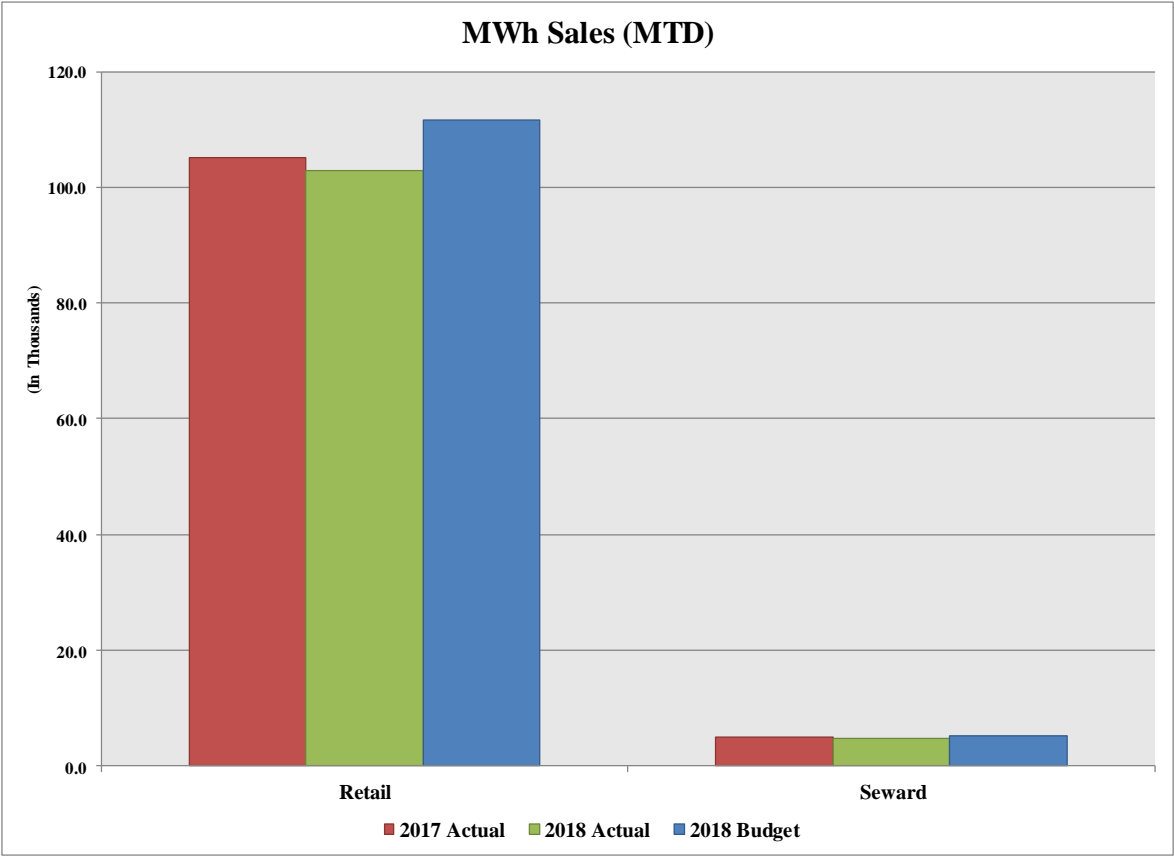


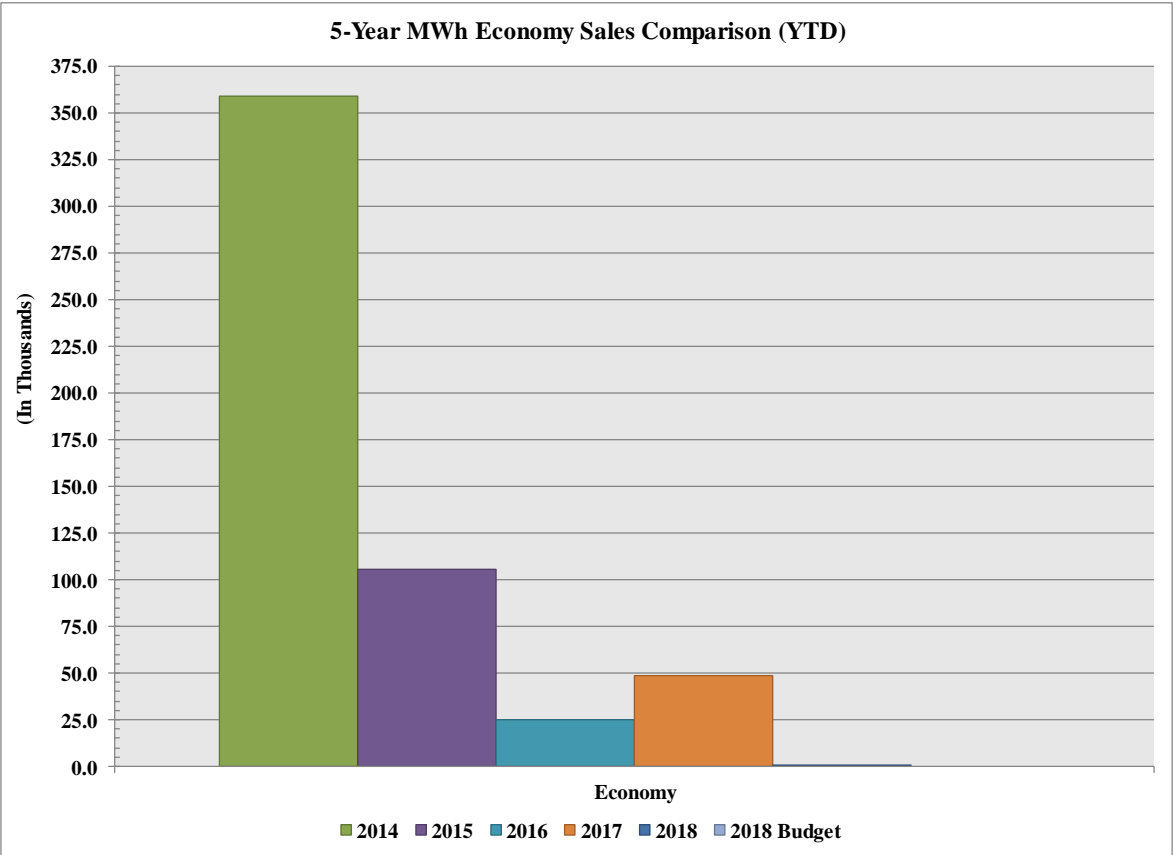
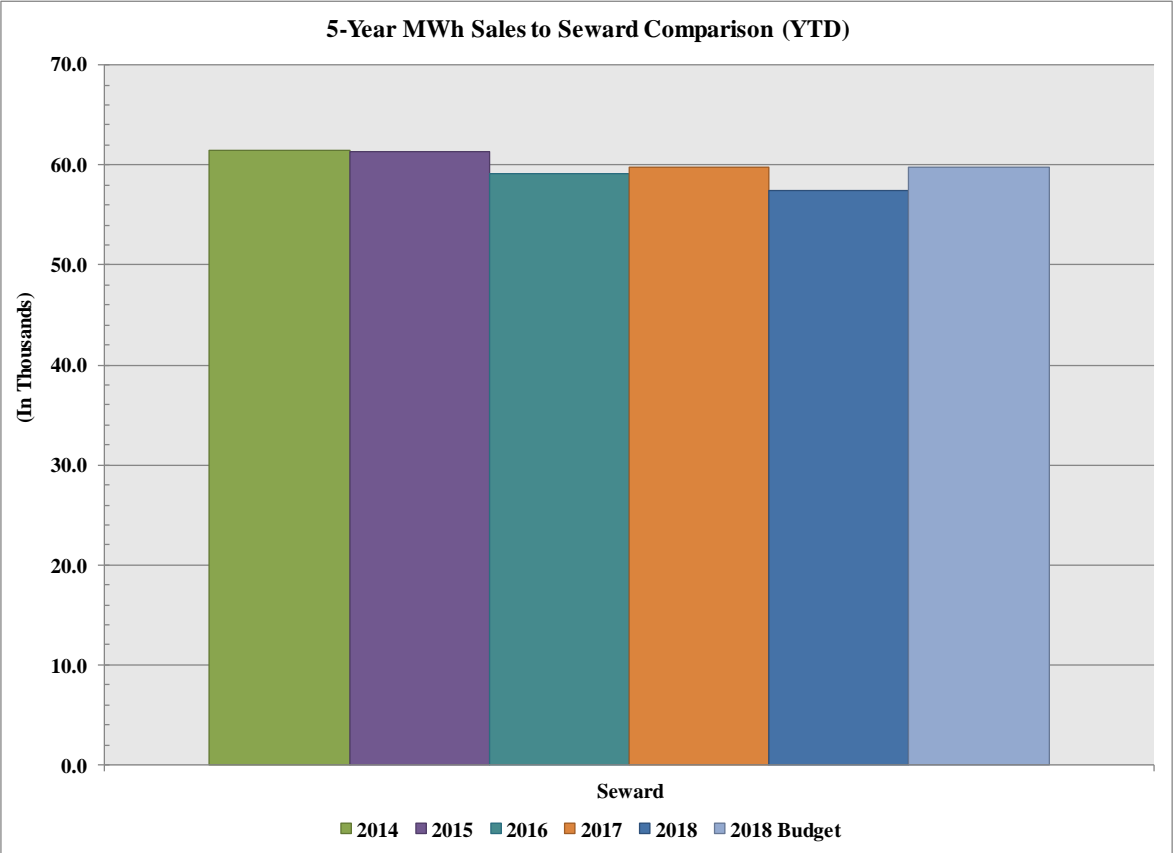
## FUNCTIONAL STATEMENT OF OPERATIONS DECEMBER 31, 2018

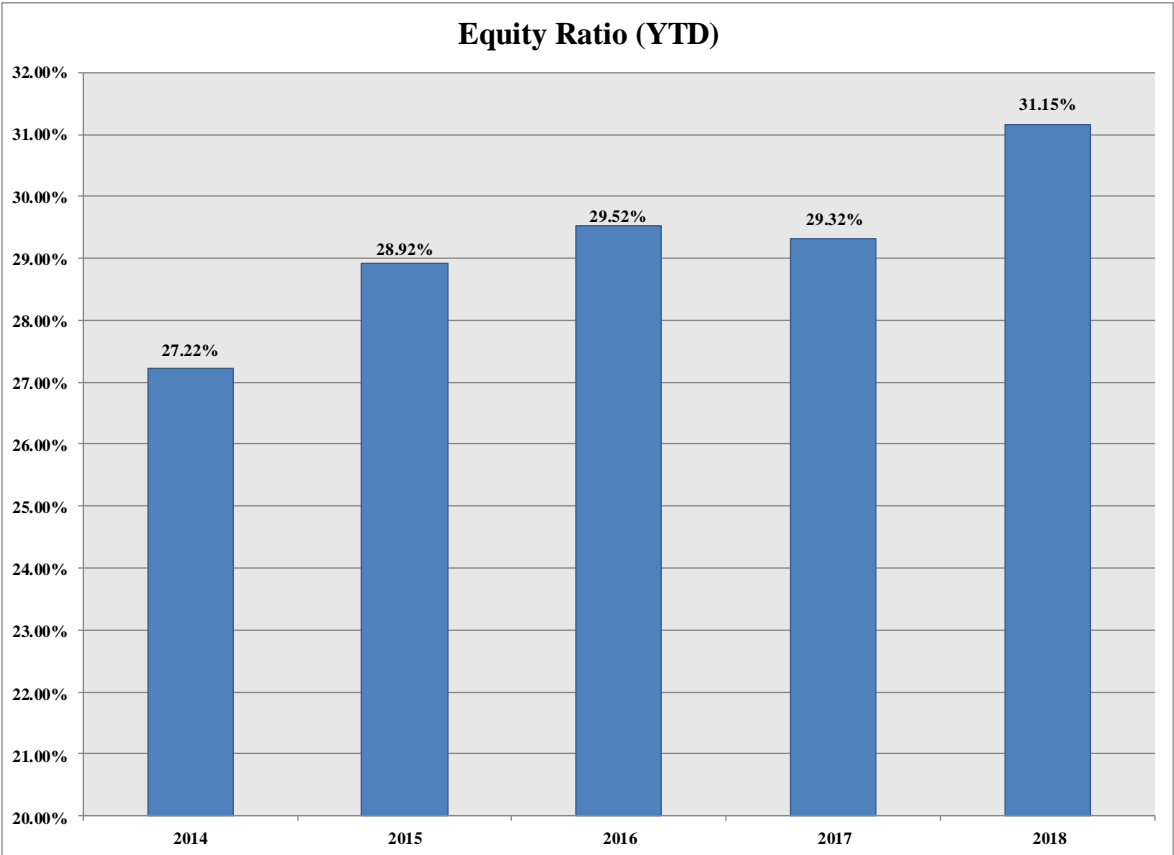
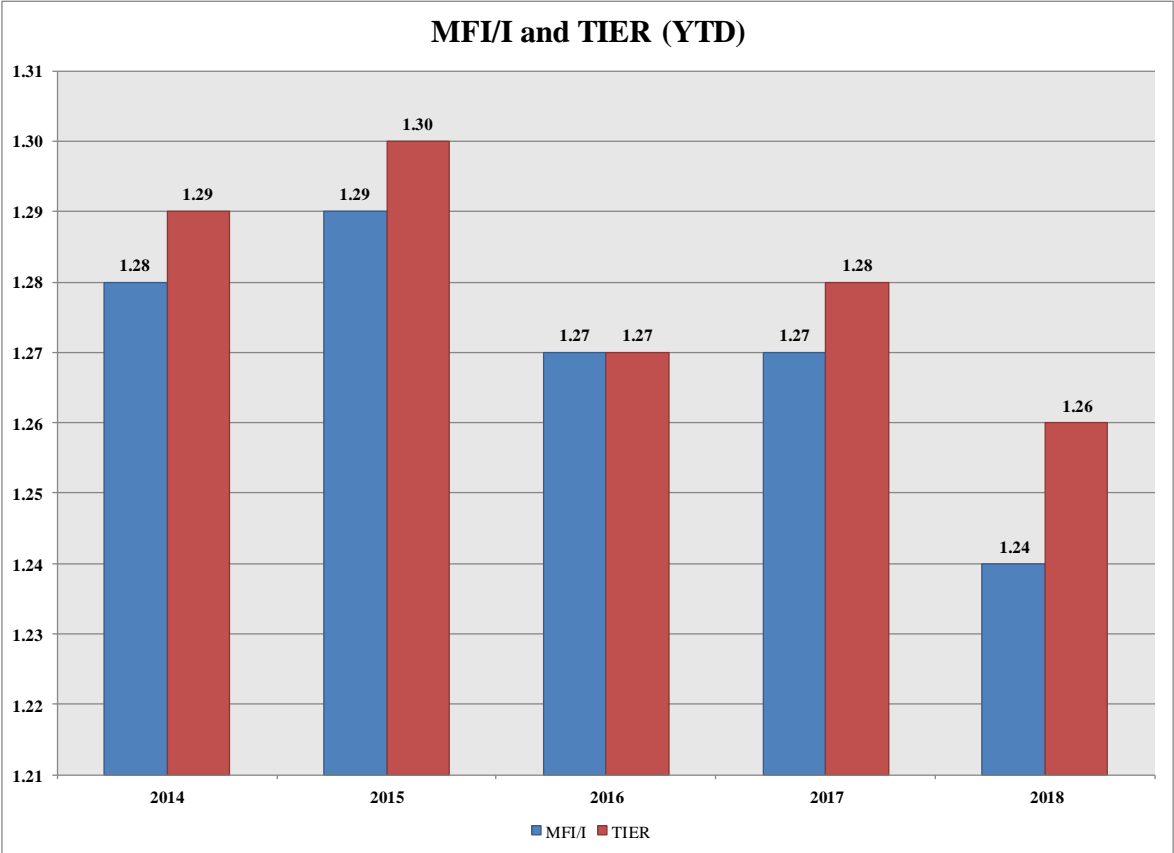
CATEGORY	2018 YTD TOTAL	2018 YTD GEN	2018 YTD TRANS	2018 YTD DIST
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 202,252,742</b>	<b>\$ 131,286,648</b>	<b>\$ 19,834,371</b>	<b>\$ 51,131,723</b>
Fuel and Purchased Power Expense	76,262,038	76,262,038	0	0
Power Production Expense	17,797,549	17,797,549	0	0
Transmission Expense	7,361,503	0	7,361,503	0
Distribution Expense	14,960,770	0	0	\$14,960,770
Customer Expense	6,662,590	0	0	\$6,662,590
Administrative, General and Other	22,651,092	7,123,146	2,982,696	\$12,545,250
Depreciation & Amortization Expense	29,875,683	15,396,784	4,762,962	\$9,715,937
Interest Expense, Net	21,857,630	\$12,868,288	\$4,406,630	\$4,582,712
<b>Total Cost of Electric Service</b>	<b>\$ 197,428,855</b>	<b>\$ 129,447,805</b>	<b>\$ 19,513,791</b>	<b>\$ 48,467,259</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 4,823,887</b>	<b>\$ 1,838,843</b>	<b>\$ 320,580</b>	<b>\$ 2,664,464</b>
Non-Operating Margins - Interest	732,165	\$377,330	\$116,726	\$238,109
Allowance for Funds Used During Construction	127,629	\$7,326	\$7,718	\$112,585
Non-Operating Margins - Other	(320,807)	(98,087)	(42,434)	(180,286)
<b>Patronage Capital or Margins</b>	<b>\$ 5,362,874</b>	<b>\$ 2,125,412</b>	<b>\$ 402,590</b>	<b>\$ 2,834,872</b>

**Total Cost of Electric Service**









## ENERGY SALES (kWh)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Retail Energy Sales	1,072,957,141	1,111,593,667	1,105,172,518
Wholesale Energy Sales	<u>57,477,702</u>	<u>59,715,924</u>	<u>59,803,146</u>
Total Firm Energy Sales	1,130,434,843	1,171,309,591	1,164,975,664
Economy Energy Sales	<u>379,000</u>	<u>0</u>	<u>48,526,000</u>
Total Energy Sales	1,130,813,843	1,171,309,591	1,213,501,664

Firm energy sales in 2018 totaled 1,130,434,843 kWh, which was a 3.5% unfavorable variance compared to budget and 3.0% unfavorable variance compared to 2017, primarily due to warmer than anticipated weather. Retail energy sales were 3.5% less than budget and 2.9% less than 2017 and wholesale energy sales were 3.7% less than budget and 3.9% less than 2017.

Economy energy sales in 2018 totaled 379,000 kWh which was a favorable variance of 100% over budget due to unanticipated sales to Golden Valley Electric Association (GVEA). Economy energy sales in 2018 were 99.2% less than 2017.

## ENERGY REVENUE (in millions)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Retail Revenue	\$ 187.9	\$ 200.3	\$ 198.1
Wholesale Revenue	<u>5.2</u>	<u>6.0</u>	<u>5.9</u>
Total Firm Revenue	193.1	206.3	204.0
Economy Energy Revenue	0.1	0.0	4.3
Other Operating Revenue	<u>9.1</u>	<u>8.7</u>	<u>16.4</u>
Total Revenue	\$ 202.3	\$ 215.0	\$ 224.7

Revenue from firm sales in 2018 totaled \$193.1 million compared to \$206.3 million in the budget and \$204.0 million in 2017. Firm revenue was lower than expected due to lower energy sales and lower fuel costs recovered in revenue through the fuel and purchased power adjustment process.

Economy energy revenue exceeded the budget due to unanticipated sales to GVEA. Economy energy revenue totaled \$37.4 thousand in 2018 compared to \$4.3 million in 2017.

Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU sales and miscellaneous service and other electric revenue. Other operating revenue in 2018 totaled \$9.1 million compared to \$8.7 million in the budget and \$16.4 million in 2017. This favorable variance compared to budget is primarily due to Beluga camp use, reimbursable fuel storage costs, and higher than anticipated wheeling revenue. The unfavorable variance compared to prior year is due to the expiration of the gas sales contract in 2017 and no gas sales in 2018.

## FUEL AND PURCHASED POWER (in millions)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Fuel	\$ 56.3	\$ 67.7	\$ 78.6
Purchased Power	<u>20.0</u>	<u>17.5</u>	<u>17.3</u>
Total	\$ 76.3	\$ 85.2	\$ 95.9

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense in 2018 was \$56.3 million compared to \$67.7 million in the budget and \$78.6 million in 2017. Actual 2018 fuel expense was 16.8% lower than budgeted and 28.4% lower than 2017. This favorable variance was due to less fuel consumed as a result of lower sales and lower BRU operating costs. We had budgeted 7,262,089 Mcf at an average effective delivered price of \$8.28 per Mcf. Actual fuel purchased for production in 2018 was 6,492,496 Mcf at an average effective delivered price of \$7.88 per Mcf, compared to 8,898,135 Mcf of fuel at an average effective delivered price of \$8.04 per Mcf in 2017.

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 in 2018 was \$20.0 million compared to \$17.5 million in the budget and \$17.3 million in 2017. This unfavorable variance compared to budget and prior year was primarily due to higher than anticipated purchases from MEA and Fire Island and a higher average effective price per kWh. In 2018, Chugach purchased 242,017 MWh of energy at an average effective price of 6.94 cents per kWh compared to 208,450 MWh of energy at an average effective price of 6.91 cents per kWh in the budget and 231,749 MWh at 6.16 cents per kWh in 2017.

## POWER PRODUCTION (in millions)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Power Production	\$ 17.8	\$ 19.0	\$ 18.0

Power production operating and maintenance expense was \$17.8 million compared to \$19.0 million in the budget and \$18.0 million in 2017. This favorable variance compared to budget is primarily due to lower labor and maintenance costs at SPP and Beluga, as well as reimbursement for Beluga camp use. While not a significant overall variance compared to 2017, lower maintenance costs at SPP and Beluga, as well as lower costs at Beluga due to camp use, were offset by higher amortization costs associated with the Beluga parts and Beluga Unit 3 Major.

## TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Transmission	\$ 7.4	\$ 6.9	\$ 6.1

Transmission operations and maintenance expense was \$7.4 million compared to \$6.9 million in the budget and \$6.1 million in 2017. The unfavorable variance compared to budget was primarily due to higher than anticipated substation and line operations labor. Transmission expense was 20.1% higher in 2018 than in 2017, primarily due to increased substation, overhead line maintenance, and CAD/GIS labor expense.

## DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Distribution	\$ 15.0	\$ 14.8	\$ 14.0

Distribution operations and maintenance expense was \$15.0 million compared to \$14.8 million in the budget and \$14.0 million in 2017. The unfavorable variance was primarily due to higher labor expense and maintenance costs related to storm damage.

## CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Consumer/Customer Information	\$ 6.7	\$ 6.8	\$ 6.0

Consumer accounts and customer information expense was \$6.7 million compared to \$6.8 million in the budget and \$6.0 million in 2017. Consumer accounts and customer information expense was 11.6% higher in 2018 than in 2017, primarily due to increased labor and advertising expenses associated with the proposed ML&P acquisition in addition to increased credit card payment processing fees.

## ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>2018 Actual</u>	<u>2018 Budget</u>	<u>2017 Actual</u>
Administrative, General and Other	\$ 22.7	\$ 22.1	\$ 23.3

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. Administrative, general and other expense was \$22.7 million compared to \$22.1 million in the budget and \$23.3 million in 2017. The unfavorable variance compared to budget is primarily due to increased labor, training, and power pooling expenses which were somewhat offset by the deferred classification of costs associated with the ML&P acquisition. The favorable variance compared to prior year is primarily due to the deferred classification of legal and consulting costs associated with the ML&P acquisition.

Depreciation, interest, and interest during construction expense in 2018 totaled \$51.7 million compared to \$53.8 million in the budget and \$56.2 million in 2017. The favorable variance from budget was primarily due to lower depreciation expense as a result of retirement adjustments from project closeouts. The favorable variance compared to prior year was primarily due to a full year of lower depreciation rates in 2018. These depreciation rates became effective July 1, 2017.

All of the foregoing expenses resulted in total cost of electric service in 2018 of \$197.4 million compared to \$208.6 million in the budget and \$219.4 million in 2017.

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 in 2018 totaled \$0.5 million compared to \$0.8 million in the budget and \$0.8 million in 2017. This unfavorable variance is primarily due to the loss in value of marketable securities. At December 31, 2018, the market value of Chugach's marketable securities was \$6.3 million, and had an annualized rate of return of 0.17%.

## **SUMMARY**

The net result of revenue and expenses in 2018 was margins of \$5.4 million compared to projected margins of \$7.1 million in the budget and margins of \$6.0 million in 2017. This resulted in an MFI/I of 1.24, a TIER of 1.26, and an equity-to-total capitalization ratio of 31.2%. The year-end current ratio was 0.56:1.

# CHUGACH ELECTRIC ASSOCIATION, INC.

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December 2018 Financial Information  
March 25, 2019

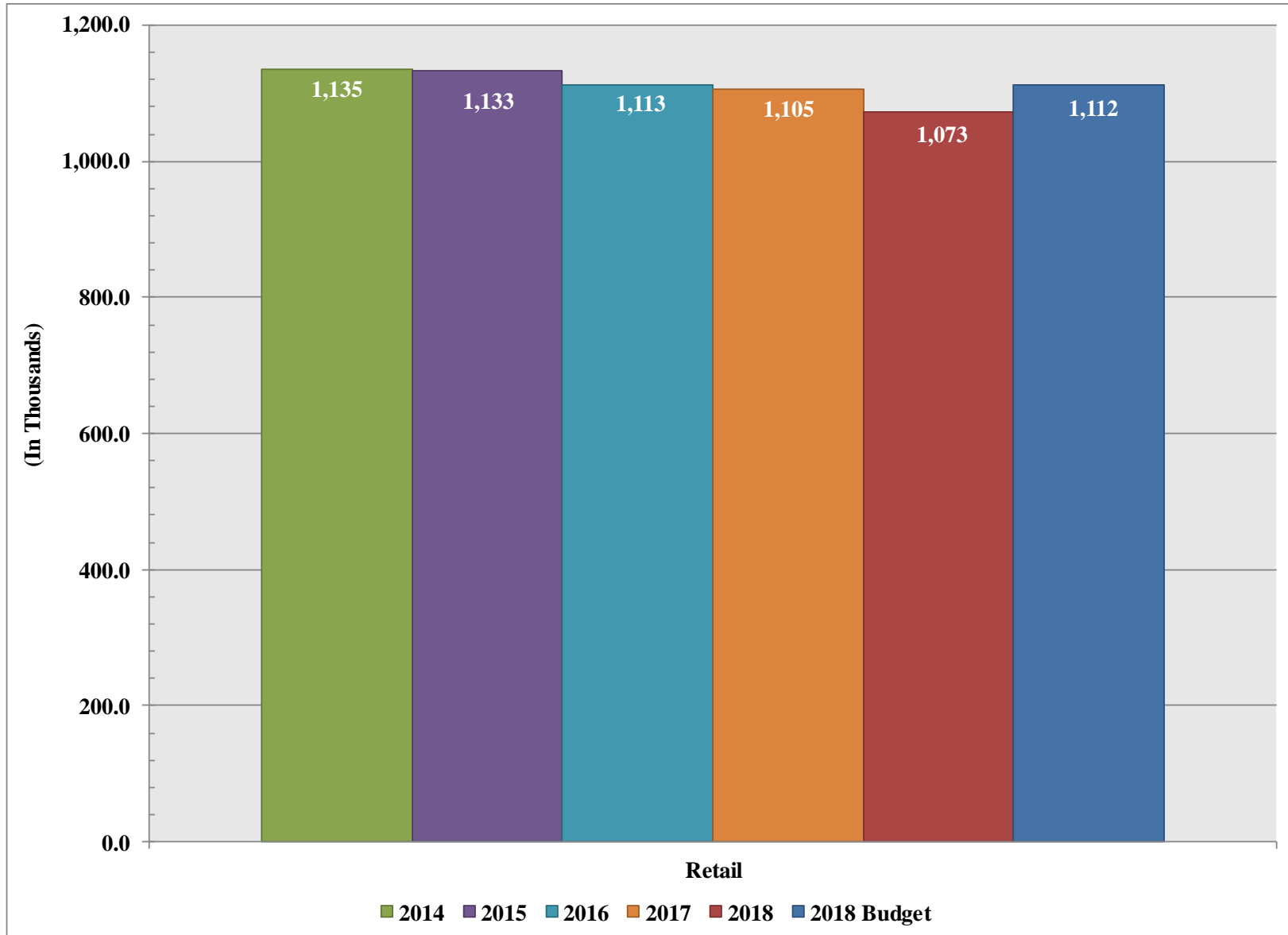


# December 2018 Financial Information

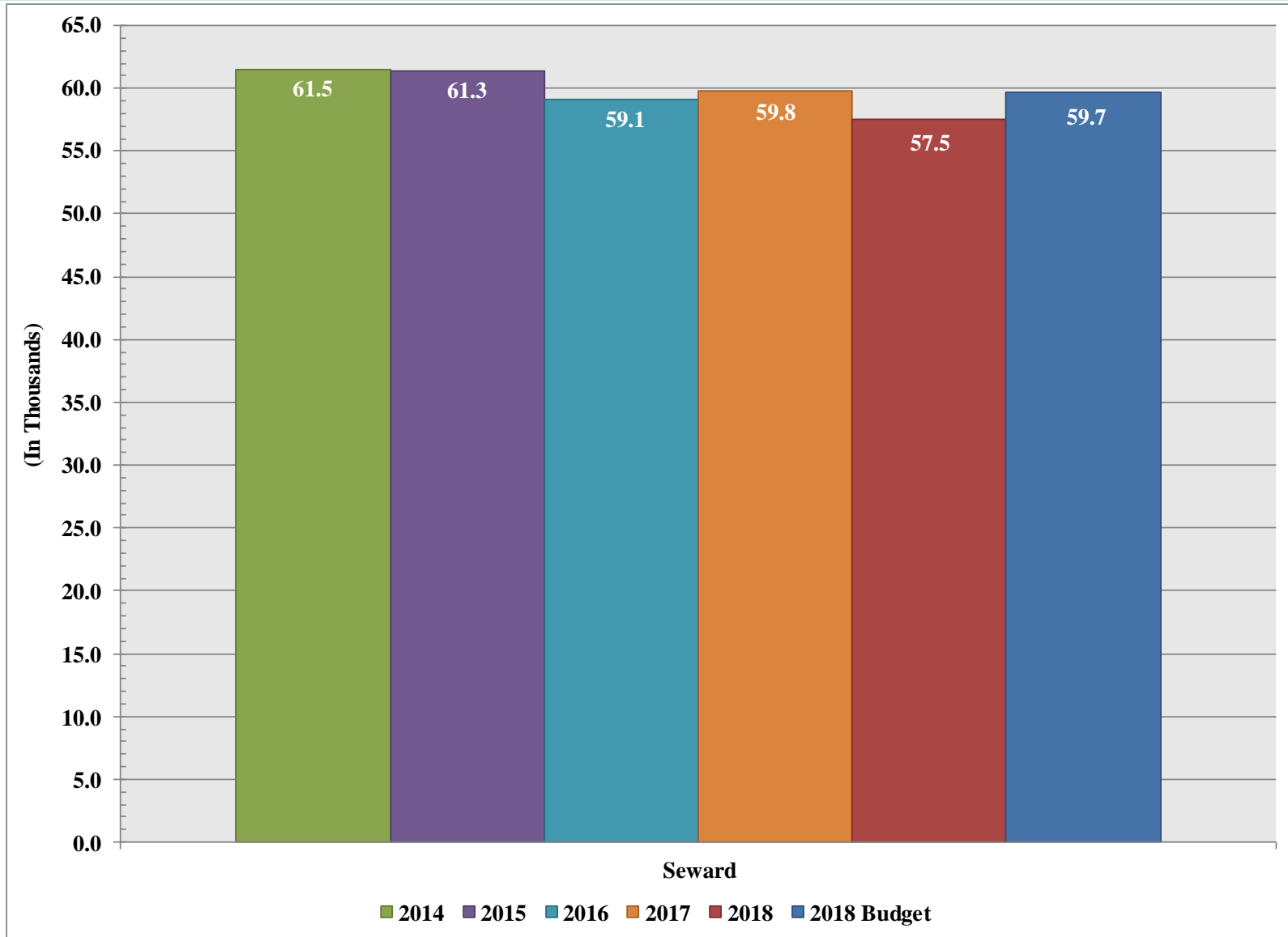
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- ▶ MWH Sales
- ▶ Statement of Operations
- ▶ Balance Sheet
- ▶ Statements of Cash Flows

# 5 Year Retail MWh Sales Comparison (December YTD)



# 5 Year Seward MWh Sales Comparison (December YTD)

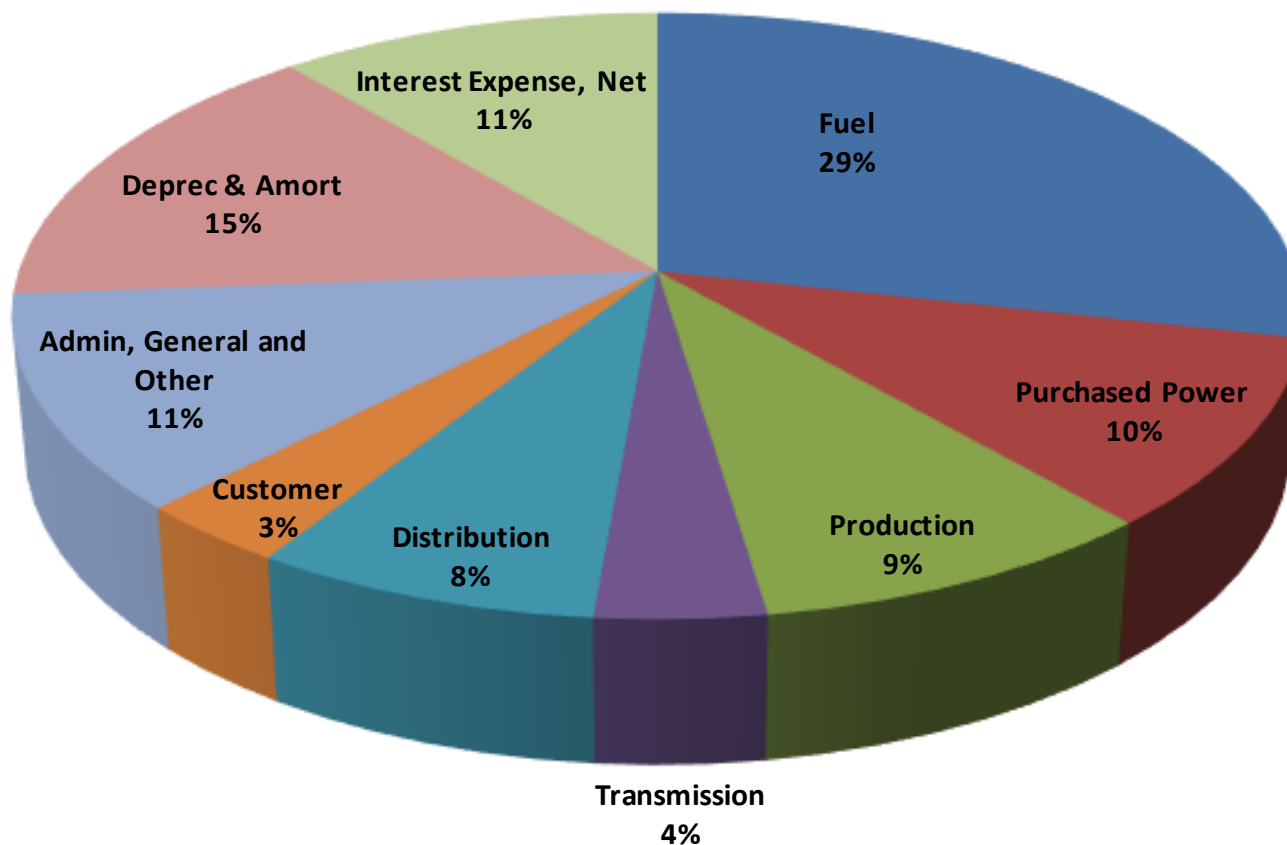


# Comparative Statement of Operations

## December YTD 2018

CATEGORY	ACTUAL	BUDGET	VARIANCE
<b>Operating Revenues</b>	<b>\$ 202,252,742</b>	<b>\$ 214,960,079</b>	<b>\$ (12,707,337)</b>
Fuel	56,283,541	67,675,501	(11,391,960)
Production	17,797,549	18,965,542	(1,167,993)
Purchased Power	19,978,497	17,519,189	2,459,308
Transmission	7,361,503	6,915,445	446,058
Distribution	14,960,770	14,835,722	125,048
Consumer Accounts	6,662,590	6,833,267	(170,677)
Administrative, General and Other	22,651,092	22,127,986	523,106
Depreciation and Amortization	29,875,683	32,264,325	(2,388,642)
<b>Total Operating Expenses</b>	<b>\$ 175,571,225</b>	<b>\$ 187,136,977</b>	<b>\$ (11,565,752)</b>
Interest Expense, Long-Term and Other	22,164,007	22,036,708	127,299
Interest Charged to Construction	(306,377)	(543,388)	237,011
<b>Net Interest Expense</b>	<b>\$ 21,857,630</b>	<b>\$ 21,493,320</b>	<b>\$ 364,310</b>
<b>Net Operating Margins</b>	<b>\$ 4,823,887</b>	<b>\$ 6,329,782</b>	<b>\$ (1,505,895)</b>
Interest Income	732,165	625,941	106,224
Allowance Funds Used During Const.	127,629	181,126	(53,497)
Capital Credits, Patronage Dividends, Other	(320,807)	0	(320,807)
<b>Patronage Capital or Margins</b>	<b>\$ 5,362,874</b>	<b>\$ 7,136,849</b>	<b>\$ (1,773,975)</b>
MFI/I	1.24	1.32	
TIER	1.26	1.35	

# Total Operating and Interest Expense December YTD 2018



# Comparative Balance Sheet, Assets & Other Debits

## December 2018 & December 2017

ASSETS & OTHER DEBITS	12/31/18	12/31/17	CHANGE
Electric Plant in Service	1,216,663,092	1,205,092,224	11,570,868
Construction Work in Progress	17,272,307	17,952,573	(680,266)
<b>Total Utility Plant</b>	<b>\$ 1,233,935,399</b>	<b>\$ 1,223,044,797</b>	<b>\$ 10,890,602</b>
Accumulated Depreciation	(529,099,451)	(515,496,312)	(13,603,139)
<b>Net Utility Plant</b>	<b>\$ 704,835,948</b>	<b>\$ 707,548,485</b>	<b>\$ (2,712,537)</b>
Nonutility Property	76,889	76,889	0
Investment in Assoc. Organizations	8,570,046	8,980,410	(410,364)
Special Funds	1,890,221	1,466,010	424,211
Restricted Cash Equivalents & Other	108,000	1,028,758	(920,758)
<b>Total Other Property &amp; Investments</b>	<b>\$ 10,645,156</b>	<b>\$ 11,552,067</b>	<b>\$ (906,911)</b>
Cash, Marketable Securities & Other	12,423,578	16,906,531	(4,482,953)
Special Deposits & Restricted Cash	1,268,274	741,670	526,604
Accounts Receivable - Net	31,165,249	35,680,680	(4,515,431)
Materials and Supplies, Fuel Stock	28,175,563	22,193,089	5,982,474
Prepayments	2,227,117	4,953,170	(2,726,053)
Other Current Assets	241,279	5,178,987	(4,937,708)
<b>Total Current Assets</b>	<b>\$ 75,501,060</b>	<b>\$ 85,654,127</b>	<b>\$ (10,153,067)</b>
Deferred Charges, Net	37,668,424	32,764,065	4,904,359
<b>Total Assets</b>	<b>\$ 828,650,588</b>	<b>\$ 837,518,744</b>	<b>\$ (8,868,156)</b>

# Comparative Balance Sheet, Liabilities & Other Credits

## December 2018 & December 2017



LIABILITIES & OTHER CREDITS	12/31/18	12/31/17	CHANGE
Memberships	1,748,172	1,719,154	29,018
Patronage Capital	177,823,597	172,928,887	4,894,710
Other	14,952,925	14,653,253	299,672
<b>Total Equities and Margins</b>	<b>\$ 194,524,694</b>	<b>\$ 189,301,294</b>	<b>\$ 5,223,400</b>
Bonds Payable	398,416,664	421,833,331	(23,416,667)
National Bank for Cooperatives	33,972,000	37,164,000	(3,192,000)
Unamortized Debt Issuance Costs	(2,425,247)	(2,669,485)	244,238
<b>Total Long-Term Obligations</b>	<b>\$ 429,963,417</b>	<b>\$ 456,327,846</b>	<b>\$ (26,364,429)</b>
Current Installments of Long-Term Obligations	26,608,667	26,608,667	0
Commercial Paper	61,000,000	50,000,000	11,000,000
Accounts Payable	9,538,749	7,420,279	2,118,470
Consumer Deposits	4,845,611	5,335,896	(490,285)
Other Current & Accrued Liabilities	32,853,659	30,002,352	2,851,307
<b>Total Current Liabilities</b>	<b>\$ 134,846,686</b>	<b>\$ 119,367,194</b>	<b>\$ 15,479,492</b>
Deferred Compensation	1,359,878	1,229,294	130,584
Other Liabilities, Non-Current	580,841	531,630	49,211
Deferred Liabilities	764,834	1,249,390	(484,556)
Patronage Capital Payable	3,393,253	8,798,077	(5,404,824)
Cost of Removal Obligation / ARO	63,216,985	60,714,019	2,502,966
<b>Total Liabilities, Equities and Margins</b>	<b>\$ 828,650,588</b>	<b>\$ 837,518,744</b>	<b>\$ (8,868,156)</b>

# Statements of Cash Flows

## December 2018 and December 2017

	12/31/18	12/31/17
<b>1. Cash flows from operating activities:</b>		
Assignable margins	\$ 5,362,874	\$ 6,048,724
Adjustments to reconcile assignable margins to net cash provided (used) by operating activities:		
Depreciation and amortization	35,426,121	38,802,755
Allowance for funds used during construction	(127,629)	(69,157)
Other	585,857	441,676
Increase in assets	(1,789,657)	(11,152,529)
Net increase (decrease) in liabilities	116,721	(3,780,317)
<b>Net cash provided by operating activities:</b>	<b>\$ 39,574,287</b>	<b>\$ 30,291,152</b>
<b>2. Cash flows from investing activities:</b>		
Return of capital from investment in associated organizations	414,187	370,010
Investment in special funds	(309,188)	(236,716)
Investment in marketable securities and investments-other	(2,872,104)	(924,903)
Proceeds from the sale of marketable securities	7,666,196	0
Proceeds from capital grants	0	115,453
Extension and replacement of plant	(27,321,158)	(28,879,926)
<b>Net cash used in investing activities:</b>	<b>\$ (22,422,067)</b>	<b>\$ (29,556,082)</b>
<b>3. Cash flows from financing activities:</b>		
Payments for debt issue costs	0	(206,871)
Net increase (decrease) in short-term obligations	11,000,000	(18,200,000)
Net increase (decrease) in long-term obligations	(26,608,667)	15,163,333
Net increase (decrease) in consumer advances for construction/Other	(1,316,343)	3,327,010
<b>Net cash provided by (used in) financing activities:</b>	<b>\$ (16,925,010)</b>	<b>\$ 83,472</b>
Net change in cash, cash equivalents & restricted cash	227,210	818,542
<b>4. Cash, cash equivalents &amp; restricted cash at beginning of period</b>	<b>\$ 7,201,759</b>	<b>\$ 6,383,217</b>
<b>5. Cash, cash equivalents and restricted cash at end of period</b>	<b>\$ 7,428,969</b>	<b>\$ 7,201,759</b>

Questions?

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

**AUDIT AND FINANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**March 25, 2019**

**ACTION REQUIRED**

**AGENDA ITEM NO. VIII.A.**

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

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**TOPIC**

Accept the 2018 Independent Audited Financial Statements

**DISCUSSION**

KPMG will present the results of the audit of Chugach's 2018 Financial Statements.

**MOTION**

Move that the Audit and Finance Committee recommend the Board of Directors approve the 2018 Independent Audited Financial Statements of Chugach Electric Association, Inc. and footnotes as presented by KPMG and management.

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

**AUDIT AND FINANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**March 25, 2019**

**ACTION REQUIRED**

**AGENDA ITEM NO. VIII.B.**

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

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**TOPIC**

December 31, 2018, SEC Form 10K Filing

**DISCUSSION**

As reviewed in Executive Session.

**MOTION**

Move that the Audit and Finance Committee recommend to the Board of Directors that management file the Securities and Exchange Commission Form 10K by the due date incorporating any amendments to the document which will be reviewed and approved by KPMG. Ms. Stuart and Ms. Highers will immediately inform the Board, in writing, of any material or significant changes.

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

**AUDIT AND FINANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**March 25, 2019**

**ACTION REQUIRED**

**AGENDA ITEM NO. VIII.C.**

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

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**TOPIC**

Pre-Approval for FY2019 Audit Services

**DISCUSSION**

KPMG performs quarterly reviews and a year-end audit of the financial statements and supplemental schedules, all of which are included in the filing of the 10Q's and 10K. KPMG issues a report on our FERC-1 filing and, if applicable, also performs state and/or federal single audits.

**MOTION**

Move that the Audit and Finance Committee recommend the Board of Directors approve the retention of KPMG for audit services for FY2019 in accordance with the fees outlined in KPMG's contract, due to expire April 15, 2021.

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

**AUDIT AND FINANCE COMMITTEE MEETING**  
**AGENDA ITEM SUMMARY**

**March 25, 2019**

**ACTION REQUIRED**

**AGENDA ITEM NO. VIII.E.**

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

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**TOPIC**

Renewal of Commercial Paper Backstop Facility

**DISCUSSION**

Discussed in executive session.

**MOTION**

Move that the Audit and Finance Committee recommend the Board of Directors' authorize the Chief Executive Officer (CEO) to negotiate fees and finalize the terms and conditions of the renewal of Chugach's Commercial Paper Backstop Facility as discussed in executive session. The agreement will remain confidential until finalized.

## **RESOLUTION**

### **Renewal of Commercial Paper Backstop Facility**

WHEREAS, Chugach Electric Association, Inc., an Alaska electric cooperative (the “Company”), currently has an established commercial paper program under which the Company sells short-term unsecured promissory notes (“Commercial Paper”) to certain qualified institutional buyers (within the meaning of SEC Rule 144A), accredited investors (within the meaning of SEC Regulation D) or other purchasers meeting such qualifications pursuant to commercial paper dealer agreements;

WHEREAS, the current agreement is set to expire on June 13, 2021.

NOW THEREFORE, BE IT RESOLVED, the Audit and Finance Committee recommend the Board of Directors authorize the Chief Executive Officer to negotiate fees and finalize the terms and conditions of the renewal of Chugach’s Commercial Paper Backstop Facility as discussed in executive session. The agreement will remain confidential until finalized.

## **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 25<sup>th</sup> day of March, 2019; 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 the 25<sup>th</sup> day of March, 2019.

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Secretary