

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

**REGULAR BOARD OF DIRECTORS' MEETING**

**AGENDA**

Bettina Chastain, Chair  
Susan Reeves, Vice Chair  
Sisi Cooper, Treasurer  
Jim Henderson, Secretary

Harry T. Crawford, Director  
Stuart Parks, Director  
Rachel Morse, Director

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**April 25, 2018**

**4:00 p.m.**

**Chugach Boardroom**

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**I. CALL TO ORDER**

- A. *Pledge of Allegiance*
- B. *Roll Call*
- C. *Safety Minute – “Parking Lot Safety” (Freeman)*

**II. APPROVAL OF THE AGENDA\***

**III. PERSONS TO BE HEARD**

- A. *Member Comments*

**IV. CONSENT AGENDA\***

- A. *Board Calendar*
- B. *Training and Conferences*
  - 1. *NRECA Summer Schools, June 22-27, 2018, Coeur D’Alene, ID (Deadline for conference and hotel registration is May 3, 2018)*
  - 2. *NRECA Summer School for Directors, July 27, 2018 – August 1, 2018, Savannah, GA (Deadline for conference and hotel registration is June 4, 2018)*
  - 3. *2018 NRECA Region 9 Meeting, September 25-27, 2018, Anchorage, AK (Deadline for conference registration is August 1, 2018)*
- C. *Minutes*
  - 1. *March 28, 2018, Regular Board of Directors' Meeting (Portades)*
  - 2. *April 18, 2018, Regular Board of Directors' Meeting (Quezon-Vicente)*
- D. *Director Expenses*
- E. *NRECA 2018 Annual and Regional Meeting Voting Delegate/Alternate (Board)*

**V. CEO REPORTS AND CORRESPONDENCE**

- A. *1<sup>st</sup> Quarter 2018 Safety Report (Freeman/Andrews)*
- B. *1<sup>st</sup> Quarter 2018 Communications Report (Hasquet)*
- C. *Election Status Update (Kurka/Andrews)*
- D. *January 2018 Financial Statements and Variance Report (Harris/Curran)*
- E. *February 2018 Financial Statements and Variance Report (Harris/Curran)*

*F. Update – Storm Related Outages (Wick)*

VI. DIRECTOR REPORTS

- A. Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
- B. Board Committee Reports (Audit and Finance, Operations & Governance)*
- C. Other Meeting Reports*

VII. UNFINISHED BUSINESS (*none*)

VIII. NEW BUSINESS\* (*scheduled*)

- A. Debarr Substation Rebuild – Electric Power Constructors, Inc. Change Order\* (Laughlin/Hickey)*

IX. EXECUTIVE SESSION\* (*scheduled*)

- A. Strategic Planning*

X. NEW BUSINESS\* (*continued*)

- A. 2017 CEO Evaluation, Performance Matrix and Compensation\* (Board)*
- B. 2018 CEO Performance Parameters and Project Specific Objectives\*\* (Board)*

XI. DIRECTOR COMMENTS

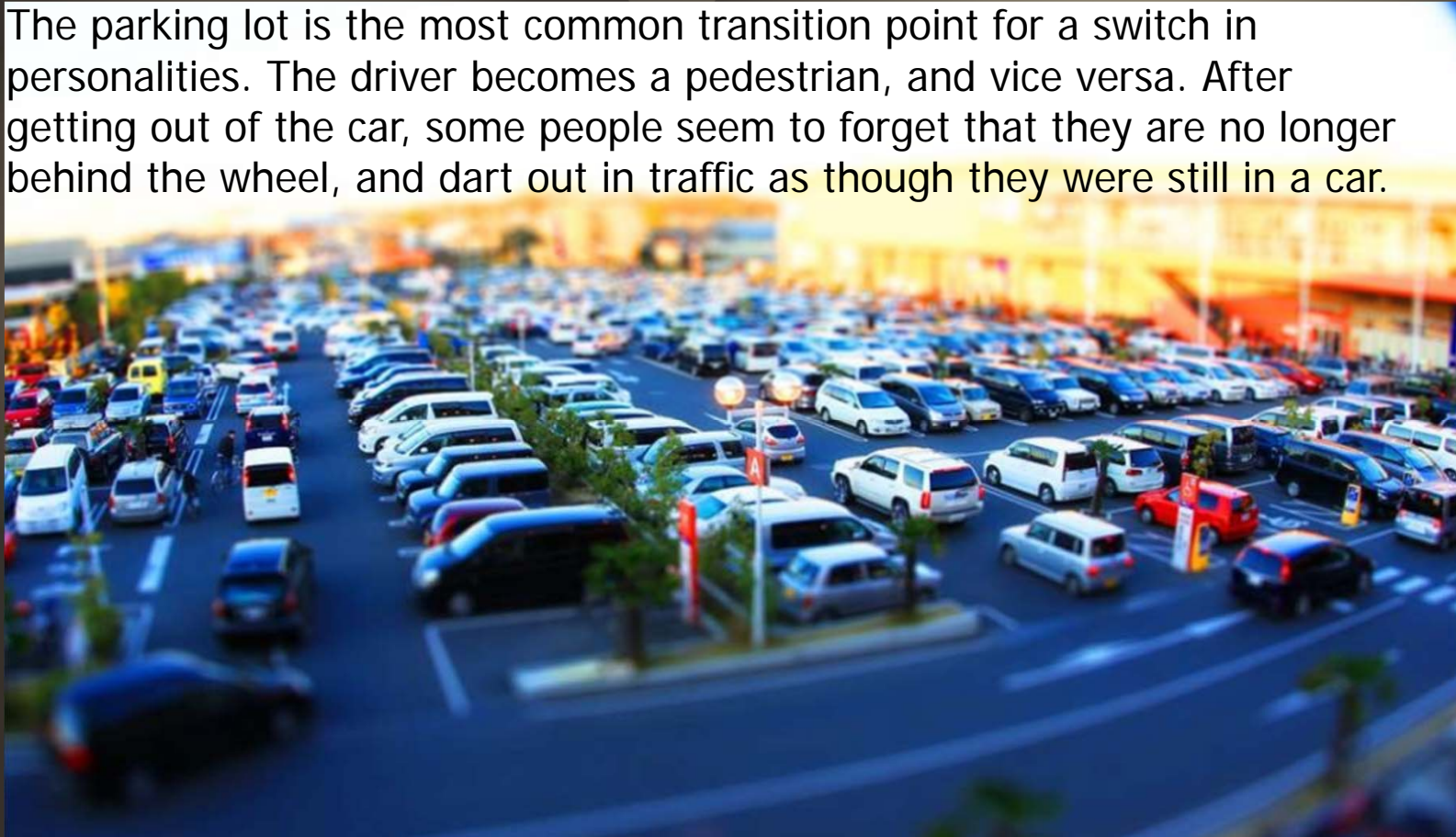
XII. ADJOURNMENT\*

\* *Denotes Action Items*

\*\* *Denotes Possible Action Items*

# Safety Minute: Parking Lot Safety

The parking lot is the most common transition point for a switch in personalities. The driver becomes a pedestrian, and vice versa. After getting out of the car, some people seem to forget that they are no longer behind the wheel, and dart out in traffic as though they were still in a car.



# Parking Lot Safety: Avoiding an accident

- ⌘ Choose the safest spots. Sometimes the most convenient spots are not the safest. First spot in the aisle can be the most congested.
- ⌘ Slow Down. By driving slow you buy time to react and avoid collisions.
- ⌘ Beware of pedestrians. When in parking lots, pedestrians tend to have a misguided sense of security.
- ⌘ Pull through when possible to avoid needing to back up.
- ⌘ Remember that up to 2/3 of drivers are distracted as they are pulling into parking areas.

# Parking Lot Safety

- ⌘ **HAVE KEYS READY**

- ⌘ Never stand next to your car searching through your purse, bag, backpack or briefcase.
- ⌘ Always be aware of your surroundings, and don't be distracted by talking on your cell phone.
- ⌘ **Once in your car lock your doors immediately.**
- ⌘ Never offer to assist someone who claims to be lost, locked out of their car, or needing information or directions.
- ⌘ **Store purchases/valuables in your trunk.**

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XII. ADJOURNMENT\*

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# April 2018

March 2018							May 2018						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3			1	2	3	4	5
4	5	6	7	8	9	10	6	7	8	9	10	11	12
11	12	13	14	15	16	17	13	14	15	16	17	18	19
18	19	20	21	22	23	24	20	21	22	23	24	25	26
25	26	27	28	29	30	31	27	28	29	30	31		

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			● 3:00PM - 4:00PM Mtg w/ Chastain (CEO Evaluation) (LDT's Office)			
1	2	3	4	5	6	7
NRECA Legislative Confer... ♦ Washington DC					● 1:30PM - 3:30PM REAP Public Policy Committee (Cooper/Parks) (641-715-3570/711554)	
8	9	10	11	12	13	14
		● 1:00PM - 2:00PM Mtg w/ Bettina (Board Meeting and CEO Goals) (LDT's Office)	● 4:00PM - 6:30PM Regular Board of Directors Meeting (CEO Evaluation & Goals for 2018) (BoardroomCR)	● 9:00AM - 11:00AM ARCTEC Mtg - GDS Meeting (Crawford & Henderson) (CIRI Fireweed Conference Center - 725 E Fireweed)		
15	16	17	18	19	20	21
		● 11:00AM - 2:00PM REAP Quarterly Board Meeting (TBD)	● 3:30PM - 4:00PM MS-ESS Ribbon Cutting (Meet in the Board Room) ● 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)	● 4:00PM - 5:30PM Community Meeting - Board of Directors - Candidate Forum (TrainingRoom)		
22	23	24	25	26	27	28
29	30	1	2	3	4	5



# May 2018

April 2018						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30					

June 2018						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
29	30	1	2	3	4	5
	<ul style="list-style-type: none"> <li>4:00PM - 7:00PM Audit and Finance Committee Meeting Followed by Regular Board of Directors Meeting (Chugach Boardroom)</li> </ul>					
6	7	8	9	10	11	12
13	14	15	16	17	18	19
	<ul style="list-style-type: none"> <li>4:30PM - 7:00PM Operations Committee Meeting (BoardroomCR)</li> </ul>	<ul style="list-style-type: none"> <li>5:00PM - 8:30PM 2018 Chugach Annual Meeting (Dena'ina Center)</li> </ul>	<ul style="list-style-type: none"> <li>4:00PM - 7:00PM Regular Board of Directors Meeting (Board of Directors Meeting)</li> </ul>			
20	21	22	23	24	25	26
	Memorial Day ♦ Ur					
27	28	29	30	31	1	2

# June 2018

May 2018							July 2018						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4	5	1	2	3	4	5	6
6	7	8	9	10	11	12	8	9	10	11	12	13	14
13	14	15	16	17	18	19	15	16	17	18	19	20	21
20	21	22	23	24	25	26	22	23	24	25	26	27	28
27	28	29	30	31			29	30	31				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	28	29	30	31	1	2
● 1:00PM - 5:00PM Chugach Picnic (Alaska Zoo)						
3	4	5	6	7	8	9
10	11	12	13	14	15	16
					NRECA Summer Schools... ♦ Coeur D' Ale	
17	18	19	20	21	22	23
NRECA Summer Schools for Directors (West) ♦ Coeur D' Alene, ID					● 9:30AM - 2:30PM Tentative Board Trip to Beluga - Unit 3 Outage (All) (Details to Follow)	
	● 4:30PM - 7:00PM Operations Committee Meeting (BoardroomCR)		● 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)			
24	25	26	27	28	29	30

# July 2018

June 2018						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

August 2018						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			Independence Day			
1	2	3	4	5	6	7
8	9	10	4:00PM - 6:00PM TENTATIVE: Internal Controls Workshop (BoardRoomCR)			
			11	12	13	14
15	16	17	18	19	20	21
			4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)	NRECA Summer School ... ♦ Savannah, GA		
22	23	24	25	26	27	28
NRECA Summer School for Directors (East) ♦ Savannah, GA						
29	30	31	1	2	3	4

# August 2018

July 2018						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

September 2018						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
NRECA Summer School for Directors (East) ♦ Savannah, GA						
29	30	31	1	2	3	4
			4:00PM - 7:00PM Audit and Finance Committee Meeting (BoardroomCR)			
5	6	7	8	9	10	11
12	13	14	15	16	17	18
4:30PM - 7:00PM Operations Committee Meeting (BoardroomCR)			4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)			
19	20	21	22	23	24	25
		Strategic Planning w/Board ♦ Talkeetna Alaskan Lodge ♦ Connie Owens				
26	27	28	29	30	31	1

# September 2018

August 2018							October 2018						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3	4						
5	6	7	8	9	10	11	7	8	9	10	11	12	13
12	13	14	15	16	17	18	14	15	16	17	18	19	20
19	20	21	22	23	24	25	21	22	23	24	25	26	27
26	27	28	29	30	31		28	29	30	31			

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26	27	28	29	30	31	1
	Labor Day ♦ United					
2	3	4	5	6	7	8
			Gettysburg Leadership Experience ♦ Gettysburg, PA			
9	10	11	12	13	14	15
			4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)			
16	17	18	19	20	21	22
		2018 NRECA Region 9 Meeting (9/25 Pr... ♦ Anchorage, Alaska)				2018 NACD Global
23	24	25	26	27	28	29
2018 NACD Global Board Leaders' S... ♦ Washington DC						
30	1	2	3	4	5	6

# October 2018

September 2018						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

November 2018						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
2018 NACD Global Board Leaders' S... ♦ Washington DC						
30	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	Gettysburg Leadership Experience ♦ Gettysburg, PA ● 4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)			27
28	29	30	31	1	2	3

# November 2018

October 2018							December 2018						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6							1
7	8	9	10	11	12	13	2	3	4	5	6	7	8
14	15	16	17	18	19	20	9	10	11	12	13	14	15
21	22	23	24	25	26	27	16	17	18	19	20	21	22
28	29	30	31				23	24	25	26	27	28	29
							30	31					

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	31	1	2	3
		● 4:00PM - 7:00PM Audit and Finance Committee Meeting (Budget) (BoardroomCR)	● 4:00PM - 7:00PM Audit and Finance Committee Meeting (BoardroomCR)			
4	5	6	7	8	9	10
11	12	13	14	15	16	17
				Thanksgiving Holid	Thanksgiving Holid	
18	19	20	21	22	23	24
	● 11:00AM - 2:00PM Chugach Legislative Reception (TBD) ● 11:30AM - 1:30PM Tentative Legislation Reception		● 4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)		NRECA Winter School ... ♦ Nashville, TN	
25	26	27	28	29	30	1



# December 2018

November 2018							January 2019						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
				1	2	3			1	2	3	4	5
4	5	6	7	8	9	10	6	7	8	9	10	11	12
11	12	13	14	15	16	17	13	14	15	16	17	18	19
18	19	20	21	22	23	24	20	21	22	23	24	25	26
25	26	27	28	29	30		27	28	29	30	31		

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	<div>● 11:00AM - 2:00PM Chugach Legislative Reception (TBD)</div> <div>● 11:30AM - 1:30PM Tenative Legislation Reception</div>		<div>● 4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)</div>		<div>NRECA Winter School ... ♦ Nashville, TN</div>	
25	26	27	28	29	30	1
<div>NRECA Winter School for Directors ♦ Nashville, TN</div>						
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
	<div>Christmas Eve Holi</div>	<div>Christmas Day Holi</div>				
23	24	25	26	27	28	29
	<div>New Year's Eve Holi</div>	<div>New Year's Day Holi</div>				
30	31	1	2	3	4	5

# January 2019

December 2018						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

February 2019						
S	M	T	W	T	F	S
						1 2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28		

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		New Year's Day Holiday				
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	4:00PM - 7:00PM Regular Board of Directors Meeting (Boardroom)	24	25	26
27	28	29	30	31	1	2

# February 2019

January 2019							March 2019						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
		1	2	3	4	5						1	2
6	7	8	9	10	11	12	3	4	5	6	7	8	9
13	14	15	16	17	18	19	10	11	12	13	14	15	16
20	21	22	23	24	25	26	17	18	19	20	21	22	23
27	28	29	30	31			24	25	26	27	28	29	30
							31						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	1	2

● 4:00PM - 7:00PM  
Regular Board of  
Directors Meeting  
(Boardroom)

# March 2019

February 2019							April 2019						
S	M	T	W	T	F	S	S	M	T	W	T	F	S
					1	2		1	2	3	4	5	6
3	4	5	6	7	8	9	7	8	9	10	11	12	13
10	11	12	13	14	15	16	14	15	16	17	18	19	20
17	18	19	20	21	22	23	21	22	23	24	25	26	27
24	25	26	27	28			28	29	30				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			<ul style="list-style-type: none"> <li>4:00PM - 7:00PM Regular Board of Directors Meeting (Boardroom)</li> </ul>			
24	25	26	27	28	1	2
				NRECA - Director Education (3/7-3... ♦ Orlando, FL		
3	4	5	6	7	8	9
NRECA - Director Education (3/7-3... ♦ Orlando, FL		NRECA Annual Meeting (3/10 - 3/13) ♦ Orlando, FL ♦ Connie Owens				
10	11	12	13	14	15	16
	<ul style="list-style-type: none"> <li>4:00PM - 7:00PM Audit and Finance Committee Followed by a Special Board of Directors Meeting (BoardroomCR)</li> </ul>	Tentative: Board Trip to Juneau (3/19-3/21)				
17	18	19	20	21	22	23
			<ul style="list-style-type: none"> <li>4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)</li> </ul>			
24	25	26	27	28	29	30
31	1	2	3	4	5	6





# Summer School for Directors

Coeur d'Alene, ID | June 22 - 27, 2018

Director's School prepares co-op leaders for the future challenges of our industry by keeping them up-to-date on the key issues and trends impacting electric utilities.

[REGISTER](#)



## Schedule At-a-Glance *(subject to change)*

**Summer School West | Coeur d'Alene | June 22-27, 2018**

**Summer School East | Savannah, GA | July 27-August 1, 2018**

Registration: 7:00 a.m. – 8:00 a.m. | Class Hours: 8:00 a.m. – 4:00 p.m. (unless otherwise noted)

### Course Categories:

**Business Model** **Governance** **Communication** **Risk Management** **Financial** **Power Supply** **Technology**

<b>DAY 1</b> (FRI.) <b>June 22</b> <b>July 27</b>	<b>DAY 2</b> (SAT.) <b>June 23</b> <b>July 28</b>	<b>DAY 3</b> (SUN.) <b>June 24</b> <b>July 29</b>	<b>DAY 4</b> (MON.) <b>June 25</b> <b>July 30</b>	<b>DAY 5</b> (TUES.) <b>June 26</b> <b>July 31</b>	<b>DAY 6</b> (WED.) <b>June 27</b> <b>August 1</b>
<b>Board Leadership Certificate Courses (BLC)</b>					
<b>901.1</b> Rules and Procedures for Effective Board Meetings	<b>903.1</b> The Role of the Board Chair in Conducting Effective Meetings	<b>924.1</b> Continuity Management & Emergency Response Planning	<b>918.1</b> Maximizing Your Grassroots Strategy	<b>914.1</b> Cooperative Communications & Public Opinion: The Director's Perspective	<b>955.1</b> Your Board's Culture: Its Impact on Effectiveness
<b>913.1</b> Cooperative Foundations: Co-op Legacy, Principles & Impact on Communities	<b>921.1</b> Risk Oversight: The Board's Role in Risk Management	<b>925.1</b> Co-op Bylaws: Guiding Principles & Current Issues	<b>930.1</b> Ethics & Governance: Implementing the New Accountability	<b>919.1</b> Cooperative Structure: A Strategic Advantage	<b>975.1</b> Capital Credits Issues & Decisions
<b>929.1</b> Current Governance Issues in Policy Development	<b>956.1</b> *\$919 Crucial Conversations in the Boardroom	<b>943.1</b> Conversation Skills Outside the Boardroom	<b>944.1</b> Giving and Receiving Effective Feedback	<b>935.1</b> Appraising and Compensating the CEO	
	<b>974.1</b> Rate Making Strategies & Policy Decisions for Boards	<b>963.1</b> Strategic Technologies & Their Impact on the Cooperative	<b>961.1</b> The Evolution of Electric Cooperative Power Supply	<b>951.2</b> (1.5 dayt class) *\$850 Developing Effective Boardroom Decision Making  [Day 1] 8 a.m. — 4 p.m.   [Day 2] 8 a.m.—11:30 a.m.	
				<b>977.1</b> Equity Management & Boardroom Decision Making	
<b>Credentialed Cooperative Director Courses (CCD)</b>					
<b>2600</b> Director Duties and Liabilities	<b>2620</b> Board Operations and Process	<b>2640</b> (1.5 day class) *\$850 Financial Decision Making [Day 1] 8 a.m. — 4 p.m.   [Day 2] 8 a.m.—11:30 a.m.		<b>2610</b> Understanding the Electric Business	<b>2630</b> Strategic Planning



MENU

COOPERATIVE•COM

ARDEN Q. ▾



# Summer School for Directors

Savannah, GA | July 27 - August 1, 2018

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REGISTER



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### Course Categories:

**Business Model** **Governance** **Communication** **Risk Management** **Financial** **Power Supply** **Technology**

<b>DAY 1</b> (FRI.) <b>June 22</b> <b>July 27</b>	<b>DAY 2</b> (SAT.) <b>June 23</b> <b>July 28</b>	<b>DAY 3</b> (SUN.) <b>June 24</b> <b>July 29</b>	<b>DAY 4</b> (MON.) <b>June 25</b> <b>July 30</b>	<b>DAY 5</b> (TUES.) <b>June 26</b> <b>July 31</b>	<b>DAY 6</b> (WED.) <b>June 27</b> <b>August 1</b>
<b>Board Leadership Certificate Courses (BLC)</b>					
<b>901.1</b> Rules and Procedures for Effective Board Meetings	<b>903.1</b> The Role of the Board Chair in Conducting Effective Meetings	<b>924.1</b> Continuity Management & Emergency Response Planning	<b>918.1</b> Maximizing Your Grassroots Strategy	<b>914.1</b> Cooperative Communications & Public Opinion: The Director's Perspective	<b>955.1</b> Your Board's Culture: Its Impact on Effectiveness
<b>913.1</b> Cooperative Foundations: Co-op Legacy, Principles & Impact on Communities	<b>921.1</b> Risk Oversight: The Board's Role in Risk Management	<b>925.1</b> Co-op Bylaws: Guiding Principles & Current Issues	<b>930.1</b> Ethics & Governance: Implementing the New Accountability	<b>919.1</b> Cooperative Structure: A Strategic Advantage	<b>975.1</b> Capital Credits Issues & Decisions
<b>929.1</b> Current Governance Issues in Policy Development	<b>956.1</b> *\$919 Crucial Conversations in the Boardroom	<b>943.1</b> Conversation Skills Outside the Boardroom	<b>944.1</b> Giving and Receiving Effective Feedback	<b>935.1</b> Appraising and Compensating the CEO	
	<b>974.1</b> Rate Making Strategies & Policy Decisions for Boards	<b>963.1</b> Strategic Technologies & Their Impact on the Cooperative	<b>961.1</b> The Evolution of Electric Cooperative Power Supply	<b>951.2</b> (1.5 dayt class) *\$850 Developing Effective Boardroom Decision Making  [Day 1] 8 a.m. — 4 p.m.   [Day 2] 8 a.m.—11:30 a.m.	
				<b>977.1</b> Equity Management & Boardroom Decision Making	
<b>Credentialed Cooperative Director Courses (CCD)</b>					
<b>2600</b> Director Duties and Liabilities	<b>2620</b> Board Operations and Process	<b>2640 (1.5 day class)</b> *\$850 Financial Decision Making [Day 1] 8 a.m. — 4 p.m.   [Day 2] 8 a.m.—11:30 a.m.		<b>2610</b> Understanding the Electric Business	<b>2630</b> Strategic Planning

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

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**March 28, 2018**

**ACTION REQUIRED**

**AGENDA ITEM NO. IV.D.**

<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**

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**

**March 28, 2018**  
**Monday**  
**4:00 p.m.**

**REGULAR BOARD OF DIRECTORS' MEETING**

Recording Secretary: Divina Portades

**I. CALL TO ORDER**

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

*A. Pledge of Allegiance*

Chair Chastain led the Board in the Pledge of Allegiance.

*B. Roll Call*

*Board Members Present:*

Bettina Chastain, Chair  
Susan Reeves, Vice Chair  
Jim Henderson, Secretary  
Sisi Cooper, Treasurer  
Harry Crawford, Director  
Stuart Parks, Director  
Rachel Morse, Director (*via teleconference at 4:18 p.m. and arrived during Executive Session*)

*Guests and Staff in Attendance:*

Lee Thibert	Arthur Miller	Paul Risse
Connie Owens	Tyler Andrews	Josh Travis
Brian Hickey	Julie Hasquet	Teresa Kurka
Sherri Highers	Tom Schulman	Jean Kornmuller
Mark Fouts	Sean Skaling	Taylor Crocker
Matthew Clarkson		

*C. Safety Minute*

Taylor Crocker, Sr. Safety Specialist discussed "*Carbon Monoxide Safety*" and responded to questions from the Board.

**II. APPROVAL OF THE AGENDA**

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

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

### **III. PERSONS TO BE HEARD**

- A. *Member Comments*

### **IV. CONSENT AGENDA**

- A. *Board Calendar*
- B. *Training and Conferences*
  - 1. *NRECA Summer Schools, June 22-27, 2018, Coeur D'Alene, ID (Deadline for conference and hotel registration is May 3, 2018)*
  - 2. *NRECA Summer School for Directors, July 27, 2018 – August 1, 2018, Savannah, GA (Deadline for conference and hotel registration is June 4, 2018)*
  - 3. *2018 NRECA Region 9 Meeting, September 25-27, 2018, Anchorage, AK (Deadline for conference registration is August 1, 2018)*
- C. *Minutes*
  - 1. *February 20, 2018, Regular Board of Directors' Meeting (Quezon-Vicente)*
  - 2. *March 19, 2018, Special Board of Directors' Meeting (Quezon-Vicente)*
- D. *Director Expenses*

Director Cooper moved and Director Henderson seconded the motion to approve the consent agenda.

*Director Henderson requested to add the “2018 NACD Global Board Leaders’ Summit, scheduled from September 29, 2018 – October 2, 2018” to the Board calendar. No objections were made.*

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

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

### **V. CEO REPORTS AND CORRESPONDENCE**

- A. *1<sup>st</sup> Quarter 2018 Railbelt Bill Comparison (Skaling/Miller)*

The 1<sup>st</sup> Quarter 2018 Railbelt Bill Comparison was provided in the meeting packet. Lee Thibert, Chief Executive Officer (CEO), Arthur Miller, VP Regulatory & External Affairs, and Sean Skaling, Manager, Business & Sustainable Program Development responded to questions from the Board.

### **VI. DIRECTOR REPORTS**

- A. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*

Directors Crawford and Henderson and Lee Thibert, CEO, reported on the following ARCTEC meetings:

  - March 22, 2018, ARCTEC Board
  - March 16, 2018, ARCTEC-RCA

- March 7 & 13, 2018, ARCTEC-GDS

*Director Morse joined via teleconference at 4:18 p.m.*

- B. Board Committee Reports (Audit and Finance, Operations & Governance)**  
 Directors Cooper and Parks reported on March 19, 2018, Audit and Finance Committee Meeting and deferred further discussion in the Executive Session.

Director Parks stated that there has been no Operations Committee meeting.

Director Reeves stated that there has been no Governance Committee Meeting.

Director Reeves reported that the Bylaws were received, reviewed and accepted at the February 22, 2018, Bylaws Committee and that outside Counsel recommended a couple of changes which will be discussed under New Business.

Director Morse agreed to be a member of Governance Committee.

- C. Other Meeting Reports**  
 Directors Cooper and Parks reported on the March 6 & 16, 2018, REAP Public Policy Committee meetings and March 12, 2018, REAP Board Meeting. Further discussion has been deferred in the Executive Session.

Chair Chastain reported on March 26, 2018, Evaluation Committee Meeting and deferred further discussion in the Executive Session.

## **VII. UNFINISHED BUSINESS**

None

## **VIII. NEW BUSINESS**

- A. Bylaws Committee Ballot Proposals\* (Schulman)**  
 Director Reeves gave a briefed overview Tom Schulman, Legal Project Administrator, discussed the Bylaws Committee Ballot Proposals.

- 1. Eligible Voters (Article III, Section 6)**  
 Tom Schulman, Legal Project Administrator, discussed the Eligible Voters, Article III, Section 6 and responded to questions from the Board.

Director Reeves moved and Director Crawford seconded the motion that the Board of Directors place the attached Bylaw proposal, *Eligible Voters*, on the ballot for the 2018 annual membership meeting for a vote by the membership and that the Board of Directors join with the attached Bylaws Committee comment recommending the proposed amendment be adopted by the membership. The motion passed unanimously.

*Director Morse disconnected at 4:35 p.m.*

2. *Board Meeting Notices (Article V, Section 1)*

Tom Schulman, Legal Project Administrator, discussed the Board Meeting Notices, Article V, Section 1 and responded to questions from the Board.

Director Reeves moved and Director Parks seconded the motion that the Board of Directors place the Bylaw proposal, *Board Meeting Notices*, on the ballot for the 2018 annual membership meeting for a vote by the membership and that the Board of Directors join with the attached Bylaws Committee comment recommending the proposed amendment be adopted by the membership. The motion passed unanimously.

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

**IX. EXECUTIVE SESSION**

*A. Strategic Planning*

At 4:41 p.m., Director Cooper moved and Director Parks seconded the motion 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) receive reports upon legal matters that are attorney/client privileged, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

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

*Director Morse arrived during Executive Session.*

*The meeting reconvened in open session at 10:31 p.m.*

**X. DIRECTOR COMMENTS**

Director comments were made at this time.

**XI. ADJOURNMENT**

At 10:38 p.m., Director Cooper moved and Director Henderson seconded the motion to adjourn. The motion passed unanimously.

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James Henderson, Secretary  
Date Approved: April 25, 2018

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

**April 18, 2018**  
**Wednesday**  
**4:00 p.m.**

**REGULAR BOARD OF DIRECTORS' MEETING**

Recording Secretary: Arden Quezon-Vicente

**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

Jim Henderson, Secretary (*arrived during Executive Session*)

Sisi Cooper, Treasurer

Harry Crawford, Director (*via teleconference*)

Stuart Parks, Director

Rachel Morse, Director (*via teleconference and arrived during Executive Session*)

*Guests and Staff in Attendance:*

Lee Thibert

Arthur Miller

Paul Risse

Connie Owens

Tyler Andrews

Marty Freeman

Brian Hickey

Sherri Highers

Tom Schulman

Mark Fouts

Matthew Clarkson

*C. Safety Minute*

Marty Freeman, Manager, Safety discussed "*Extension Cord Safety*" and responded to questions from the Board.

**II. APPROVAL OF THE AGENDA**

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

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



*Director Morse was present via teleconference but did not vote.*

### **III. PERSONS TO BE HEARD**

#### *A. Member Comments*

### **IV. CONSENT AGENDA**

#### *A. Board Calendar*

*Chair Chastain recommended adding a request for an excused absence for Director Reeves. No objections were made.*

Director Parks moved and Director Cooper seconded the motion to approve the consent agenda, as amended.

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

*Director Morse was present via teleconference but did not vote.*

### **V. CEO REPORTS AND CORRESPONDENCE**

### **VI. DIRECTOR REPORTS**

#### *A. Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*

Lee Thibert, Chief Executive Officer (CEO) and Director Crawford stated that there were no ARCTEC meeting to report on.

#### *B. Board Committee Reports (Audit and Finance, Operations & Governance)*

Director Cooper stated that there has been no Audit and Finance Committee Meeting.

Director Parks stated that the Operations Committee meetings have been scheduled to monthly, starting in May, give or take a couple of days before the Regular Board of Directors' Meeting.

Chair Chastain stated that there has been no Governance Committee Meeting.

#### *C. Other Meeting Reports*

Directors Cooper and Parks reported on the April 13, 2018, REAP Public Policy Committee Meeting and stated that the next REAP Quarterly Board Meeting is scheduled for April 24, 2018.

### **VII. UNFINISHED BUSINESS**

None

### **VIII. NEW BUSINESS**

None

**IX. EXECUTIVE SESSION**

*A. Strategic Planning*

At 4:17 p.m., Director Parks moved and Director Cooper seconded the motion that pursuant to Alaska Statute 10.25.175 (c) (2) the Board of Directors go into executive session to discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion. The motion passed unanimously.

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

*Director Morse was present via teleconference but did not vote.*

*Director Morse arrived during Executive Session.*

*Director Henderson arrived during Executive Session.*

*The meeting reconvened in open session at 7:23 p.m.*

**X. DIRECTOR COMMENTS**

Director comments were made at this time.

**XI. ADJOURNMENT**

At 7:27 p.m., Director Morse moved and Director Henderson seconded the motion to adjourn. The motion passed unanimously.

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James Henderson, Secretary  
Date Approved: April 25, 2018

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

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**April 25, 2018**

**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

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**TOPIC**

Director Expenses

**DISCUSSION**

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

**MOTION**

*(Consent Agenda)*

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

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**April 25, 2018**

**ACTION REQUIRED**

**AGENDA ITEM NO. IV.E.**

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

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**TOPIC**

NRECA 2018 Annual and Regional Meeting Voting Delegate/Alternate

**DISCUSSION**

The NRECA 2018 Annual and Regional Meeting Voting Delegate/Alternate certificate was approved at the December 20, 2017, Regular Board of Directors' Meeting.

Director Reeves was appointed as the NRECA Voting Delegate and Director Henderson as the alternate.

**MOTION**

*Consent Agenda*



NRECA 2018 Annual and  
Regional Meeting  
Voting Delegate Certification  
and Credentialing Process



Please fill out the form below. Indicate who will be your Voting Delegate for 2018 and an Alternate in case the Delegate is unable to attend the Business Meeting. You will have an opportunity to select a new delegate for the 2018 Regional Meetings.

**Please return this form to NRECA by email: [VotingDelegates@nreca.coop](mailto:VotingDelegates@nreca.coop) or by fax: (703) 907-5512**

Org Name Chugach Electric. Association, Inc.

State: Alaska

CEO/GM: Lee Thibert, Chief Executive Officer

### NRECA VOTING DELEGATE CERTIFICATION

NRECA Bylaws Article V, Section 2(B) and 2(C) provide that "...each voting member shall be entitled to select, either by vote of its membership or its board of directors, one of its members, directors, or employees to act as the voting delegate, and one such person to act as the alternate delegate, at the meeting...each voting delegate must submit a certification signed by the director who is president of the member or is chair of the member's board of directors, and by the director who is secretary of the member, stating that such delegate is duly authorized to cast the vote of the member."

Please indicate below who will be your delegate at the 2018 NRECA Annual Meeting. **Only those delegates who have been properly documented as authorized by their cooperatives shall be credentialed to act during the NRECA Annual and Regional Meeting Business Session. This form must be dated, signed by the board President and board Secretary (board of directors/trustees), and returned to NRECA by January 5, 2018.** You will have an opportunity to select new delegates for the 2018 Regional Meetings.

The following are hereby certified as official voting delegate and alternate and are duly authorized to cast the vote of this member.

#### 2018 Voting Delegate

Name Susan Reeves

Title Vice Chair

#### 2018 Alternate Delegate

Name Jim Henderson

Title Secretary

*(The Alternate is certified to act only in the absence of the Delegate)*

Signed \_\_\_\_\_

Board President (of Member System) DATE

Board Secretary (of Member System) DATE

### MEETING AND REGISTRATION PROCEDURES

**1** Please return signed, dated and completed form to [VotingDelegates@nreca.coop](mailto:VotingDelegates@nreca.coop) by **January 5<sup>th</sup>, 2018**.

**2** Delegates must be registered for the meeting in advance and should pick up their badge before checking in as a delegate.

**3** At the meeting the delegate must then proceed to the Voting Delegate registration Desk which will be located near the general NRECA Meeting Registration area.

**4** At the NRECA Voting Delegate Registration Desk, the delegate's certification information will be reviewed and the delegate will receive the official delegate ribbon, which will be attached to the name badge, as well as the assigned credential card for the meeting.

**5** The delegate must bring the credential card and ribbon to the NRECA Business Meeting and present it in order to vote. Each voting member is permitted one vote on each of the resolutions and other business properly brought before the Annual and Regional Business Sessions. **No individual may represent more than one voting member system and proxy voting is prohibited.**

*If you have any questions concerning the above procedure, please contact the Membership Department at (703) 907-5868.*

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

**April 17, 2018**

**TO:** Lee Thibert, Chief Executive Officer

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

**SUBJECT:** *First Quarter Safety Report 2018*

**Year to Date Safety Statistics- 1st Quarter**

• Total Number of Recordable Injuries	2
• Number of Lost Work Day Recordable Injuries	2
• Preventable Incidents	1
• Lost Work Days	100
• Vehicle Incidents	1

**Notable Items:**

- Provided 133 Chugach employees who operate company vehicles with Smith Driving training. The ½ day of training introduced employees to the five interlocking principles of safe driving, which when employed help drivers see, think and act their way through various driving environments, challenges and changes that exist regardless of where they travel or the vehicles they operate.
- Conducted three sessions of avalanche training to provide our linemen with the knowledge and skills to recognize avalanche hazards travel in avalanche terrain while minimizing risk, and how to conduct rescue operations with the proper equipment should rescue become necessary.
- With input from stakeholders finalized hi-risk work procedure for use by Chugach Electric to proactively identify foreseeable hazards and risks for high-risk work (HRW) activities and ensure appropriate risk control measures are identified and implemented.
- A new security gate for the West Parking Lot has been installed and is now operational, significantly enhancing the physical security of our operations yard.
- Conducted a quarterly safety manager meeting February 1<sup>st</sup> during which we conducted an in-depth review of the incident where an apprentice lineman fell while descending the utility pole he was working on.

**Safety Training:**

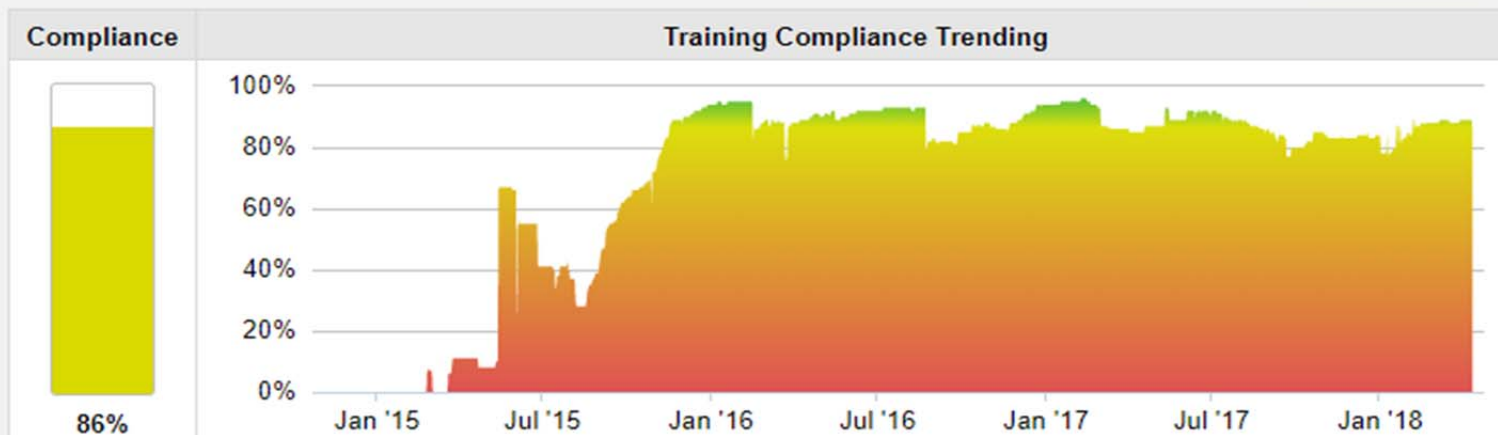
- A primary incident prevention effort from the Safety Department is the delivery of safety training. Safety training topics contribute to employee knowledge, hazard identification and mitigation, required safe work procedures, and safety regulations. To date 86% of our training plan has been completed.

## Learning Management System Compliance

Apply Flag Filter ▼

Here are some big picture Learning Management Statistics for you to peruse. Permissions will dictate how deep into this you can go. Consider applying a "Flag Filter" if you are feeling in the mood for more specific results.

Component				%
 Internal Training	1,312	14	115	92%
 Certificates	722	136	239	78%
 Practical Demonstrations	36	0	5	88%
Totals/Average	2,070	150	359	86%



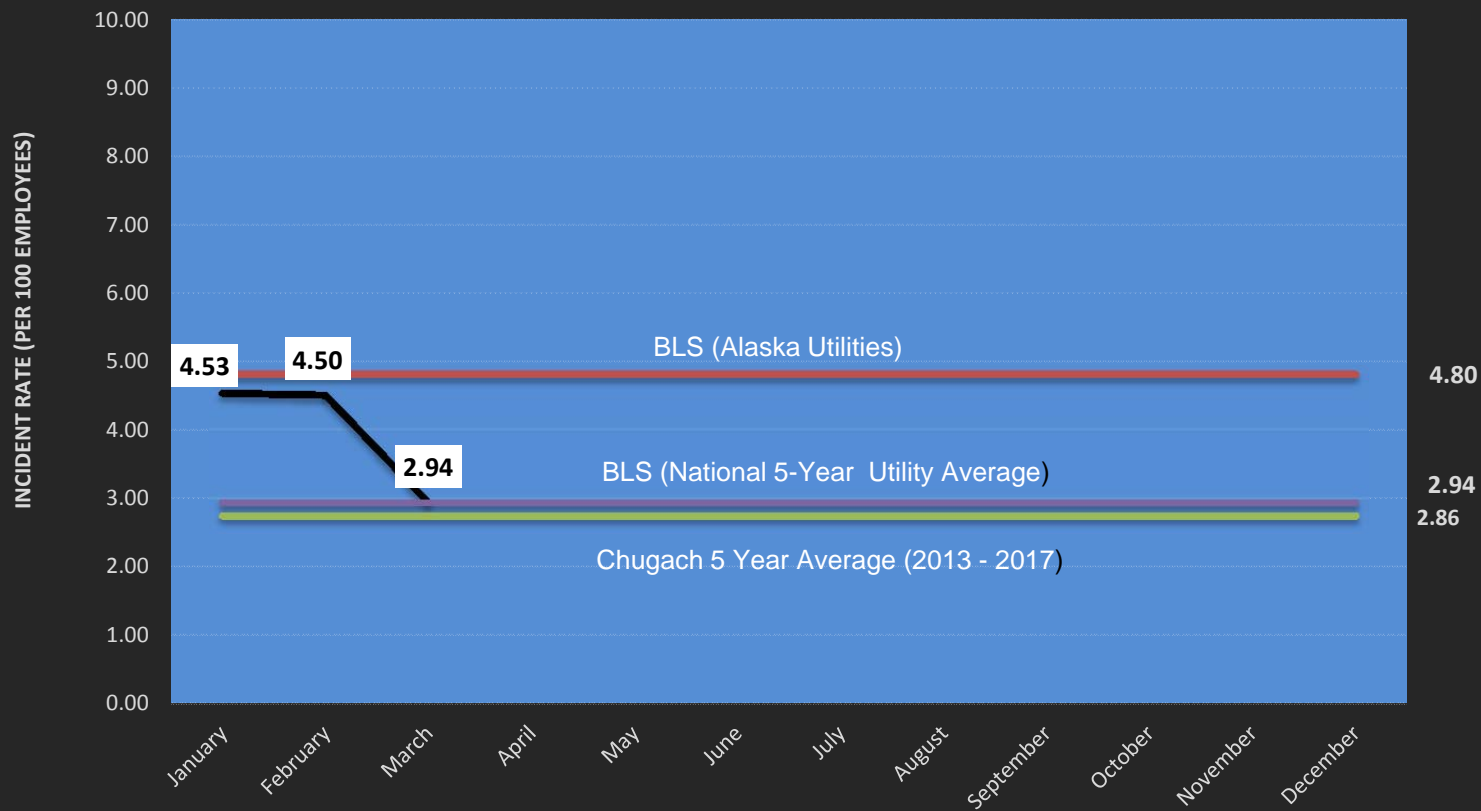
### Account Specific Compliance

Table View: Supervisors &amp; Personnel ▼

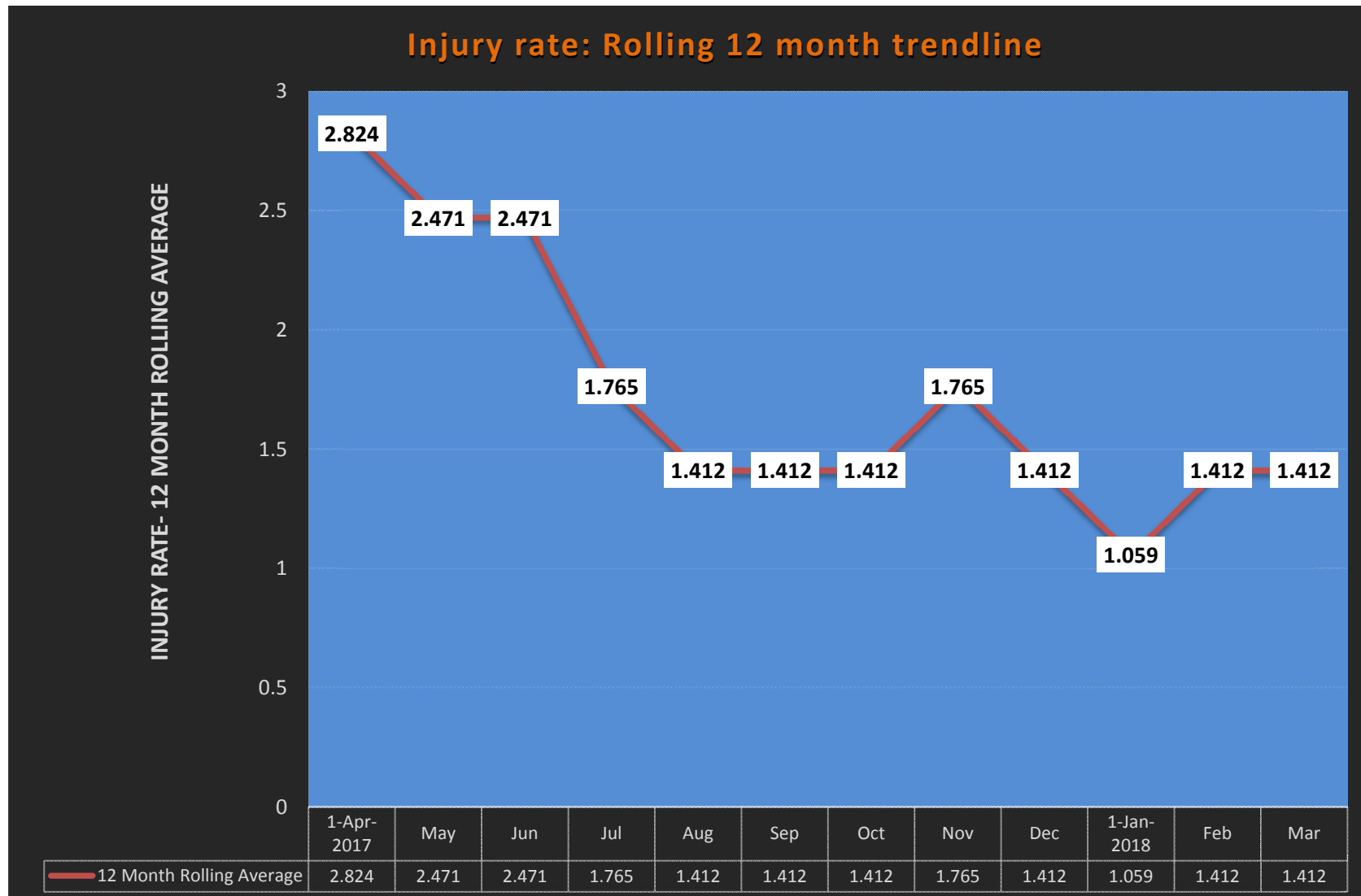
Account	# SUP	# PPL	Compliance
Chugach Electric Association Inc.	46	290	89%



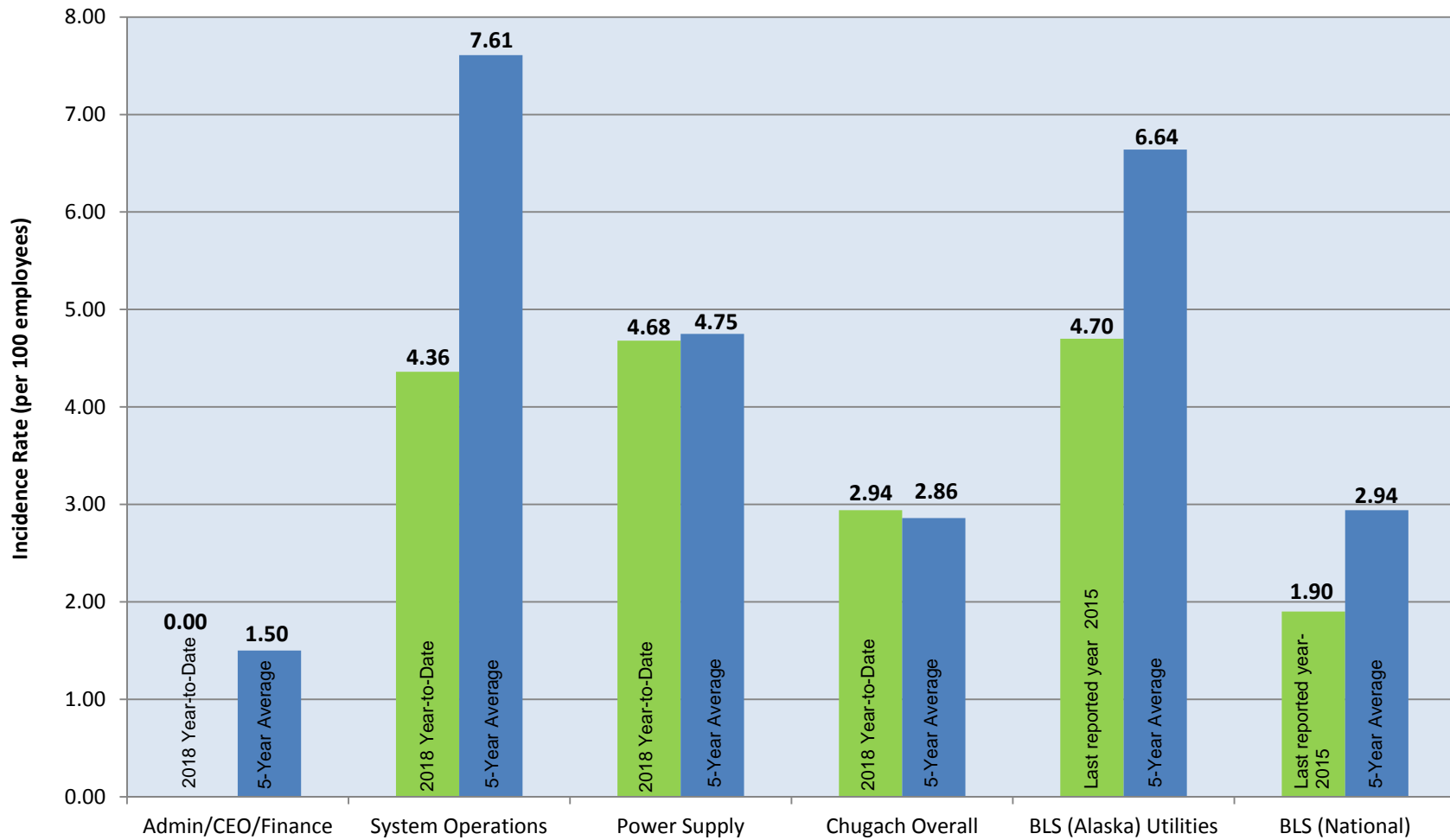
## Recordable Incident Rate 2018



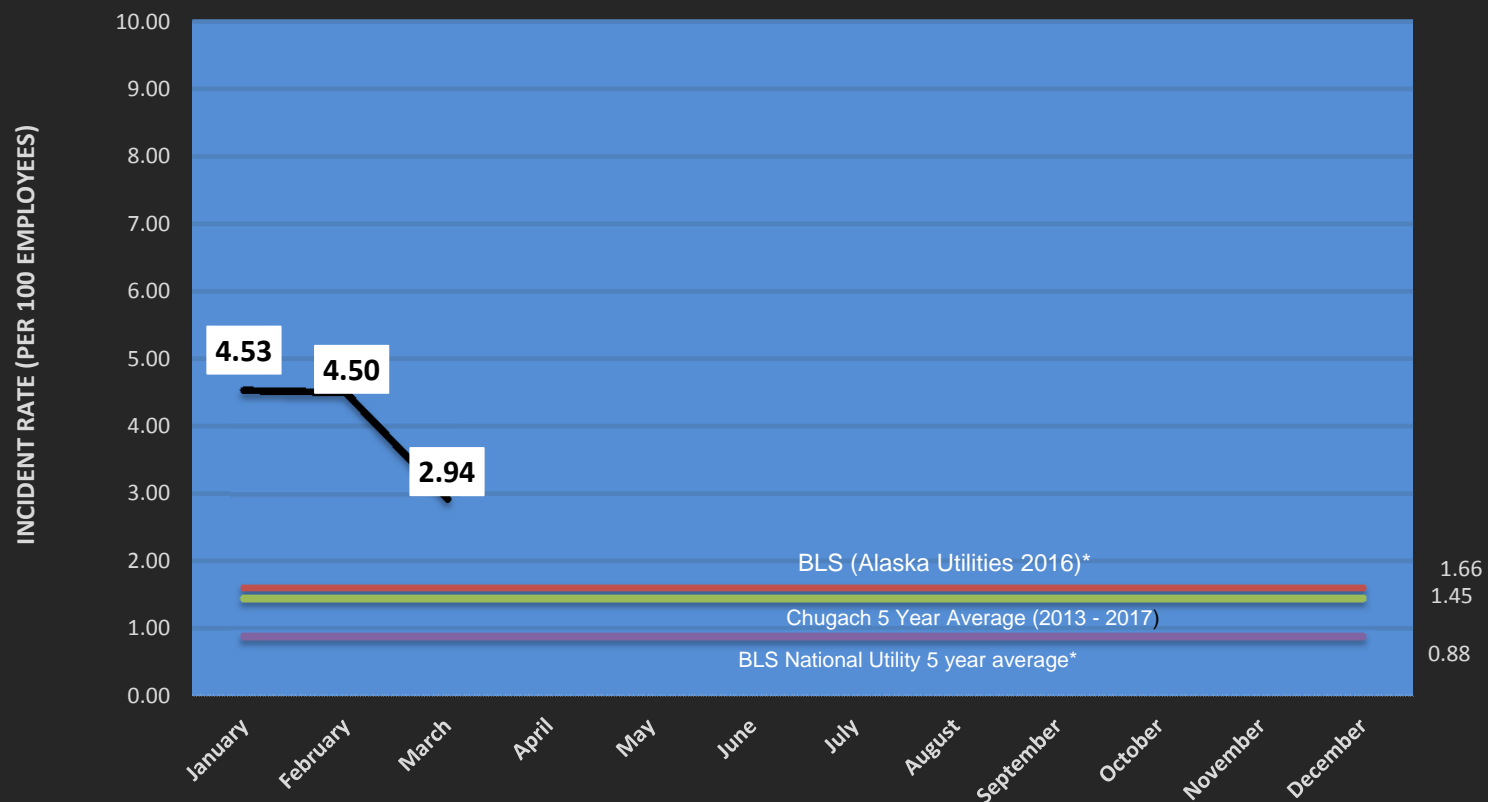
\* Based on data reported to the Bureau of Labor Statistics (BLS) under NAICS Code 2211



## Recordable Incident Rate 2018 by Group

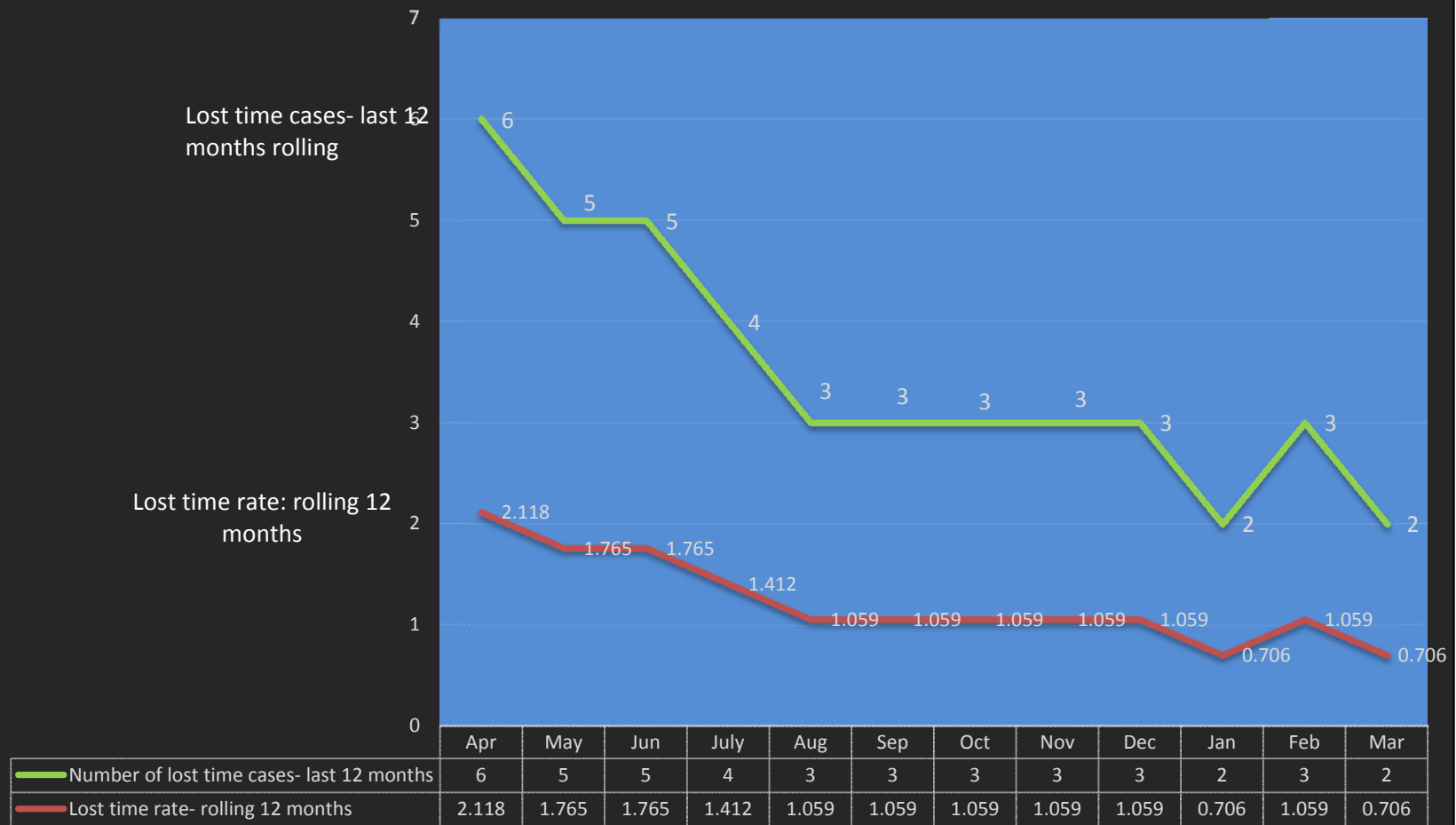


## Lost Time Rate YTD 2018

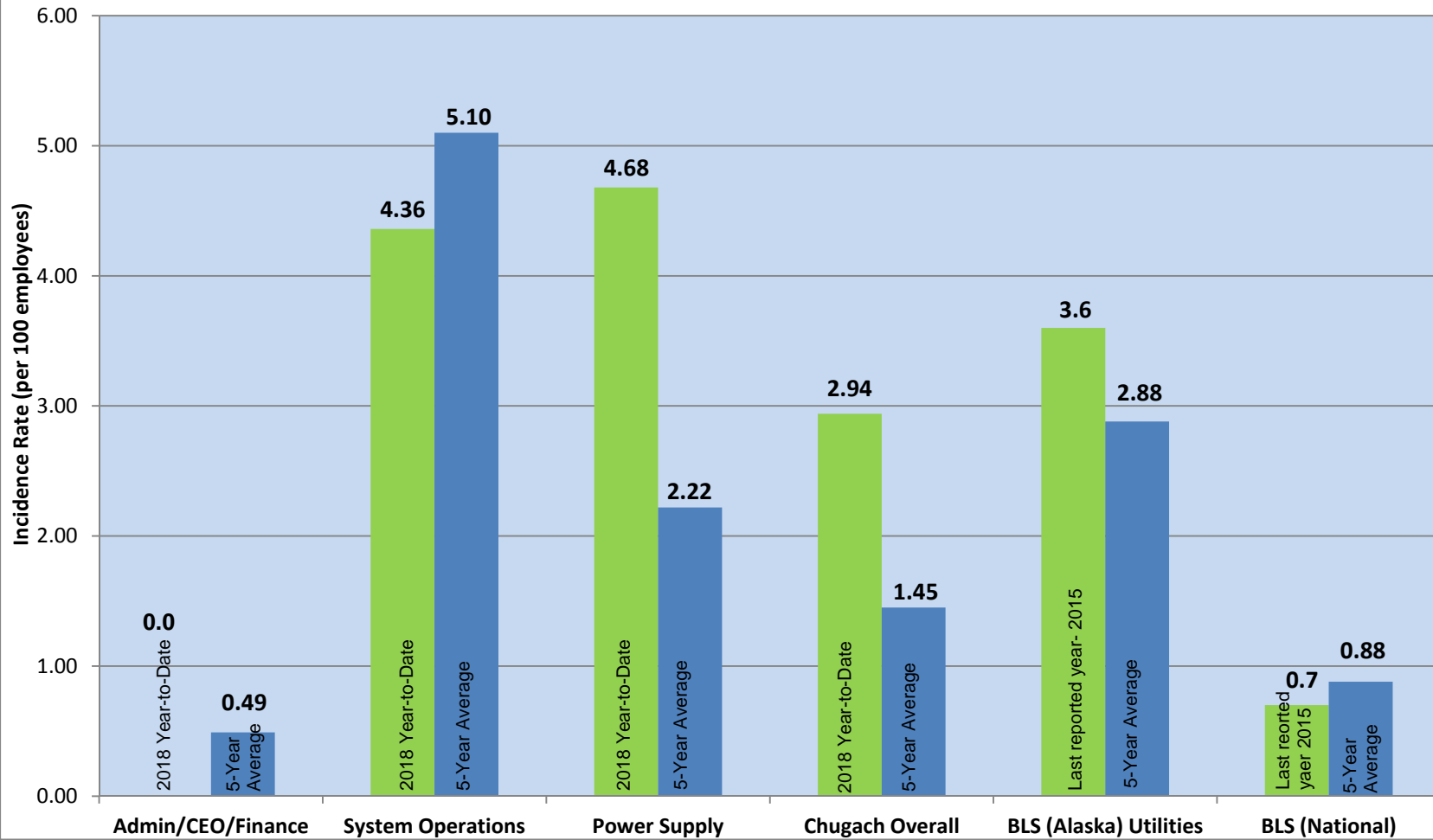


\* Based on data reported to the Bureau of Labor Statistics (BLS) under NAICS Code 2211

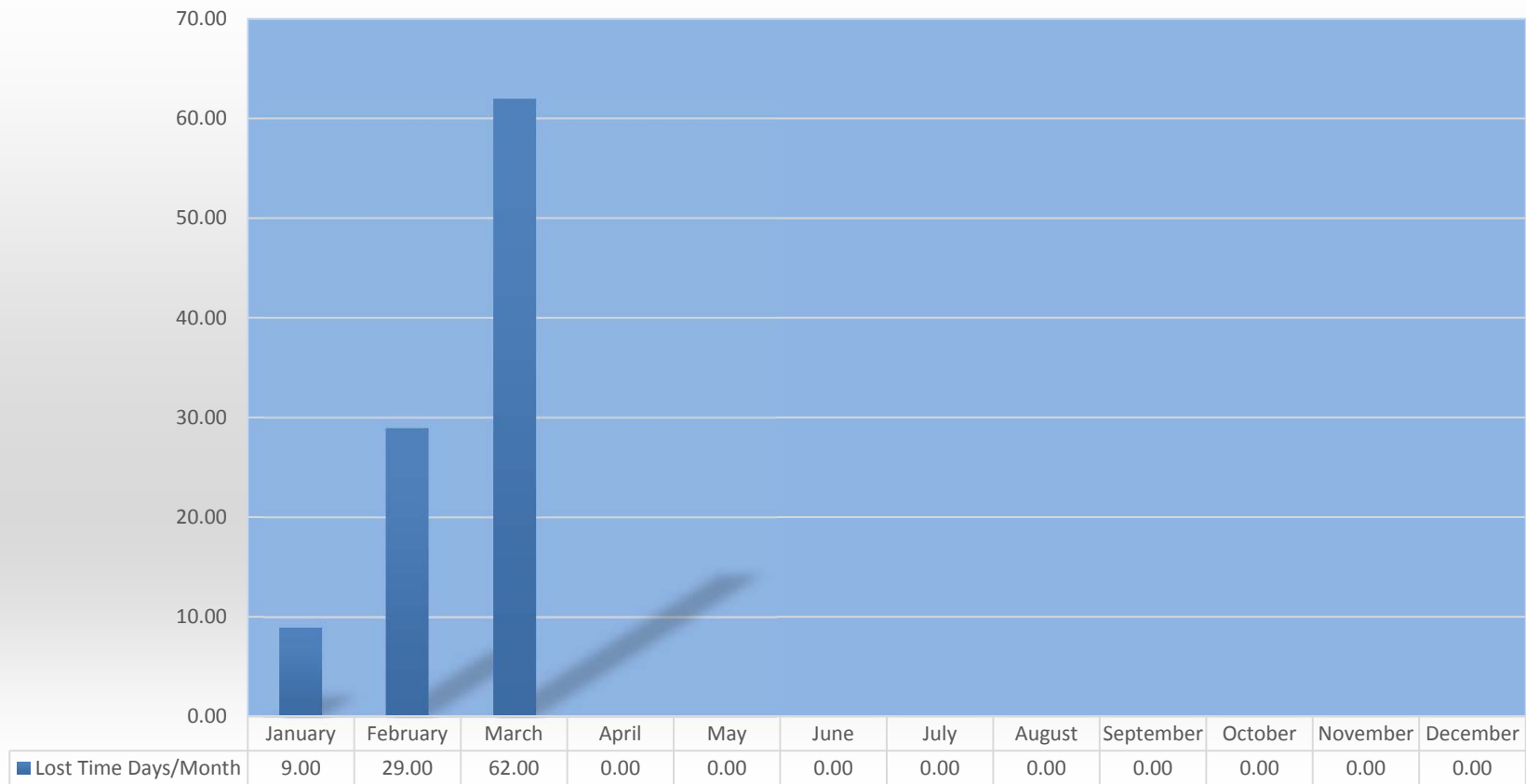
## Lost time rate: rolling 12 month trendline



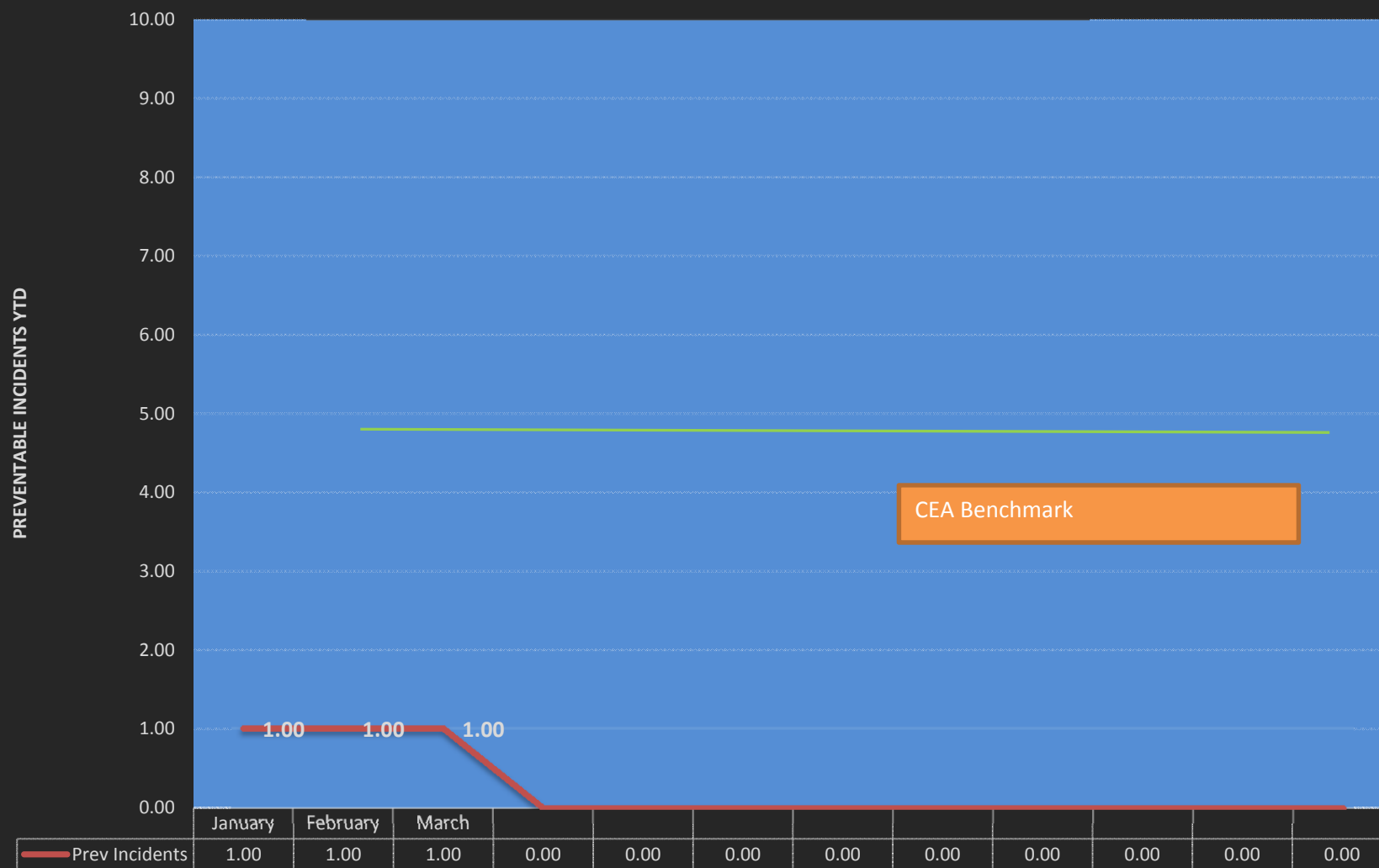
## Lost Time Rate 2018 YTD by Group



## Lost work days by month 2018



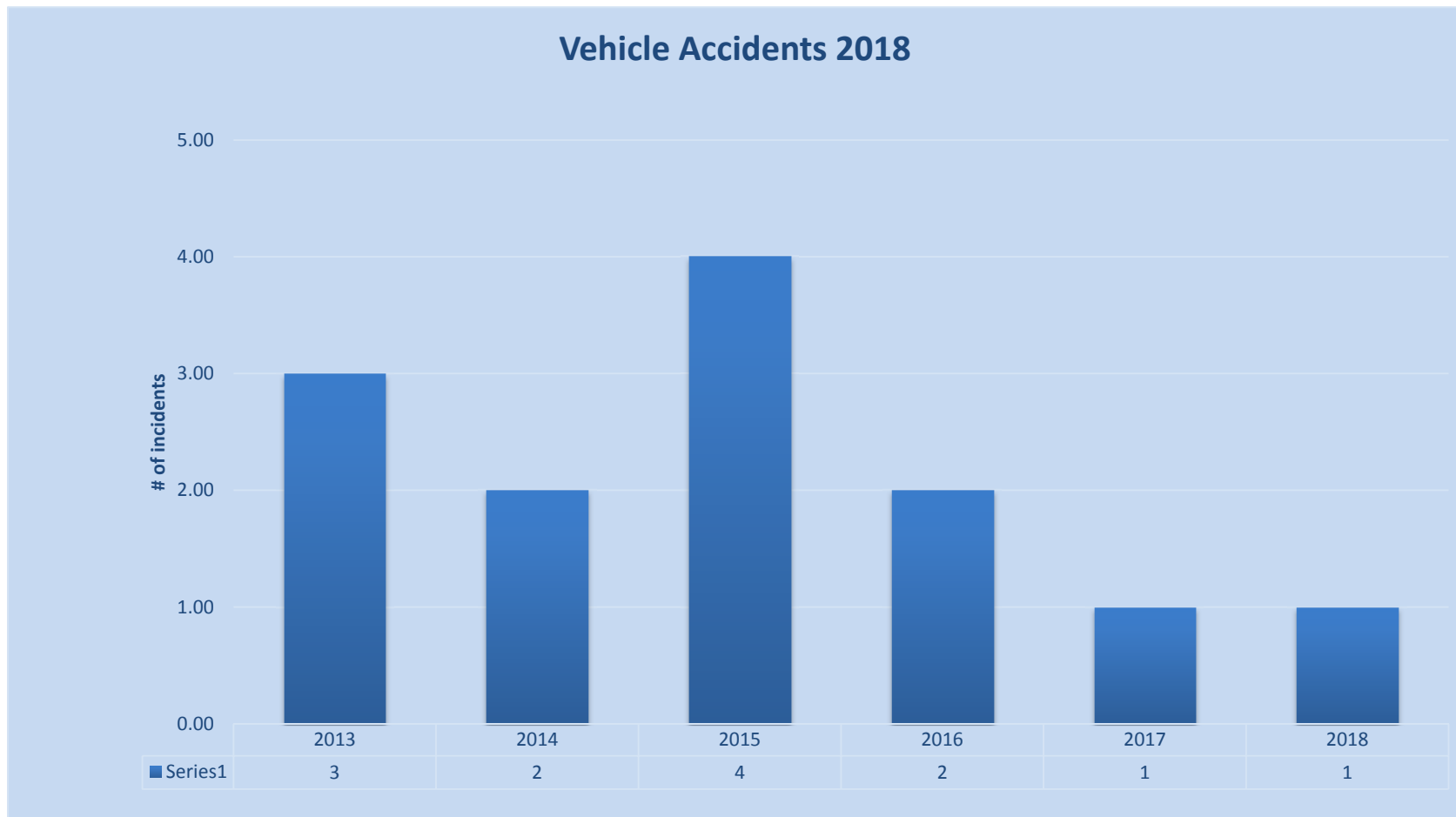
## Number of Preventable Incidents YTD 2018





### **Vehicle Incidents:**

There has been 1 vehicle incident YTD.



## Facebook likes



## Twitter followers



### Facebook Highlights (65 posts)

- EV Charging Station
- Community solar
- Power Anchorage
- Muni paperless election
- Chugach/ML&P Consolidation

### Tweet Highlights (43 tweets)

- Electron Village
- Clean Power Happy Hour
- Chugach/ML&P Consolidation
- American Heart Assoc. Luncheon

### Employee Communications/Events

- Chugach/ML&P consolidation
- Spring Party
- Martin Luther King Day

### Outages

- Jan. 6 Indian/Bird Point
- Jan. 22 Campbell Lake
- Feb. 19 East Anchorage
- Feb. 22 Lake Otis/84th
- Mar. 6 Moose Pass
- Mar. 9 Girdwood
- Mar. 20 Tyonek

### Website updates

- Clean Power Happy Hour
- High cost of vandalism
- Chugach/ML&P Consolidation
- Annual Meeting updates

### Media/Press Releases

- Chugach/ML&P Consolidation
- Solar Project
- Reliability standards



# 2018 Election and Annual Membership Meeting

your cooperative,  
your voice,  
your choice...

*Vote*

## 2018 Election Update

Chugach Electric Association, Inc.

# Preparations Well Underway

Election efforts are in full swing for the 2018 season. Our first member communication was a "Save the Date" postcard to our entire membership mailed on March 30, 2018. The official meeting notice mails out on April 18<sup>th</sup>, and voting gets underway at noon on Friday, April 20, 2018.



**Tuesday, May 22, 2018**  
**Dena'ina Civic & Convention Center**

Registration opens at 5:30 p.m.  
Meeting begins at 6:30 p.m.

**Meeting Agenda**

• Welcome	• Officer Reports
• Announcements	• Voting Results
• Committee Reports	• Door Prizes
• Candidate Statements	• Adjournment

Chugach's 2018 election is paperless. Do we have your email? Visit [www.chugachelectric.com](http://www.chugachelectric.com) or call Member Services @ 563-7366

Parking validated for the 7th & G Easy Park garage.  
Bring your parking ticket into the meeting for validation.

**Hobo Jim**

**On stage**  
**5:45 to**  
**6:30 p.m.**



2018 is our second year with our default voting method being electronic. Paper voting is always available by request and as of April 5, 2018 date of record, the number of members requesting paper ballots stands at 469 out of an eligible voting membership of 68,822.

To reach our membership, Chugach uses a combination of communication strategies. Election information is relayed to members through the Outlet, our website, via social media, through messages on billing statements, through the mail, and finally, through email communications with over 48,000 members who have provided us with their email address.

Early bird electronic voting prizes will be used again this year to incentivize members to vote. This year we have some exciting battery-operated equipment and tools to give away, one for each week of the voting season, beginning on April 27<sup>th</sup>, running through May 18<sup>th</sup>. If you vote early, you may have up to 4 chances to win, as your name stays in the drawing "pool" unless you are a winner.

As a reminder, paper ballots can be deposited in the secure drop box located at BDO USA, LLC or Chugach headquarters by Friday, May 18<sup>th</sup> 5:00 PM, or received by the postal service by Saturday, May 19<sup>th</sup>

at noon. Electronic voting is open until 4:00 PM on Annual Meeting day, May 22<sup>nd</sup> 2018. In person voting and electronic voting will be open and available at Annual Meeting held at the Dena'ina Center, downtown.

# Election Communications to Membership

Updated April 18, 2018

DATE	ACTIVITY	EMAIL ADDRESSES ON FILE (EOM)
<b>December 2017</b>		
	Member Email Addresses on File – 67,992 members (21,089 members – no email address)	46,903
	Outlet Article – Announcing Annual Meeting and election of 2 Directors	
<b>January 2018</b>		
All Month	Outlet Article Website Message	47,132
January 31st	Member Services Application Mailing – members without applications on file	
<b>February 2018</b>		
All Month	Outlet Article Website Message	47,440
<b>March 2018</b>		
All Month	Outlet Article Website Message Bill Message – All Members	47,937
March 1st	Member Services Non-Natural Designated Voter Mailing	
March 30th	Postcard #1 – Whole Membership, “Save the Date” advises of paperless election and asking for email address or requests for paper ballot	
<b>April 2018</b>		
All Month	Outlet Article Website Message Social Media Posts Bill Insert and Bill Message – Get Out the Vote Message	
April 18th	Postcard #2 – Whole Membership, Notice of Annual Meeting, Directions for access to Voting Pamphlet & Materials online, asking for email addresses and advising of paperless election	

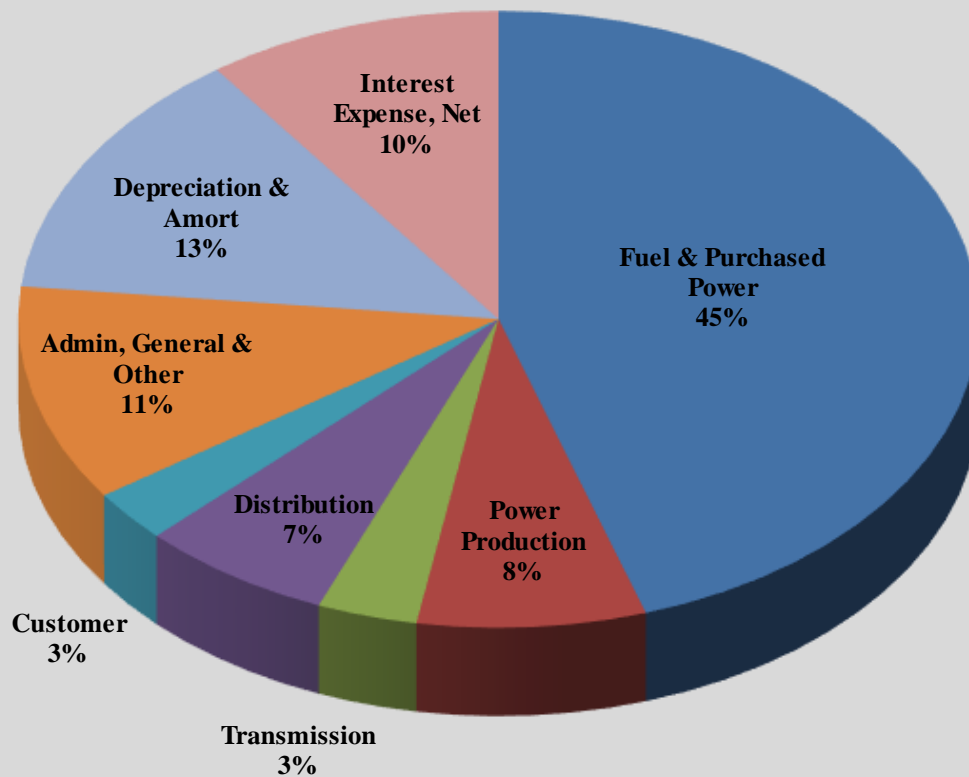


April 20th	Voting Opens – ballots mailed (group of 462), and email sent to all members with an email address with voting link – 4/20	
April 27 <sup>th</sup>	Voting Reminder email – 4/27	
April 30th	First Class Mailing – All members who have not yet voted – Voting Reminder and Voting Control Number – provides unique voting passcode and voting website link in direct mailing “get out the vote” message	
<b>May 2018</b>		
All Month	Outlet Article Website Message Social Media Posts Bill Insert and Bill Message – Get Out the Vote Message	
May 4,11, and 18	Voting Reminder Email Send – 5/4, 5/11, 5/18	
May 7 <sup>th</sup>	Postcard #3 - Voting Reminder – reminds members there is still time to vote and how.	
May 19 <sup>th</sup>	Mail Ballot Deadline – noon – Saturday, 5/19	
May 22 <sup>nd</sup>	Annual Meeting – electronic voting closes – 4:00 PM – In Person voting either via paper or electronic allowed during Annual Meeting	

## STATEMENT OF OPERATIONS

CATEGORY	2018 MTD ACTUAL	2018 MTD BUDGET	2018 MTD VARIANCE
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 20,400,586</b>	<b>\$ 21,463,732</b>	<b>\$ (1,063,146)</b>
Fuel and Purchased Power Expense	8,482,438	8,950,654	(468,216)
Power Production Expense	1,449,618	1,601,095	(151,477)
Transmission Expense	633,686	584,835	48,851
Distribution Expense	1,224,386	1,341,836	(117,450)
Customer Expense	512,658	514,423	(1,765)
Administrative, General and Other	2,141,479	1,979,349	162,130
Depreciation & Amortization Expense	2,507,733	2,658,647	(150,914)
Interest Expense, Net	1,881,824	1,843,551	38,273
<b>Total Cost of Electric Service</b>	<b>\$ 18,833,822</b>	<b>\$ 19,474,390</b>	<b>\$ (640,568)</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,566,764</b>	<b>\$ 1,989,342</b>	<b>\$ (422,578)</b>
Non-Operating Margins - Interest	53,799	52,630	1,169
Allowance for Funds Used During Construction	7,671	9,508	(1,837)
Non-Operating Margins - Other	(13,241)	-	(13,241)
<b>Patronage Capital or Margins</b>	<b>\$ 1,614,993</b>	<b>\$ 2,051,480</b>	<b>\$ (436,487)</b>

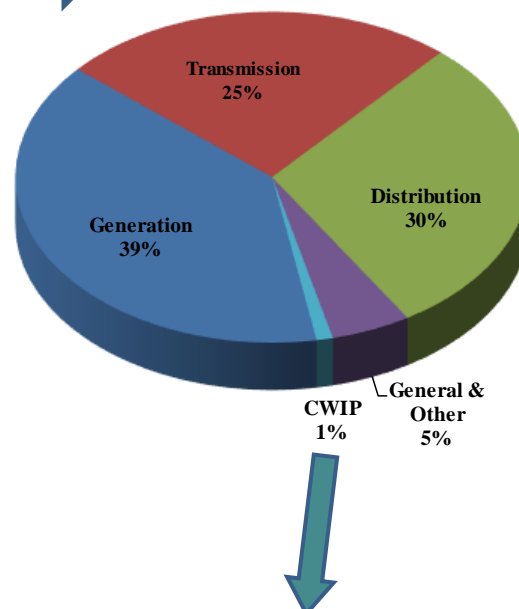
## Total Cost of Electric Service (MTD Actual)



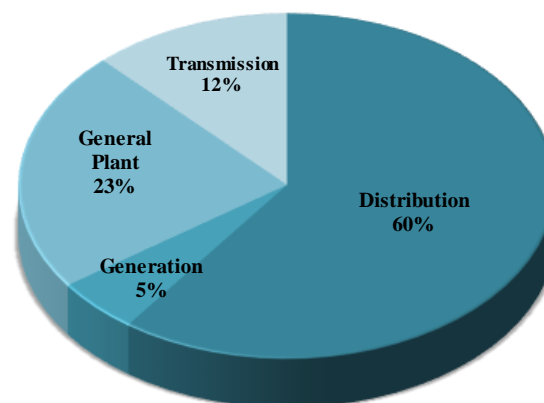
## BALANCE SHEET

ASSETS & OTHER DEBITS	01/31/2018	12/31/17
Electric Plant in Service	1,208,574,576	1,205,092,224
Construction Work in Progress	12,554,967	17,952,573
<b>Total Utility Plant</b>	<b>\$ 1,221,129,543</b>	<b>\$ 1,223,044,797</b>
Accum. Prov. for Depreciation/Amortization	(514,606,895)	(515,496,312)
<b>Net Utility Plant</b>	<b>\$ 706,522,648</b>	<b>\$ 707,548,485</b>
Nonutility Property - Net	76,889	76,889
Investment in Assoc. Organizations	8,980,410	8,980,410
Special Funds	1,465,880	1,466,010
Restricted Cash & Other Investments	1,029,476	1,028,758
<b>Total Other Property &amp; Investments</b>	<b>\$ 11,552,655</b>	<b>\$ 11,552,067</b>
Cash, Marketable Securities & Other	16,485,053	16,906,531
Special Deposits/Restricted Cash	741,670	741,670
Accounts Receivable - Net	31,225,647	35,680,680
Materials and Supplies, Fuel Stock	21,266,437	22,193,089
Prepayments	6,202,300	4,953,170
Other Current & Accrued Assets	5,518,348	5,178,987
<b>Total Current &amp; Accrued Assets</b>	<b>\$ 81,439,455</b>	<b>\$ 85,654,127</b>
Deferred Debits	32,663,617	32,764,065
<b>Total Assets &amp; Other Debits</b>	<b>\$ 832,178,375</b>	<b>\$ 837,518,744</b>
LIABILITIES & OTHER CREDITS	01/31/2018	12/31/17
Memberships	1,721,079	1,719,154
Pat. Capital, Margins & Equities	189,197,361	187,582,140
<b>Total Margins &amp; Equities</b>	<b>\$ 190,918,440</b>	<b>\$ 189,301,294</b>
Long-Term Debt - Bonds	421,833,331	421,833,331
Long-Term Debt - Other	36,366,000	37,164,000
Unamortized Debt Issuance Costs	(2,648,284)	(2,669,485)
<b>Total Long-Term Debt</b>	<b>\$ 455,551,047</b>	<b>\$ 456,327,846</b>
Notes Payable	68,608,667	76,608,667
Accounts Payable	7,435,643	7,420,279
Consumer Deposits	5,414,794	5,335,896
Other Current & Accrued Liabilities	31,585,109	30,002,352
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$ 113,044,213</b>	<b>\$ 119,367,194</b>
Deferred Compensation	1,229,294	1,229,294
Other Liabilities, Non-Current	556,465	531,630
Deferred Liabilities	1,287,887	1,249,390
Patronage Capital Payable	8,798,077	8,798,077
Cost of Removal Obligation	60,792,952	60,714,019
<b>Total Liabilities &amp; Other Credits</b>	<b>\$ 832,178,375</b>	<b>\$ 837,518,744</b>

**2018 Total Utility Plant (YTD)**  
**\$1,221,129,543**



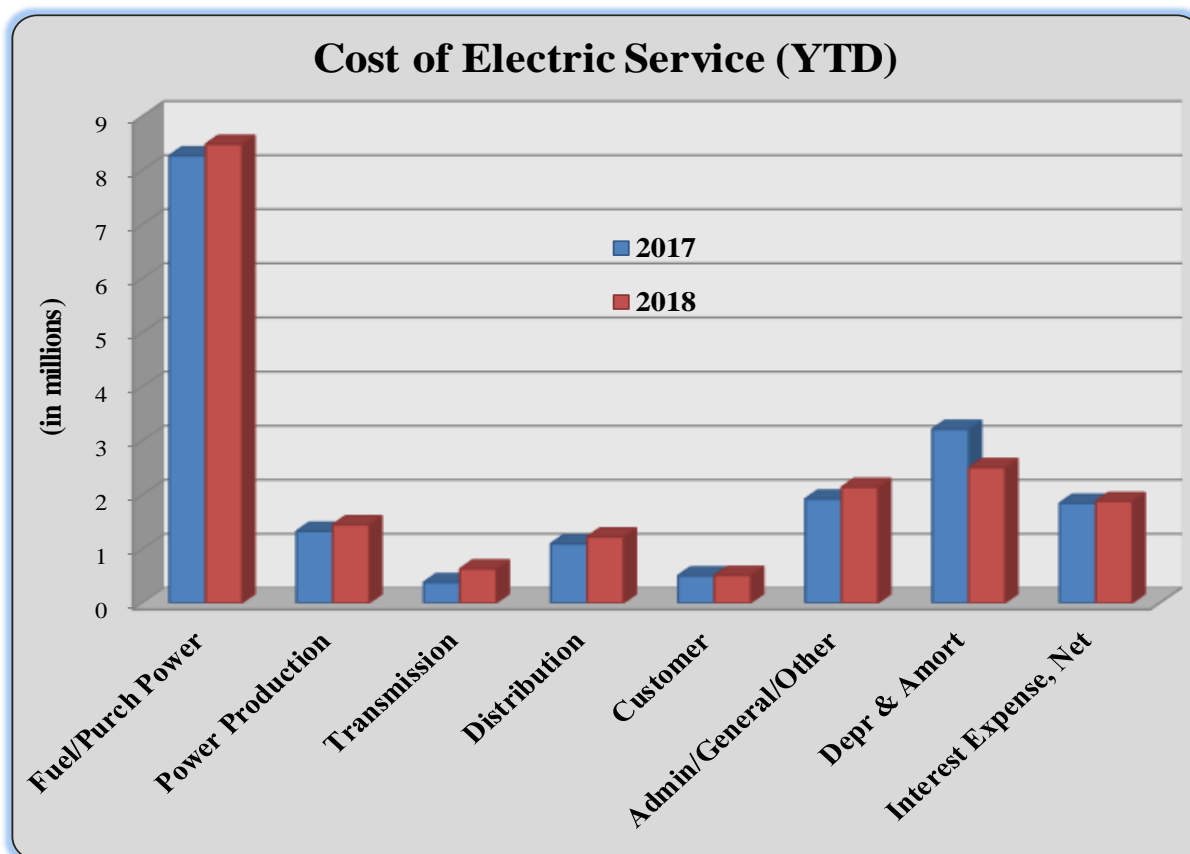
**2018 Construction Work in Progress (YTD)**  
**\$12,554,967**

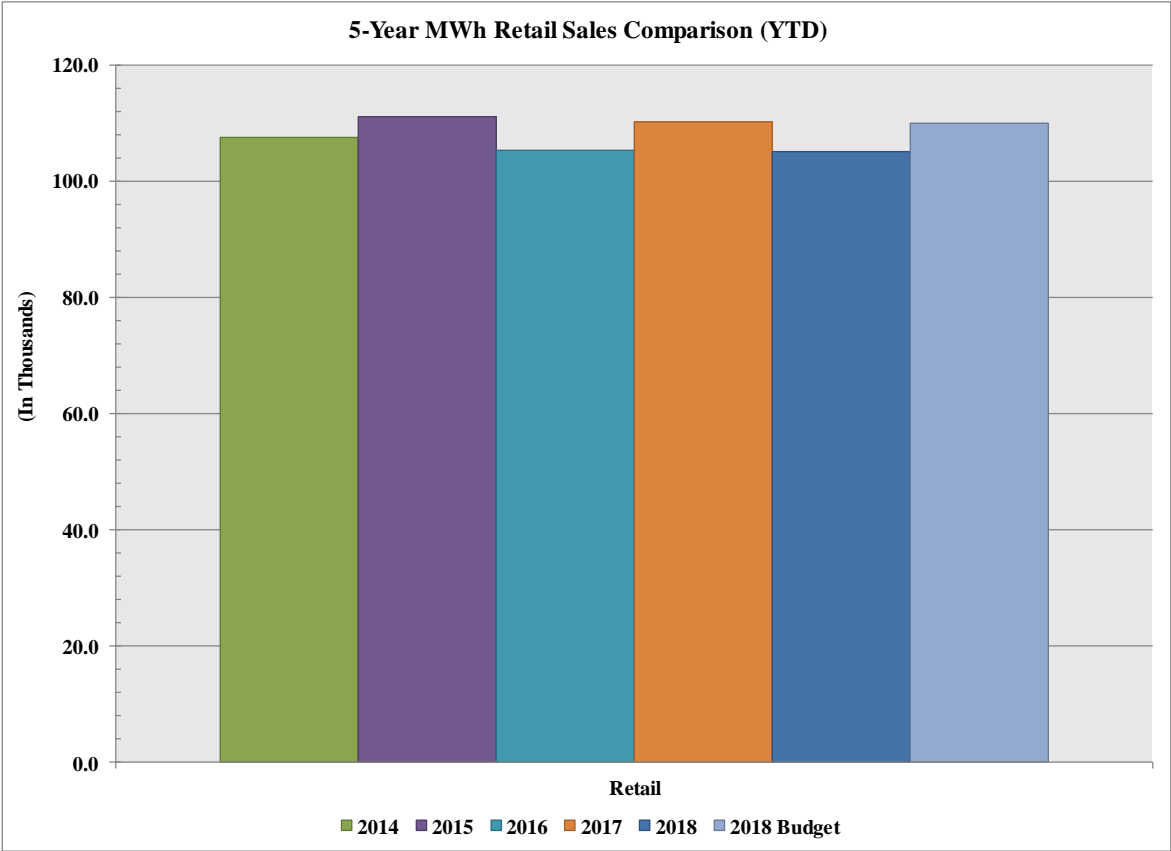
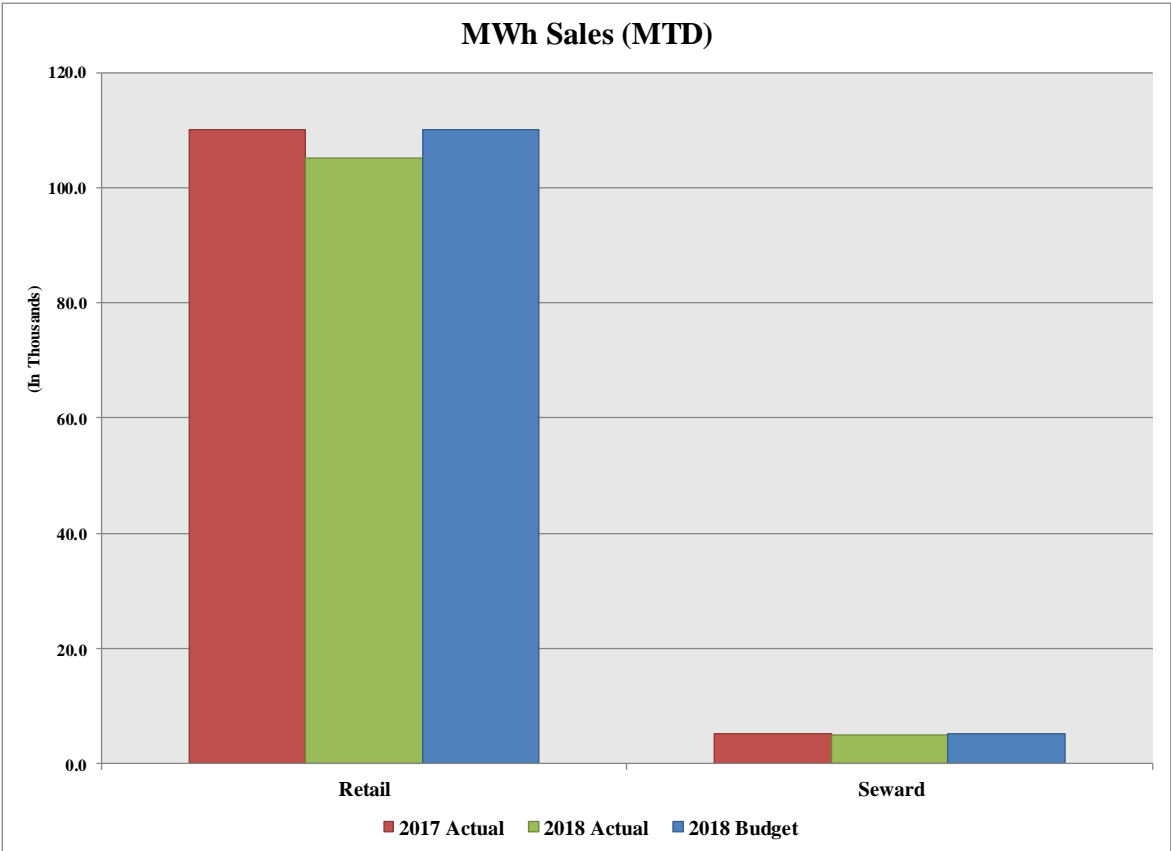


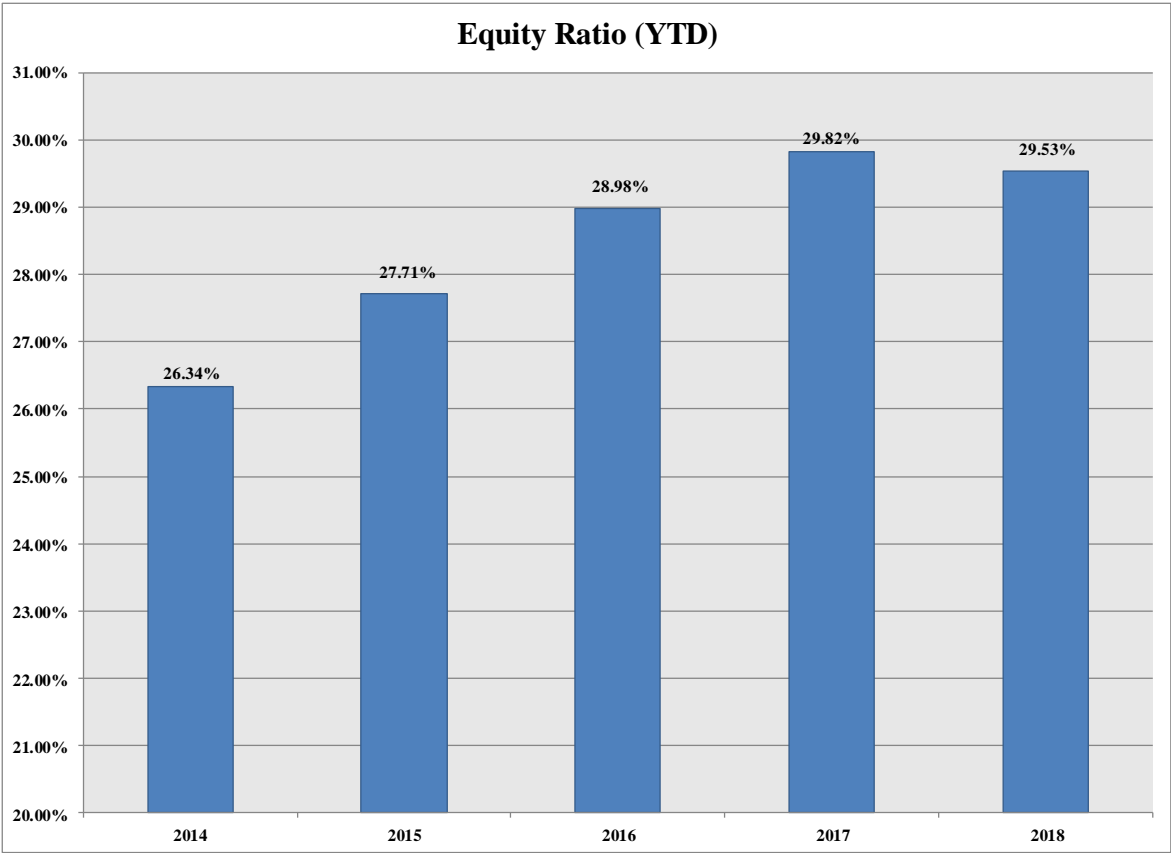
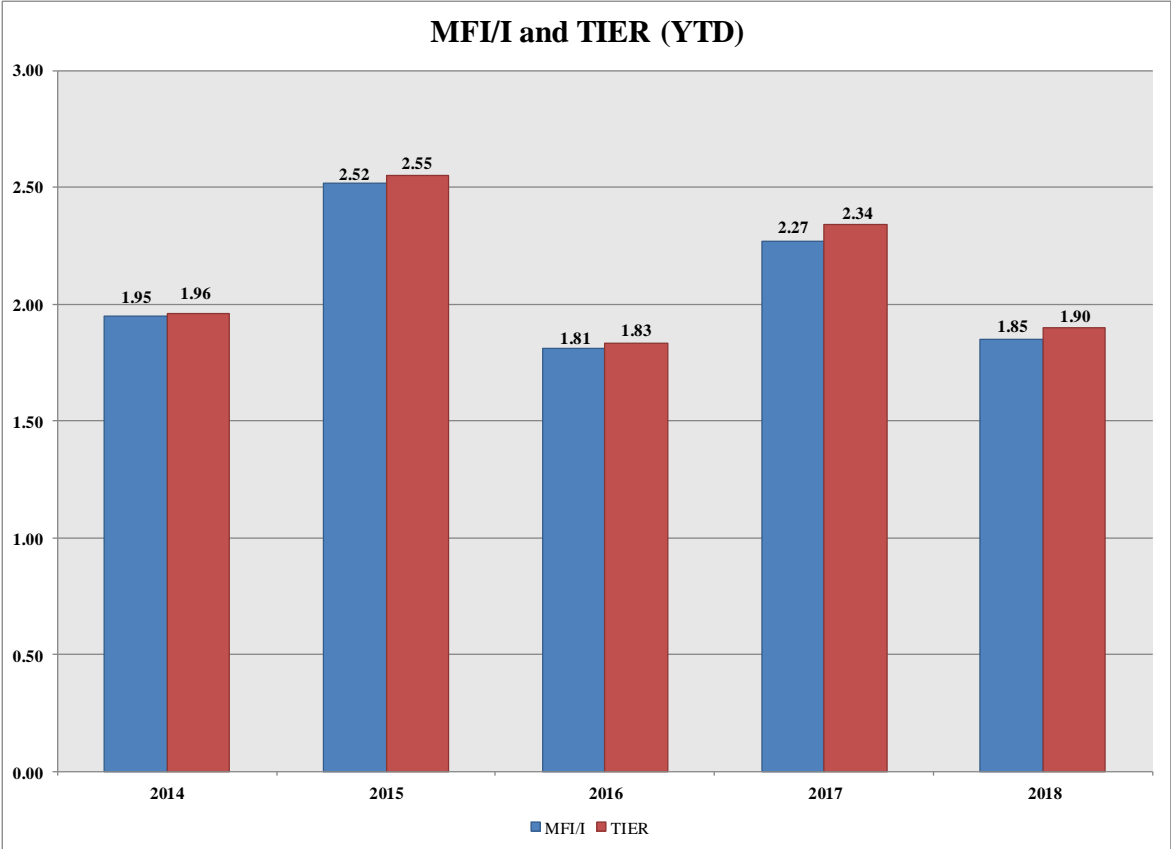


## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YTD ACTUAL

CATEGORY	2018 YTD ACTUAL	2017 YTD ACTUAL
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 20,400,586</b>	<b>\$ 20,851,929</b>
Fuel and Purchased Power Expense	8,482,438	8,270,061
Power Production Expense	1,449,618	1,328,184
Transmission Expense	633,686	381,692
Distribution Expense	1,224,386	1,096,759
Customer Expense	512,658	505,886
Administrative, General and Other	2,141,479	1,925,179
Depreciation and Amortization Expense	2,507,733	3,215,307
Interest Expense, Net	1,881,824	1,846,051
<b>Total Cost of Electric Service</b>	<b>\$ 18,833,822</b>	<b>\$ 18,569,119</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,566,764</b>	<b>\$ 2,282,810</b>
Non-Operating Margins - Interest	53,799	51,895
Allowance for Funds Used During Construction	7,671	5,675
Non-Operating Margins - Other	(13,241)	29,416
<b>Patronage Capital or Margins</b>	<b>\$ 1,614,993</b>	<b>\$ 2,369,796</b>
MFI/I	1.85	2.27
TIER	1.90	2.34







## ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	105,157,828	110,074,396
Wholesale Energy Sales	<u>5,011,604</u>	<u>5,199,404</u>
Total Firm Energy Sales	110,169,432	115,273,800
Economy Energy Sales	<u>0</u>	<u>0</u>
Total Energy Sales	110,169,432	115,273,800

Firm energy sales totaled 110,169,432 kWh, which was a 4.4% unfavorable variance compared to budget. Retail energy sales were under budget 4.5%, primarily related to low residential sales, and wholesale energy sales were under budget by 3.6%, primarily due to warmer than anticipated weather.

## ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$ 19.0	\$ 20.1
Wholesale Revenue	<u>0.6</u>	<u>0.6</u>
Total Firm Revenue	19.6	20.7
Economy Energy Revenue	0.0	0.0
Other Operating Revenue	<u>0.8</u>	<u>0.8</u>
Total Revenue	\$ 20.4	\$ 21.5

Revenue from firm sales totaled \$19.6 million compared to \$20.7 million in the budget. Firm revenue was lower than expected primarily due to lower than anticipated residential sales.

Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, miscellaneous service and other electric revenue. Other operating revenue totaled \$0.8 million compared to \$0.8 million in the budget, with no significant variance.

## FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 7.0	\$ 7.5
Purchased Power	<u>1.5</u>	<u>1.4</u>
Total	\$ 8.5	\$ 8.9

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$7.0 million compared to \$7.5 million projected in the budget. This favorable variance was primarily due to less fuel consumed as a result of lower sales and a slight increase in purchased power.

Actual fuel purchased for production was 850,588 MCF at an average effective delivered price of \$7.82 per MCF, compared to 926,403 MCF in the budget at an average effective delivered price of \$7.44 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 \$1.5 million compared to \$1.4 million in the budget. This variance was primarily due to higher than anticipated purchases from Fire Island.

Actual energy purchased was 18,972 MWh at an average effective price of 6.63 cents per kWh compared to 14,384 MWh budgeted at an average effective price of 7.97 cents per kWh. Higher than anticipated purchases from Bradley Lake resulted in a lower average effective price.

## POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 1.4	\$ 1.6

Power production expense was \$1.4 million compared to \$1.6 million in the budget. This favorable variance is due primarily to lower maintenance costs at SPP. Actual amounts billed for the maintenance contract were lower due to fewer than anticipated fired hours in the prior quarter. The lower fired hours reflect fall outage work and work to resolve performance issues on two of the gas turbines.

## TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 0.6	\$ 0.6

Transmission operations and maintenance expense was \$0.6 million compared to \$0.6 million in the budget, with no significant variance.

## DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 1.2	\$ 1.3

Distribution operations and maintenance expense was \$1.2 million compared to \$1.3 million in the budget. This favorable variance is primarily due to lower than anticipated vegetation control, locating costs, and substation equipment maintenance.

## CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 0.5	\$ 0.5

Consumer accounts and customer information expense was \$0.5 million compared to \$0.5 million in the budget, with no significant variance.

## ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 2.1	\$ 2.0

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 \$2.1 million compared to \$2.0 million in the budget. This variance was primarily due to increased costs associated with the ML&P acquisition.

## SUMMARY

Depreciation, interest, and interest during construction expense totaled \$4.4 million compared to \$4.5 million in the budget. The favorable variance compared to budget was primarily due to lower than anticipated depreciation expense as a result of adjustments from project closeouts.

All of the foregoing expenses resulted in total cost of electric service of \$18.8 million compared to \$19.5 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 \$48.2 thousand compared to \$62.1 thousand in the budget primarily due to the loss in value of marketable securities.

The net result of revenue and expenses was margins of \$1.6 million compared to projected margins of \$2.1 million in the budget. The current forecast projects year-end margins of \$6.3 million, an MFI/I of 1.28, and TIER of 1.30.

## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS YEAR-END FORECAST

CATEGORY	2018 APPROVED BUDGET	2018 YTD ACTUALS	2018 REVISED FORECAST
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 214,960,079</b>	<b>\$ 20,400,586</b>	<b>\$ 214,246,933</b> <sup>1 2</sup>
Fuel and Purchased Power Expense	85,194,690	8,482,438	84,726,474 <sup>1</sup>
Power Production Expense	18,965,542	1,449,618	18,965,542
Transmission Expense	6,915,445	633,686	6,915,445
Distribution Expense	14,835,722	1,224,386	14,835,722
Customer Expense	6,833,267	512,658	7,160,020 <sup>1 2</sup>
Administrative, General & Other	22,127,986	2,141,479	22,390,116 <sup>1 2</sup>
Depreciation and Amortization Expense	32,264,325	2,507,733	32,264,325
Interest Expense, Net	21,493,320	1,881,824	21,531,593 <sup>1</sup>
<b>Total Cost of Electric Service</b>	<b>\$ 208,630,297</b>	<b>\$ 18,833,822</b>	<b>\$ 208,789,237</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 6,329,782</b>	<b>\$ 1,566,764</b>	<b>\$ 5,457,696</b>
Non-Operating Margins - Interest	625,941	53,799	627,110 <sup>1</sup>
Allowance for Funds Used During Construction	181,126	7,671	179,289 <sup>1</sup>
Non-Operating Margins - Other	-	(13,241)	(13,241) <sup>1</sup>
<b>Patronage Capital or Margins</b>	<b>\$ 7,136,849</b>	<b>\$ 1,614,993</b>	<b>\$ 6,250,854</b>
MFI/I	1.32	1.85	1.28
TIER	1.35	1.90	1.30

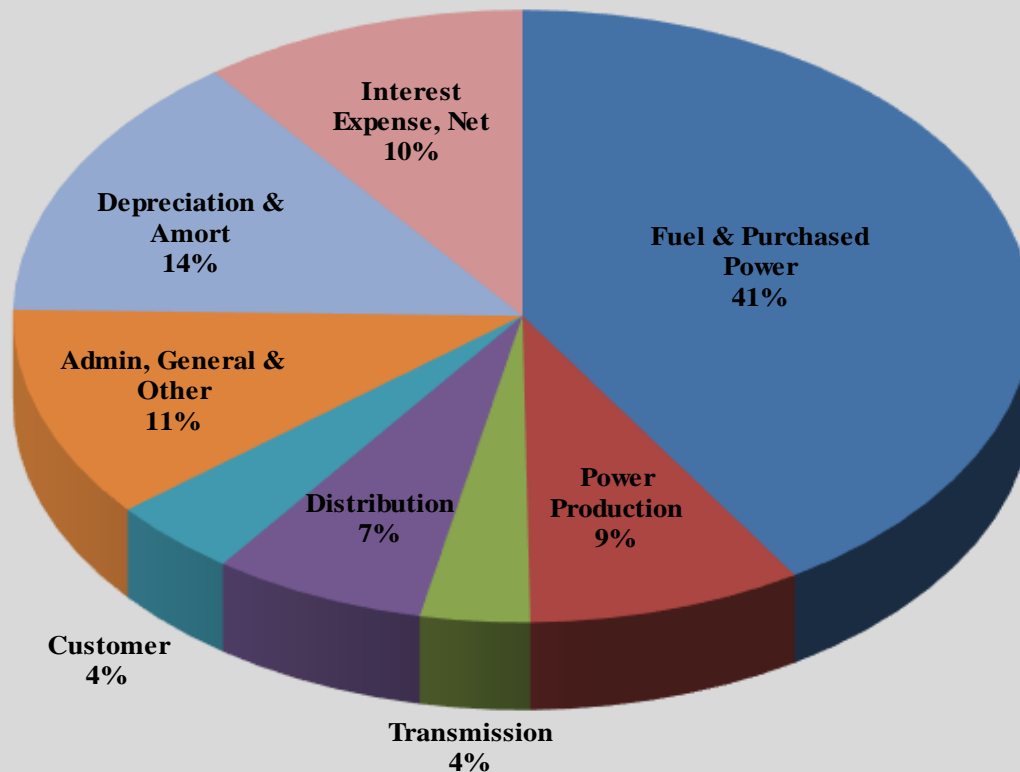
<sup>1</sup> Forecast based on 1 month actual and 11 month forecast

<sup>2</sup> Forecast has been adjusted to reflect known and measurable changes

## STATEMENT OF OPERATIONS

CATEGORY	2018 MTD ACTUAL	2018 MTD BUDGET	2018 MTD VARIANCE
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 17,928,463</b>	<b>\$ 18,702,089</b>	<b>\$ (773,626)</b>
Fuel and Purchased Power Expense	7,225,011	7,705,184	(480,173)
Power Production Expense	1,536,000	1,448,092	87,908
Transmission Expense	612,122	617,673	(5,551)
Distribution Expense	1,191,560	1,159,321	32,239
Customer Expense	722,006	511,554	210,452
Administrative, General and Other	1,975,586	1,794,599	180,987
Depreciation & Amortization Expense	2,524,676	2,656,151	(131,475)
Interest Expense, Net	1,821,177	1,847,911	(26,734)
<b>Total Cost of Electric Service</b>	<b>\$ 17,608,138</b>	<b>\$ 17,740,485</b>	<b>\$ (132,347)</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 320,325</b>	<b>\$ 961,604</b>	<b>\$ (641,279)</b>
Non-Operating Margins - Interest	51,356	50,223	1,133
Allowance for Funds Used During Construction	7,932	5,784	2,148
Non-Operating Margins - Other	(61,407)	-	(61,407)
<b>Patronage Capital or Margins</b>	<b>\$ 318,206</b>	<b>\$ 1,017,611</b>	<b>\$ (699,405)</b>

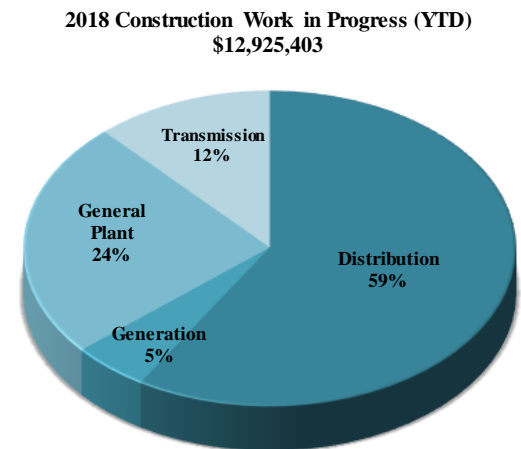
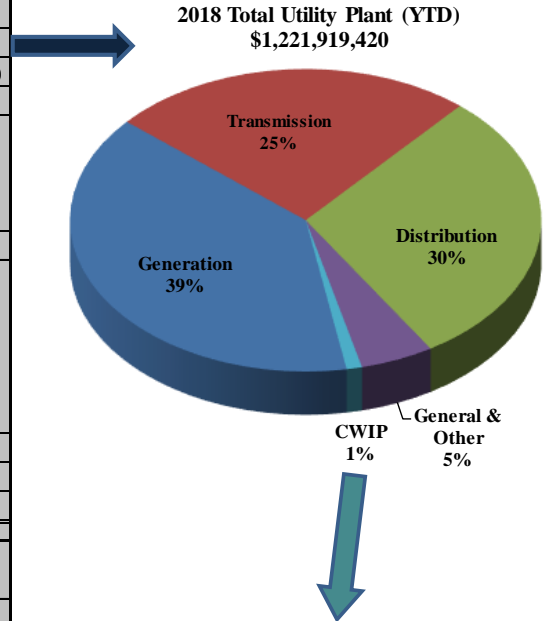
## Total Cost of Electric Service (MTD Actual)





## BALANCE SHEET

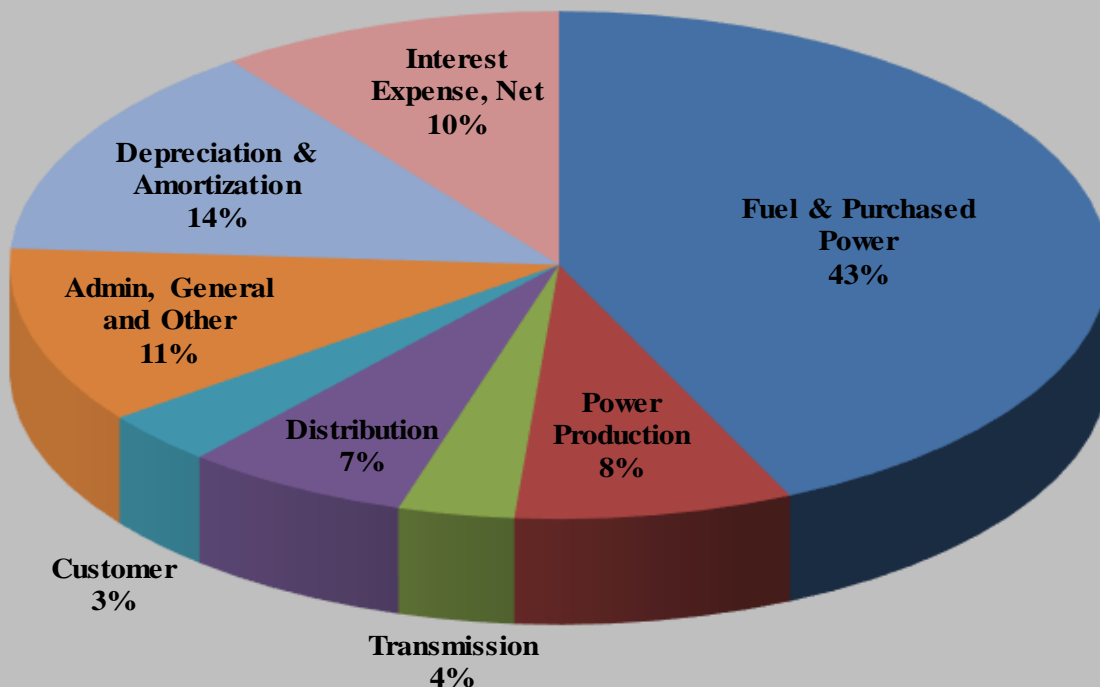
ASSETS & OTHER DEBITS	02/28/2018	12/31/17
Electric Plant in Service	1,208,994,017	1,205,092,224
Construction Work in Progress	12,925,403	17,952,573
<b>Total Utility Plant</b>	<b>\$ 1,221,919,420</b>	<b>\$ 1,223,044,797</b>
Accum. Prov. for Depreciation/Amortization	(516,763,781)	(515,496,312)
<b>Net Utility Plant</b>	<b>\$ 705,155,639</b>	<b>\$ 707,548,485</b>
Nonutility Property - Net	76,889	76,889
Investment in Assoc. Organizations	8,980,410	8,980,410
Special Funds	1,464,805	1,466,010
Restricted Cash & Other Investments	1,630,291	1,028,758
<b>Total Other Property &amp; Investments</b>	<b>\$ 12,152,395</b>	<b>\$ 11,552,067</b>
Cash, Marketable Securities & Other	15,933,992	16,906,531
Special Deposits/Restricted Cash	741,670	741,670
Accounts Receivable - Net	29,621,107	35,680,680
Materials and Supplies, Fuel Stock	21,244,806	22,193,089
Prepayments	5,644,506	4,953,170
Other Current & Accrued Assets	5,571,918	5,178,987
<b>Total Current &amp; Accrued Assets</b>	<b>\$ 78,757,999</b>	<b>\$ 85,654,127</b>
Deferred Debits	32,454,210	32,764,065
<b>Total Assets &amp; Other Debits</b>	<b>\$ 828,520,243</b>	<b>\$ 837,518,744</b>
LIABILITIES & OTHER CREDITS	02/28/2018	12/31/17
Memberships	1,722,624	1,719,154
Pat. Capital, Margins & Equities	189,513,014	187,582,140
<b>Total Margins &amp; Equities</b>	<b>\$ 191,235,638</b>	<b>\$ 189,301,294</b>
Long-Term Debt - Bonds	421,833,331	421,833,331
Long-Term Debt - Other	36,366,000	37,164,000
Unamortized Debt Issuance Costs	(2,627,794)	(2,669,485)
<b>Total Long-Term Debt</b>	<b>\$ 455,571,537</b>	<b>\$ 456,327,846</b>
Notes Payable	62,608,667	76,608,667
Accounts Payable	8,209,421	7,420,279
Consumer Deposits	5,245,993	5,335,896
Other Current & Accrued Liabilities	32,813,360	30,002,352
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$ 108,877,441</b>	<b>\$ 119,367,194</b>
Deferred Compensation	1,229,294	1,229,294
Other Liabilities, Non-Current	554,721	531,630
Deferred Liabilities	1,260,946	1,249,390
Patronage Capital Payable	8,798,077	8,798,077
Cost of Removal Obligation	60,992,589	60,714,019
<b>Total Liabilities &amp; Other Credits</b>	<b>\$ 828,520,243</b>	<b>\$ 837,518,744</b>



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

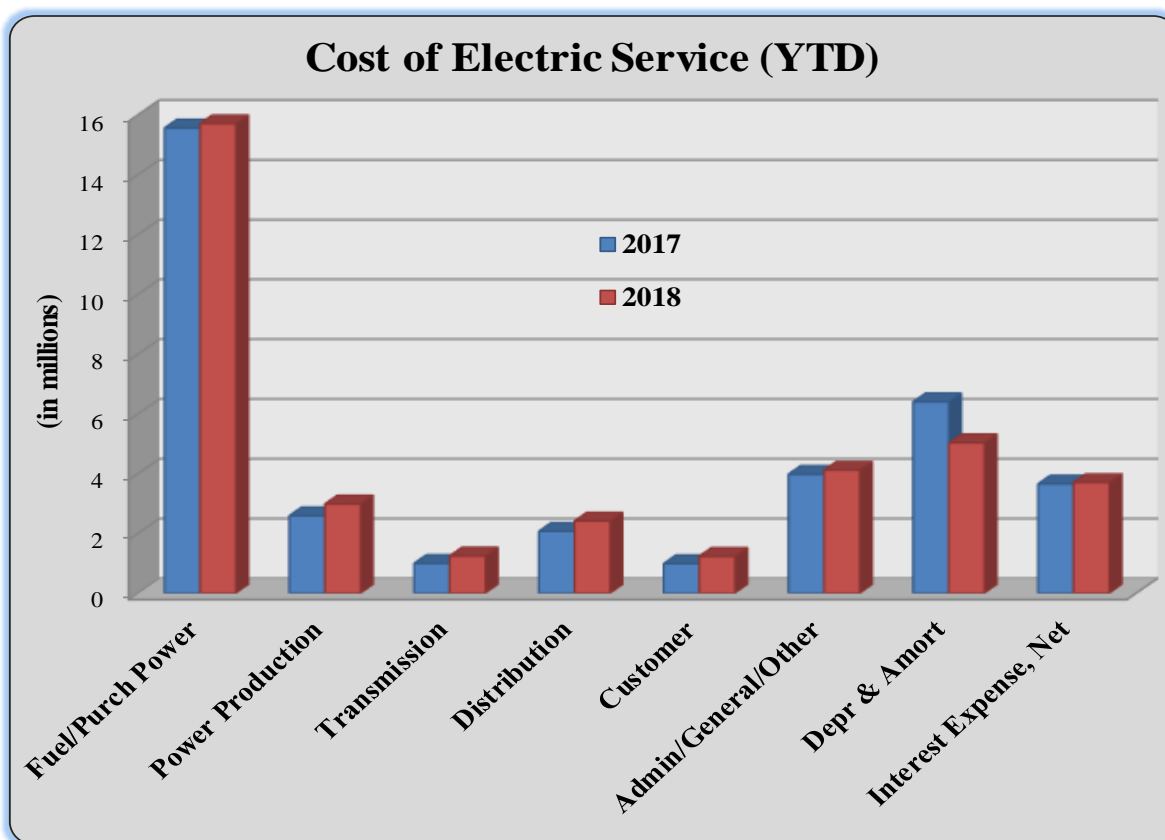
CATEGORY	2018 YTD ACTUAL	2018 YTD BUDGET	2018 YTD VARIANCE
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 38,329,050</b>	<b>\$ 40,165,821</b>	<b>\$ (1,836,771)</b>
Fuel and Purchased Power Expense	15,707,450	16,655,838	(948,388)
Power Production Expense	2,985,619	3,049,187	(63,568)
Transmission Expense	1,245,808	1,202,508	43,300
Distribution Expense	2,415,945	2,501,157	(85,212)
Customer Expense	1,234,664	1,025,977	208,687
Administrative, General and Other	4,117,065	3,773,948	343,117
Depreciation & Amortization Expense	5,032,409	5,314,798	(282,389)
Interest Expense, Net	3,703,000	3,691,462	11,538
<b>Total Cost of Electric Service</b>	<b>\$ 36,441,960</b>	<b>\$ 37,214,875</b>	<b>\$ (772,915)</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,887,090</b>	<b>\$ 2,950,946</b>	<b>\$ (1,063,856)</b>
Non-Operating Margins - Interest	105,154	102,853	2,301
Allowance Funds Used During Const.	15,604	15,292	312
Non-Operating Margins - Other	(74,649)	-	(74,649)
<b>Patronage Capital or Margins</b>	<b>\$ 1,933,199</b>	<b>\$ 3,069,091</b>	<b>\$ (1,135,892)</b>
MFI/I	1.52	1.82	
TIER	1.54	1.86	

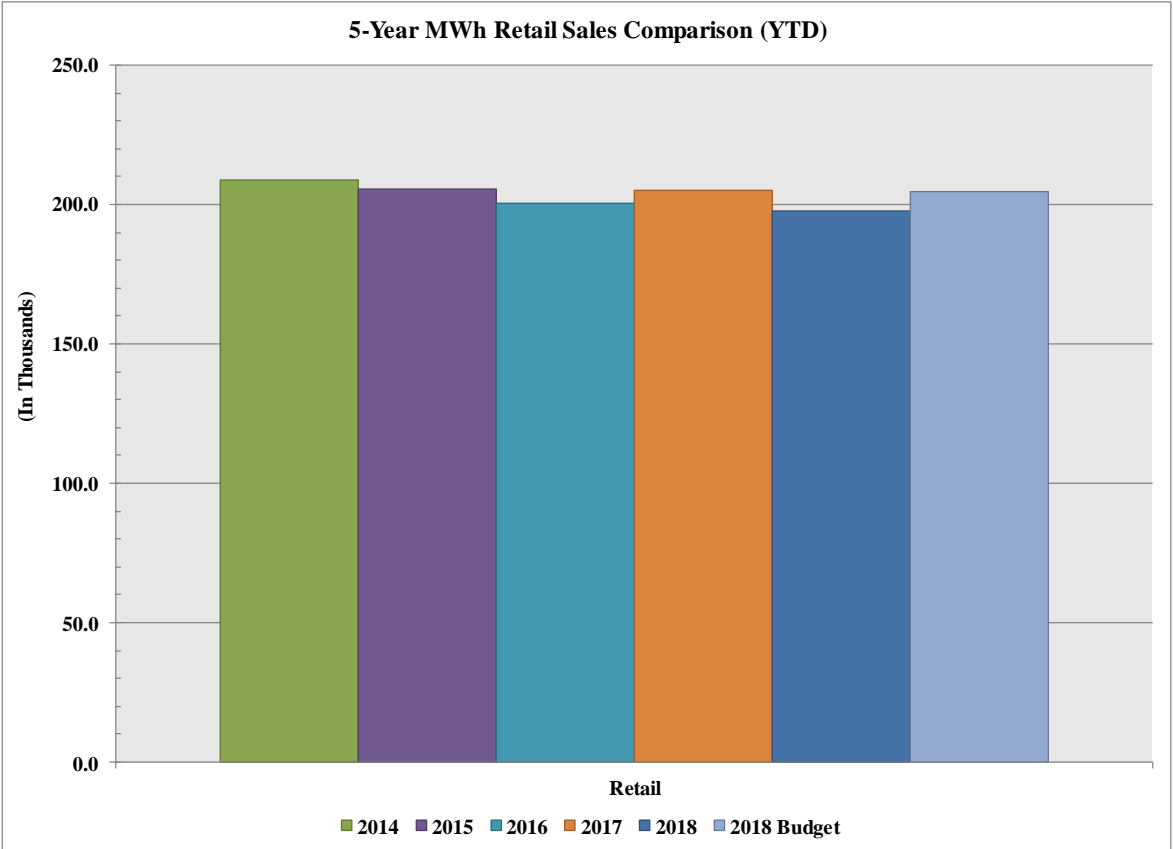
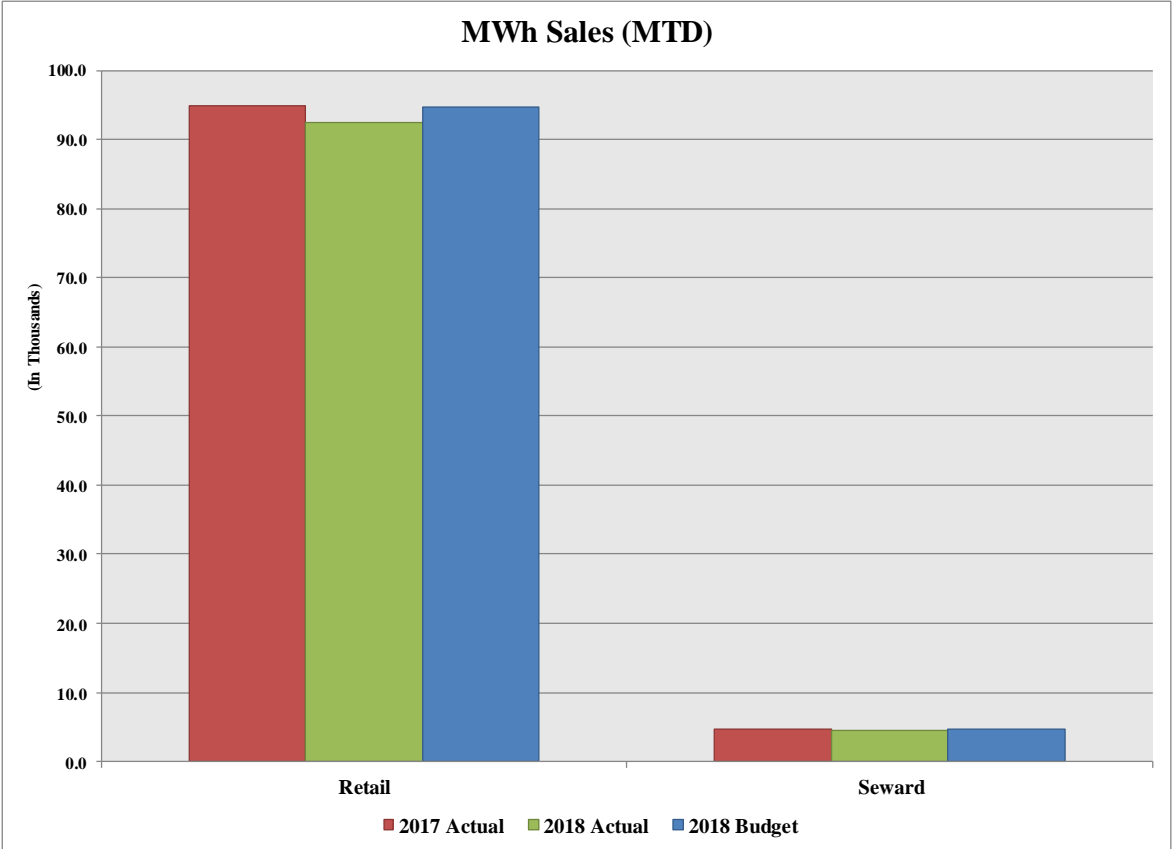
**Total Cost of Electric Service (YTD Actual)**

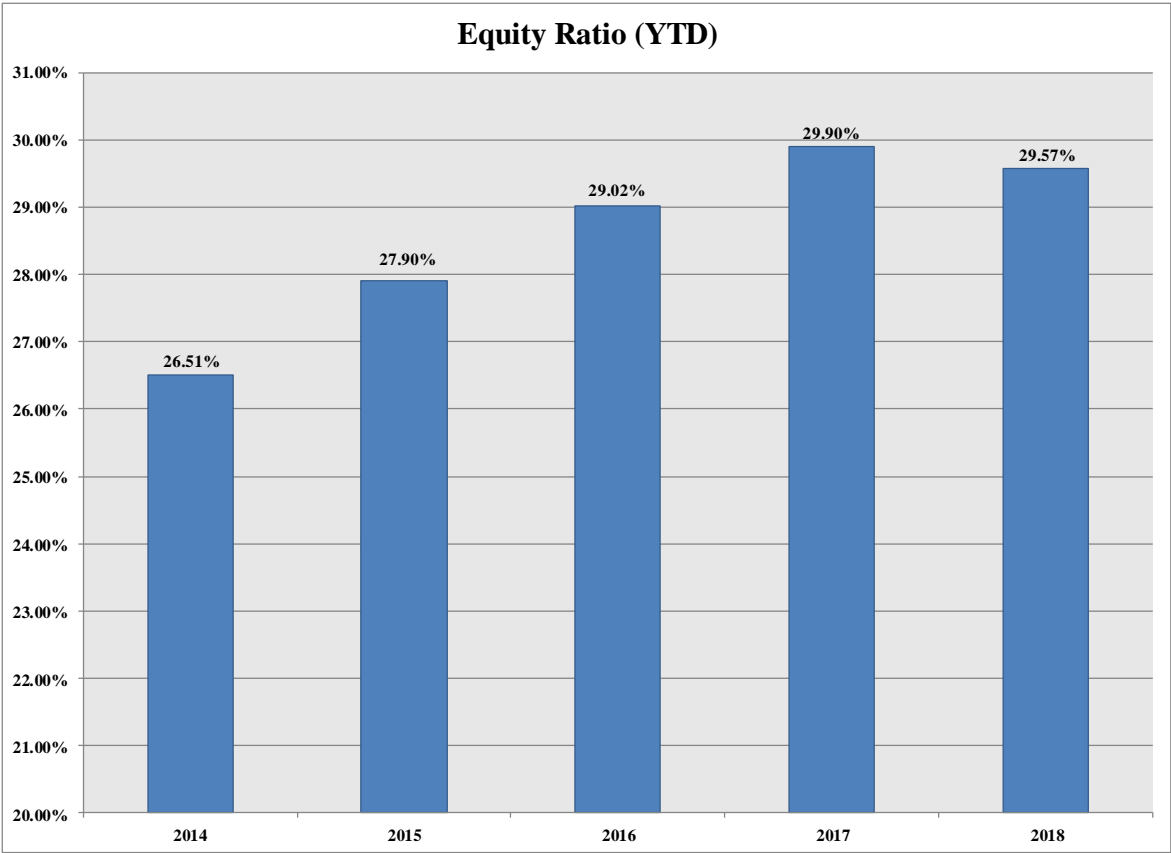
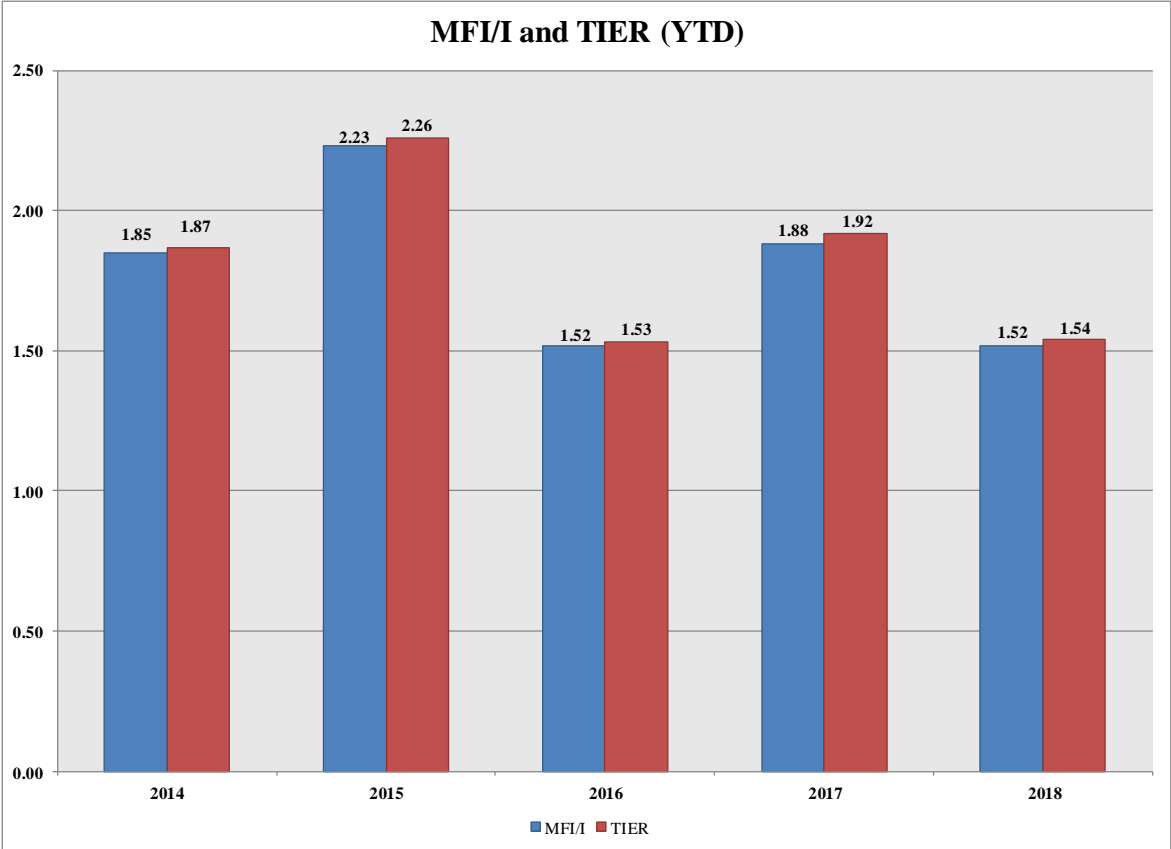


**COMPARATIVE FINANCIAL REPORT  
STATEMENT OF OPERATIONS  
CURRENT TO PRIOR YTD ACTUAL**

CATEGORY	2018 YTD ACTUAL	2017 YTD ACTUAL
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 38,329,050</b>	<b>\$ 39,303,289</b>
Fuel and Purchased Power Expense	15,707,450	15,559,332
Power Production Expense	2,985,619	2,588,906
Transmission Expense	1,245,808	997,906
Distribution Expense	2,415,945	2,072,863
Customer Expense	1,234,664	991,498
Administrative, General and Other	4,117,065	3,978,086
Depreciation and Amortization Expense	5,032,409	6,404,530
Interest Expense, Net	3,703,000	3,657,002
<b>Total Cost of Electric Service</b>	<b>\$ 36,441,960</b>	<b>\$ 36,250,123</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,887,090</b>	<b>\$ 3,053,166</b>
Non-Operating Margins - Interest	105,154	99,486
Allowance for Funds Used During Construction	15,604	10,245
Non-Operating Margins - Other	(74,649)	61,302
<b>Patronage Capital or Margins</b>	<b>\$ 1,933,199</b>	<b>\$ 3,224,199</b>
MFI/I	1.52	1.88
TIER	1.54	1.92







## ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	197,720,684	204,807,283
Wholesale Energy Sales	<u>9,589,665</u>	<u>9,822,399</u>
Total Firm Energy Sales	207,310,349	214,629,682
Economy Energy Sales	<u>0</u>	<u>0</u>
Total Energy Sales	207,310,349	214,629,682

Firm energy sales totaled 207,310,349 kWh, which was a 3.4% unfavorable variance compared to budget. Retail energy sales were under budget 3.5% and wholesale energy sales were under budget by 2.4%, primarily due to warmer than anticipated weather.

## ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$ 35.7	\$ 37.5
Wholesale Revenue	<u>1.0</u>	<u>1.0</u>
Total Firm Revenue	36.7	38.5
Economy Energy Revenue	0.0	0.0
Other Operating Revenue	<u>1.6</u>	<u>1.7</u>
Total Revenue	\$ 38.3	\$ 40.2

Revenue from firm sales totaled \$36.7 million compared to \$38.5 million in the budget. Firm revenue was lower than expected primarily due to lower than anticipated kWh sales.

Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, miscellaneous service and other electric revenue. Other operating revenue totaled \$1.6 million compared to \$1.7 million in the budget, primarily due to lower than anticipated wheeling revenue.

## FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 13.0	\$ 13.9
Purchased Power	<u>2.7</u>	<u>2.8</u>
Total	\$ 15.7	\$ 16.7

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$13.0 million compared to \$13.9 million projected in the budget. This favorable variance was primarily due to less fuel consumed as a result of lower sales and lower than anticipated BRU operating costs.

Actual fuel purchased for production was 1,598,651 MCF at an average effective delivered price of \$7.66 per MCF, compared to 1,688,546 MCF in the budget at an average effective delivered price of \$7.47 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 \$2.7 million compared to \$2.8 million in the budget. This variance was primarily due to a refund received from Alaska Energy Authority for contributions paid on the Battle Creek Diversion Project, which was somewhat offset by unanticipated purchases from ML&P.

Actual energy purchased was 34,725 MWh at an average effective price of 6.62 cents per kWh compared to 29,190 MWh budgeted at an average effective price of 7.72 cents per kWh.

## POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 3.0	\$ 3.0

Power production expense was \$3.0 million compared to \$3.0 million in the budget. While not a significant overall variance, costs associated with the community solar project and a maintenance procedures program were offset by lower than anticipated SPP maintenance costs.

## TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 1.2	\$ 1.2

Transmission operations and maintenance expense was \$1.2 million compared to \$1.2 million in the budget, with no significant variance.

## DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 2.4	\$ 2.5

Distribution operations and maintenance expense was \$2.4 million compared to \$2.5 million in the budget. This favorable variance is primarily due to lower than anticipated locating costs, which was somewhat offset by higher vegetation control expense.

## CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 1.2	\$ 1.0

Consumer accounts and customer information expense was \$1.2 million compared to \$1.0 million in the budget. This variance is primarily due to advertising for the ML&P acquisition.

## ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 4.1	\$ 3.8

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 \$4.1 million compared to \$3.8 million in the budget. This variance was primarily due to the timing and classification of costs associated with the ML&P acquisition.

## SUMMARY

Depreciation, interest, and interest during construction expense totaled \$8.7 million compared to \$9.0 million in the budget. The favorable variance compared to budget was primarily due to lower than anticipated depreciation expense as a result of adjustments from project closeouts.

All of the foregoing expenses resulted in total cost of electric service of \$36.4 million compared to \$37.2 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 \$46.1 thousand compared to \$118.1 thousand in the budget primarily due to the loss in value of marketable securities.

The net result of revenue and expenses was margins of \$1.9 million compared to projected margins of \$3.1 million in the budget. The current forecast projects year-end margins of \$6.1 million, an MFI/I of 1.28, and TIER of 1.30.



## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS YEAR-END FORECAST

CATEGORY	2018 APPROVED BUDGET	2018 YTD ACTUALS	2018 REVISED FORECAST
<b>Operating Revenue and Patronage Capital</b>	<b>\$ 214,960,079</b>	<b>\$ 38,329,050</b>	<b>\$ 213,473,308</b> <sup>1 2</sup>
Fuel and Purchased Power Expense	85,194,690	15,707,450	84,246,302 <sup>1</sup>
Power Production Expense	18,965,542	2,985,619	18,965,542
Transmission Expense	6,915,445	1,245,808	6,915,445
Distribution Expense	14,835,722	2,415,945	14,835,722
Customer Expense	6,833,267	1,234,664	7,154,814 <sup>1 2</sup>
Administrative, General & Other	22,127,986	4,117,065	22,521,103 <sup>1 2</sup>
Depreciation and Amortization Expense	32,264,325	5,032,409	31,981,936 <sup>1</sup>
Interest Expense, Net	21,493,320	3,703,000	21,504,858 <sup>1</sup>
<b>Total Cost of Electric Service</b>	<b>\$ 208,630,297</b>	<b>\$ 36,441,960</b>	<b>\$ 208,125,722</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 6,329,782</b>	<b>\$ 1,887,090</b>	<b>\$ 5,347,586</b>
Non-Operating Margins - Interest	625,941	105,154	628,242 <sup>1</sup>
Allowance for Funds Used During Construction	181,126	15,604	181,438 <sup>1</sup>
Non-Operating Margins - Other	-	(74,649)	(74,649) <sup>1</sup>
<b>Patronage Capital or Margins</b>	<b>\$ 7,136,849</b>	<b>\$ 1,933,199</b>	<b>\$ 6,082,617</b>
MFI/I	1.32	1.52	1.28
TIER	1.35	1.54	1.30

<sup>1</sup> Forecast based on 2 month actual and 10 month forecast

<sup>2</sup> Forecast has been adjusted to reflect known and measurable changes

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

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**April 25, 2018**

**ACTION REQUIRED**

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

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

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**TOPIC**

Debarr Substation Rebuild – Electric Power Constructors, Inc. Change Order

**DISCUSSION**

Debarr Substation is one of Chugach's larger distribution substations and normally serves approximately 20 MW of peak load and approximately 8300 members in East Anchorage. Debarr contains two 34.5-12.5 kV, 14 MVA power transformers. One of these transformers failed in 2016 and the other remains in service; both transformers are more than 50 years old. The 34.5 kV circuit switchers used to protect these transformers and the SCADA communications enclosure within the station are 30 years old. The 12.5 kV switchgear is also over 50 years old. We will replace all of this equipment as a part of this project.

On February 21, 2017, the Board authorized the Chief Executive Officer (CEO) to enter in an Engineer-Procure-Construct contract with Electric Power Constructors, Inc. for the Debarr Substation Upgrade Project in the amount of \$1,729,590.14. A new 14 MVA transformer and the 12.5 and 34.5 kV switchgear have been purchased by Chugach as owner furnished material to be installed under this contract by Electric Power Constructors, Inc.

Subsequent developments in the project design require a change order of \$597,841.38 to this initial contract value. This change order amount is greater than 15% of the original contract award amount. Board Policy 401 section 2.C.4.i, requires that for contracts exceeding \$1,000,000, Board authorization is required for change orders which are greater than 15% of the initial contract value or \$1,000,000 above the previously approved contract amounts. The purpose of this resolution is to secure board approval for this change order.

This change order is primarily driven by design changes relating to the historical permitting status of the site and the MOA's requirement that we mitigate existing right of way conflicts by relocating the reconstructed station approximately 14 feet to the west of its current location.

The relocation requirement results in significant modifications to the project as it was initially envisioned. The relocation changes include re-design of the station layout and access, additional fencing, and an accelerated construction schedule to accommodate the resulting delay to the start of construction. Also, included in this change order is additional reliability work that will more fully prepare the reconstructed station for a second transformer; and thereby, reduce the amount of time required to install a second transformer in the event other equipment failures in the area.

The actual change order value may be further negotiated up to execution of the change order but will not result in a material change to the amount and no material change in terms or conditions.

The proposed change order will increase Electric Power Constructors, Inc.'s contract amount from \$1,729,590.14 to the amount of \$2,327,431.52.

### **MOTION**

Move that the Board of Directors approve the resolution authorizing the Chief Executive Officer to execute a change order for the Debarr Substation Rebuild, increasing the amount not to exceed from \$1,729,590.14 by \$597,841.38 to a new amount not to exceed of \$2,327,431.52 with Electric Power Constructors, Inc.

## **RESOLUTION**

### **Debarr Substation Rebuild – Electric Power Constructors, Inc. Change Order**

WHEREAS, Chugach Electric Association, Inc. (Chugach) has identified the need to rebuild Debarr Substation to increase reliability and extend the life of the substation;

WHEREAS, Chugach has included this project in the 2017-2021 Capital Improvement Plan (CIP) which was approved by the Board on November 30, 2016, Regular Board of Directors' Meeting;

WHEREAS, the Chugach Board approved the Debarr Substation Rebuild Project Authorization at an estimated total cost of \$6,000,000 on January 26, 2017, Regular Board of Directors' Meeting;

WHEREAS, the Chugach Board authorized the Chief Executive Officer to approve the Procurement of the Debarr Substation Power Transformer through the contract with OTC Services, Inc. for four (4) power transformers at an amount not to exceed \$2,135,397 on January 26, 2017, Regular Board of Directors' Meeting;

WHEREAS, the Chugach Board authorized the Chief Executive Officer to approve a contract award with Electric Power Constructors, Inc. for the Debarr Substation Rebuild in an amount not to exceed \$1,729,590.14 on February 21, 2017, Regular Board of Directors' Meeting;

WHEREAS, the Chugach Board has authorized the Chief Executive Officer to execute a contract with Myers Power Products, Inc. for 34.5 kV switchgear in an amount not to exceed \$1,389,805 on November 29, 2017, Regular Board of Directors' Meeting;

WHEREAS, Chugach has included funding in its 2018 Annual Operating budget for the DeBarr Substation Rebuild;

WHEREAS, Chugach has publicly solicited and received bids for the Debarr Substation Rebuild from three bidders;

WHEREAS, Chugach has evaluated the bids and found Electric Power Constructors, Inc. to be the lowest, responsive and responsible bidder;

WHEREAS, Chugach was directed by the Municipality of Anchorage's (MOA) in February 2018 to relocate Debarr substation equipment encroaching in the Patterson Street Right of Way out of the Municipality's Right of Way and to apply for a major amendment to its conditional use permit; and

WHEREAS, Chugach has identified additional work needed to make the station ready for a second transformer thereby increasing the reliability of the station,

WHEREAS, these changes to the Debarr substation scope of work require changes in design and construction,



NOW THEREFORE, BE IT RESOLVED by the Board of Directors of Chugach Electric Association Inc. that the Chief Executive Officer is authorized to execute a contract increase with Electric Power Constructors, Inc. for the Debarr Substation Rebuild from the amount of \$1,729,590.14, by the amount of \$597,841.38 to an amount not to exceed \$2,327,431.52.

#### **CERTIFICATION**

I, James Henderson, 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 April, 2018; 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 25<sup>th</sup> day of April, 2018.

\_\_\_\_\_  
Secretary

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

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**April 25, 2018**

**ACTION REQUIRED**

**AGENDA ITEM NO. X.A.**

<u>      </u>	<b>Information Only</b>
<u>  X  </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**

2017 CEO Evaluation, Performance Matrix and Compensation

**DISCUSSION**

At the March 28, 2018, April 18, 2018 and April 25, 2018, Regular Board of Directors' Meetings, the Board discussed the CEO evaluation and performance matrix. As part of the discussion in executive session and to comply with SEC reporting requirements, the motion the board passes in regard to the CEO compensation package needs to include the following information:

- the amount
- who was involved in the decision (within Chugach, or outside - this would include a compensation consultant)
- how the amount was determined
- were there any goals or targets (either individual or company wide they used to evaluate him on; amount not tied directly to each goal is determined to be discretionary)
- timeline(s) (for payment, measurement, evaluation)
- any gross up

**MOTION**

Move that the Board of Directors approve the 2017 CEO evaluation and performance matrix. A merit increase in the amount of \_\_\_\_% of base salary, and a performance payment in the amount of \_\_\_\_% of base salary is authorized by the Board of Directors. This amount was determined without input from an outside compensation consultant. The amount was based on companywide and individual goals that were previously developed by the Board of the Directors. The amount was tied directly to these individual and companywide goals. The timeline for payment is on or before May 1, 2018 and does not include any gross up.

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

**REGULAR BOARD OF DIRECTORS' MEETING**  
**AGENDA ITEM SUMMARY**

**April 25, 2018**

**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

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**TOPIC**

2018 CEO Performance Parameters and Project Specific Objectives

**DISCUSSION**

At the April 18, 2018 and April 25, 2018, Regular Board of Directors' Meetings, the Board discussed the 2018 CEO Performance Parameters and Project Specifics Objectives.

**MOTION**

Move that the Board of Directors approve the 2018 CEO Performance Parameters and Project Specifics Objectives as discussed in Executive Session.