

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

REGULAR BOARD OF DIRECTORS' MEETING

AGENDA

Rachel Morse, Chair
Bettina Chastain, Vice Chair
Harold Hollis, Treasurer
James Henderson, Secretary

Sam Cason, Director
Mark Wiggin, Director
Erin Whitney, Director

July 21, 2021

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER (4:00 p.m.)
 - A. *Pledge of Allegiance*
 - B. *Roll Call*
 - C. *Safety Minute – “Lawn Mower Safety” (Andrews)*
- II. APPROVAL OF THE AGENDA*
- III. PERSONS TO BE HEARD
 - A. *Member Comments*
- IV. CONSENT AGENDA* (4:10 p.m.)
 - A. *Board Calendar*
 - 1. *Chastain Excused Absence – June 23, 2021, Regular Board Meeting*
 - B. *Training and Conferences*
 - 1. *NRECA Region IX Meeting – Morse (Alaska NRECA Representative) (September 28-30, 2021, Las Vegas, NV)*
 - C. *Minutes*
 - 1. *June 23, 2021, Regular Board of Directors’ Meeting (Quezon)*
 - D. *Director Expenses*
 - E. *Board Policy 206 – Statement of Functions of the Operations Committee*
 - F. *2022 Wholesale Power Contract for Seward Electric System*
 - G. *Board Policy 701 – Evaluation Process and Compensation Policy*
 - H. *Board Policy 702 – Chief Executive Officer - Search and Selection Policy*
 - I. *Board Policy 703 – Chief Executive Officer - Succession Plan*
 - J. *Board Policy 704 – Chief Executive Officer - Emergency Succession Plan*
 - K. *Board Policy 401 – Delegation of Authority - Board and Chief Executive Officer Relationship*
- V. CEO REPORTS AND CORRESPONDENCE (4:20 p.m.)
 - A. *May 2021 Financial Statements and Variance Report (Harris/Highers) (4:20 p.m.)*
 - B. *2nd Quarter 2021 Communications Report (Hasquet) (4:30 p.m.)*
 - C. *Write-off of Accounts Receivable – Electric/Other (Kurka/Miller) (4:40 p.m.)*

- D. 2022 Annual Meeting and Member Appreciation Day (Hasquet) (4:50 p.m.)*
- E. Board Policy Scheduled Tasks/Reports (Board/Staff) (5:00 p.m.)*

VI. DIRECTOR REPORTS (5:10 p.m.)

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

VII. UNFINISHED BUSINESS (*none*)

VIII. NEW BUSINESS (*none*)

IX. EXECUTIVE SESSION* (*scheduled*) (5:30 p.m.)

- A. Battery Energy Storage System (5:30 p.m.)*
- B. Strategic Planning Discussion (6:00 p.m.)*

X. NEW BUSINESS** (*scheduled*) (6:45 p.m.)

- A. Battery Energy Storage System** (Hickey)*

XI. DIRECTOR COMMENTS (7:00 p.m.)

XII. ADJOURNMENT* (7:15 p.m.)

* *Denotes Action Items*

** *Denotes Possible Action Items*

LAWN MOWER SAFETY

A close-up, low-angle shot of a green and yellow lawnmower in a lush green field. The mower's engine, fuel tank, and handle are visible. The background shows a vast green field stretching to a horizon under a dramatic, cloudy sky. The overall tone is serious and cautionary.

Regular Board Of Directors' Meeting
July 21, 2021

LAWN MOWER SAFETY

Ensure safe operation. Most experts recommend children younger than 12 should not use lawn mowers unsupervised. Never carry passengers on a riding lawn mower.

Prepare the space. Walk your lawn before mowing to check for and remove anything that could be struck by the lawn mower.

Dress the part. Wear proper footwear and hearing protection to protect against prolonged exposure to engine noise.

Handle with care. Keep hands and feet away from the spinning blades. Exercise care when mowing on an angle or up hill.

Beware of burns. Many people don't realize how hot the engine and exhaust can be. Burns are possible if unprotected skin comes in contact with these surfaces.



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* *Denotes Action Items*

** *Denotes Possible Action Items*

July 2021

July 2021							August 2021						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3	1	2	3	4	5	6	7
4	5	6	7	8	9	10	8	9	10	11	12	13	14
11	12	13	14	15	16	17	15	16	17	18	19	20	21
18	19	20	21	22	23	24	22	23	24	25	26	27	28
25	26	27	28	29	30	31	29	30	31				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jun 27	28	29	30	Jul 1	2 9:00am CEO Succession Cmte (Cason, Chastain, Whitney) (StarLeaf Cloud) - Connie Owens	3
4 4th of July	5 Observance 4th of July	6	7	8 10:30am REAP RPS Effort (Wiggin/Whitney/Morse) (Board Room CR) - Connie Owens	9	10
11	12 9:00am CEO Succession Planning Cmte (Cason, Chastain, Whitney) (Board Room CR) - Arden Quezon	13	14 4:00pm Operations Committee Meeting followed by Governance Committee Meeting (BoardroomCR) - Connie Owens	15	16	17
18	19 9:30am Review Board Packet (Morse/Chastain) (Board Room CR) - Connie Owens	20 3:30pm REAP Public Policy Committee (Wiggin/Whitney)	21 11:00am REAP Board Meeting (TBD) 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	22 NRECA Director Summer School - Virtual (Wiggin)	23 9:00am Review Audit and Finance Committee Packet (Hollis) (BoardroomCR) - Connie Owens	24
25	26	27	28 4:00pm Audit and Finance Committee (Internal Controls Workshop) (Board Room CR) - Connie Owens	29	30	31

August 2021

August 2021						
Su	Mo	Tu	We	Th	Fr	Sa
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September 2021						
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26	27	28	29	30		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Aug 1	2 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	3	4	5	6	7
8	9	10	11	12	13	14
15 National Hydropower Association Regional Meeting - 08/15/21	16 4:00pm Audit and Finance Committee Meeting (BoardroomCR) - Connie Owens	17 APA Annual Meeting (Land's End Resort) (Homer, AK) - Connie Owens	18 APA Annual Meeting (Land's End Resort) (Homer, AK) - Connie Owens	19 APA Annual Meeting (Land's End Resort) (Homer, AK) - Connie Owens	20 APA Annual Meeting (Land's End Resort) (Homer, AK) - Connie Owens	21 APA Annual Meeting (Land's End Resort) (Homer, AK) - Connie Owens
22	23 9:30am Review Board Packet (Chastain/Morse) (boardroomCR) - Connie Owens	24	25 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	26	27	28
29	30	31	Sep 1	2	3	4

September 2021

September 2021						
Su	Mo	Tu	We	Th	Fr	Sa
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October 2021						
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17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Aug 29	30	31	Sep 1	2	3	4
5	6 Labor Day	7	8 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	9	10	11
12	13	14	15 4:00pm Governance Committee Meeting (boardroomcr) - Connie Owens	16	17 9:30am Review Board Packet (Morse/Chastain) (BoardroomCR) - Connie Owens	18
19	20	21	22 Strategic Planning - 9/22 - 9/24 (TBD) - Connie Owens 3:15pm Board Photo (BoardroomCR) - Connie Owens 4:00pm Regular Board of Directors Meeting (boardroomCR) - Connie Owens	23	24	25
26	27	28 NRECA Region IX (Meeting Dates: Sept 28-30 - Director Education 9/28) (Las Vegas, NV)	29	30	Oct 1	2

October 2021

October 2021						
Su	Mo	Tu	We	Th	Fr	Sa
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November 2021						
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28	29	30				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sep 26	27	28	29	30	Oct 1	2
3	4	5	6	7	8	9
10	11	12	13 4:00pm Operations Committee Meeting (Board Room CR) - Connie Owens	14	15	16
17	18	19	20	21	22 9:30am Review Board Packet (Morse/Chastain) (boardroomCR) - Connie Owens	23
24	25 2021 Electrify Alaska Conference (Hollis) (Cordova, Alaska)	26	27 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	28	29	30
31	Nov 1	2	3	4	5	6

November 2021

November 2021						
Su	Mo	Tu	We	Th	Fr	Sa
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December 2021						
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19	20	21	22	23	24	25
26	27	28	29	30	31	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Oct 31	Nov 1	2	3	4	5	6
7	8	9	10 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	11 4:00pm Audit Committee Meeting (Budget/CIP) (BoardroomCR) - Connie Owens	12	13
14	15	16 4:00pm Audit and Finance Committee (BoardroomCR) - Connie Owens	17	18	19 9:30am Review Board Packet (Morse/Chastain) (BoardroomCR) - Connie Owens	20
21	22 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	23	24	25 Thanksgiving Holiday	26	27
28	29	30	Dec 1	2	3	4

December 2021

December 2021						
Su	Mo	Tu	We	Th	Fr	Sa
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January 2022						
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23	24	25	26	27	28	29
30	31					

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Nov 28	29	30	Dec 1 4:00pm Governance Committee Meeting (BoardroomCR) - Connie Owens	2	3	4
5	6	7	8 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	9	10 Directors Winter School (12/10-12/14) (Nashville, TN) 9:30am Review Board Packet (Morse/Chastain) (BoardroomCR) - Connie Owens	11
12 Directors Winter School (12/10-12/14) (Nashville, TN)	13	14	15 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	16	17	18
19	20	21	22	23 Christmas Holiday Observed	24	25 Christmas Day
26	27	28	29	30 New Year's Holiday Observed	31	Jan 1, 22

January 2022

January 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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16	17	18	19	20	21	22
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February 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Dec 26	27	28	29	30	31	Jan 1, 22 New Years Day
2	3	4	5	6	7	8
9	10	11	12 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	13	14	15
16	17	18	19	20	21 9:30am Review Board Packet (Morse/Chastain) (BoardroomCR) - CCBOD	22
23	24	25	26 4:00pm Regular Board of Directors Meeting (Board Room CR) - Connie Owens	27	28	29
30	31	Feb 1	2	3	4	5

February 2022

February 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

March 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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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
Jan 30	31	Feb 1	2	3	4	5
6	7	8	9 4:00pm Operations Committee Meeting (boardroomCR) - Connie Owens	10	11	12
13	14	15	16 4:00pm Governance Committee Meeting (Boardroomcr) - Connie Owens	17	18 9:30am Review Board Packet (Morse/Chastain) (boardroomcr) - Connie Owens	19
20	21	22	23 4:00pm Board of Directors Meeting (BoardroomCR) - Connie Owens	24	25	26
27	28	Mar 1	2	3	4	5

March 2022

March 2022							April 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
		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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Feb 27	28	Mar 1	2	3	4	5
				NRECA Annual Meeting (March 3-9, 2022) (Nashville, TN) - Connie Owens		
6	7	8	9	10	11	12
NRECA Annual Meeting (March 3-9, 2022) (Nashville, TN) - Connie Owens						
13	14	15	16	17	18	19
			4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens		9:30am Review Board Packet (BoardroomCR) - Connie Owens	
20	21	22	23	24	25	26
			4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens			
27	28	29	30	31	Apr 1	2
			4:00pm Audit and Finance Committee Meeting (BoardroomCR) - Connie Owens			

April 2022

April 2022							May 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
						1 2	1	2	3	4	5	6	7
3	4	5	6	7	8	9	8	9	10	11	12	13	14
10	11	12	13	14	15	16	15	16	17	18	19	20	21
17	18	19	20	21	22	23	22	23	24	25	26	27	28
24	25	26	27	28	29	30	29	30	31				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 27	28	29	30	31	Apr 1	2
3	4	5	6	7	8	9
10	11	12	13 4:00pm Operations Committee Meeting (BoardroomCR) - Connie Owens	14	15	16
17	18	19	20 4:00pm Governance Committee Meeting (boardroomCR) - Connie Owens	21	22 9:30am Review Board Packet (Morse/Chastain) (BoardroomCR) - Connie Owens	23
24	25	26	27 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	28	29	30

May 2022

May 2022							June 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
1	2	3	4	5	6	7				1	2	3	4
8	9	10	11	12	13	14	5	6	7	8	9	10	11
15	16	17	18	19	20	21	12	13	14	15	16	17	18
22	23	24	25	26	27	28	19	20	21	22	23	24	25
29	30	31					26	27	28	29	30		

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
May 1	2	3	4	5	6	7
8	9	10	11 4:00pm Operations Committee Meeting (Board Room CR) - Connie Owens	12	13	14
15	16	17 5:00pm Annual Meeting (TBD) - Connie Owens	18 4:00pm Audit and Finance Committee Meeting (BoardroomCR) - Connie Owens	19	20 9:30am Review Board Packet (Morse/Chastain) (boardroomCR) - Connie Owens	21
22	23	24	25 4:00pm Regular Board of Directors Meeting (BoardroomCR) - Connie Owens	26	27	28
29	30 Memorial Day - Connie Owens	31	Jun 1	2	3	4

June 2022

June 2022							July 2022						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4						1	2
5	6	7	8	9	10	11	3	4	5	6	7	8	9
12	13	14	15	16	17	18	10	11	12	13	14	15	16
19	20	21	22	23	24	25	17	18	19	20	21	22	23
26	27	28	29	30			24	25	26	27	28	29	30
							31						

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
May 29	30	31	Jun 1	2	3	4
5	6	7	8 4:00pm Operations Committee Meeting	9	10	11
12	13	14	15 4:00pm Governance Committee Meeting	16	17 9:30am Review Board Packet w/Chair	18
19	20	21	22 4:00pm Regular Board of Directors Meeting	23	24	25
26	27	28	29	30	Jul 1	2

Regional Meeting 7&9

Las Vegas, NV September 28 - 30, 2021 *(Dates subject to change)*

NRECA Regional Meetings bring together electric co-op CEOs, directors, voting delegates and key staff to engage with industry experts and colleagues who share common issues.

MORE INFORMATION COMING SOON!

2021 Regional Meeting 7&9

By attending NRECA Regional Meetings, co-op leaders make vital contributions to the role America's electric cooperatives will play in leading the new energy future.

Your Regional Meeting Advantages

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

- **Invest in your own professional development** by attending pre-meeting education opportunities.

Questions about the Program?

Kristen Wheeler

703-907-5695

Kristen.Wheeler@nreca.coop

Questions about Sponsorships?

Stephanie Harbrecht

571-289-0412

stephanie.harbrecht@nreca.coop

Questions about Registration?

Accounts Receivable

703-907-6875

accountsreceivable@nreca.coop

Cancellation and Refund Policy →**Photography/Image Agreement →****Conferences, Meetings & Training Policies →**

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

June 23, 2021
Wednesday
4:00 p.m.

REGULAR BOARD OF DIRECTORS' MEETING

Recording Secretary: Arden Quezon

I. CALL TO ORDER

Chair Morse called the Regular Board of Directors' Meeting to order at 4:02 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Pledge of Allegiance

Chair Morse lead the Board in the Pledge of Allegiance.

B. Roll Call

Board Members Present:

Rachel Morse, Chair
Bettina Chastain, Vice Chair (*absent*)
James Henderson, Secretary
Harold Hollis, Treasurer
Sam Cason, Director
Mark Wiggin, Director
Erin Whitney, Director

Guests and Staff Attendance

Present:

Lee Thibert	Tyler Andrews	Julie Hasquet
Matthew Clarkson	Pete Smithson	Teresa Kurka
Sherri Highers	Sean Skaling	Jean Kornmuller
Arthur Miller	Kathy Harris	Barry Piser

Via Teleconference:

Connie Owens	Laurel Foster	Nabi Qureshi, Member
Danielle Bigelow	Crystal Enkvist, APA	

Chair Morse and Julie Hasquet, Manager, Corporate Communications introduced Barry Piser, the new Communication and Creative Specialist.

C. Safety Minute

Tyler Andrews, Executive VP Employee Services and Communications discussed "Bear Safety."

II. APPROVAL OF AGENDA

Director Cason moved and Director Wiggin seconded the motion to approve the agenda. The motion passed unanimously.

III. PERSONS TO BE HEARD

None

IV. CONSENT AGENDA

- A. *Board Calendar*
- B. *Training and Conferences*
 - 1. *Alaska Power Association Annual Meeting (August 17-20, 2021, Homer, AK)*
- C. *Minutes*
 - 1. *May 26, 2021, Regular Board of Directors' Meeting (Abruzzino)*
- D. *Director Expenses*
- E. *BP 100 – Code of Ethics for Directors and Employees (Clarkson)*
- F. *BP 105 – Confidential Information (Clarkson)*
- G. *BP 107 – Representative Re: Jointly Operated Assets (Thibert/Clarkson)*
- H. *BP 201 – Open Meetings & Executive Sessions of the Board (Clarkson)*
- I. *BP 202 – Procedures for Board of Directors Meetings (Clarkson)*
- J. *BP 209 – Indemnification of Directors (Clarkson)*
- K. *BP 401 – Delegations of Authority from the Board of Directors (Clarkson)*

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

V. CEO REPORTS AND CORRESPONDENCE

- A. *April 2021 Financial Statements and Variance Report (Harris/Highers)*
Sherri Highers, Chief Financial Officer (CFO), Executive VP, Finance and Administration discussed the April 2021 Financial Statements and Variance Report and responded to questions from the Board.
- B. *2021 Annual Meeting Election Report (Kurka/Miller)*
Teresa Kurka, Director Member Services discussed the 2021 Annual Meeting Election Report. Teresa Kurka and Julie Hasquet, Manager, Corporate Communications responded to questions from the Board.
- C. *2nd Quarter 2021 Railbelt Bill Comparison (Skaling/Miller)*
Sean Skaling, Manager, Sustainability & Program Development and Arthur Miller, Executive VP, Regulatory & External Affairs discussed the 2nd Quarter 2021 Railbelt Bill Comparison and responded to questions from the Board.
- D. *Board Policy Scheduled Tasks/Reports (Board/Staff)*
Lee Thibert, Chief Executive Officer (CEO), discussed the Board Policy Scheduled Tasks/Reports and responded to questions from the Board.

VI. DIRECTOR REPORTS

- A. *Alaska Power Association (APA) Report*
Director Hollis introduced Crystal Enkvist, Executive Director, APA and she provided an update on APA activities, upcoming events and responded to questions

from the Board.

- B. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
Lee Thibert, CEO and Director Henderson stated that ARCTEC has not met and there is nothing to report.

- C. *Renewable Energy Alaska Project (REAP) Report*
Directors Whitney and Wiggin reported on the June 1 and June 15, 2021, REAP Public Policy Committee meetings.

Director Whitney requested to further discuss REAP in VIII. Executive Session. No objections were made.

- D. *Board Committee Reports (Audit and Finance, Operations & Governance)*
Director Hollis reported on the May 19, 2021, Audit and Finance Committee meeting. He also informed the Board that the next Audit and Finance Committee meeting is scheduled for July 28, 2021.

Director Hollis reported that Operations Committee has not met since May and that the next Operations Committee meeting is scheduled for July 14, 2021.

Director Cason reported on the June 16, 2021, Governance Committee meeting and stated that the next Governance Committee meeting is scheduled for July 14, 2021, immediately following the Operations Committee meeting.

- E. *Other Meeting Reports*
Director Whitney reported on attending a meeting with Chair Morse that was organized by Alaska Center and also attended by other utility stakeholders in regard to providing input to Lisa Murkowski's office about the Federal Infrastructure legislation.

VII. UNFINISHED BUSINESS

VIII. EXECUTIVE SESSION

- A. *2022 Annual Meeting Planning*
- B. *Renewable Energy Plan Quarterly Status Report*
- C. *Amendment to Stipulation Resolving all Issues – ML&P Acquisition Docket (U-18-102/U-19-020/U-19-021)*
- D. *Chugach-Hilcorp Gas Agreement*
- E. *Chugach-Furie Gas Agreement*

At 5:01 p.m., Director Cason moved and Director Henderson seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Board of Directors' Audit and Finance Committee 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; and, 2) to discuss legal matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

The meeting reconvened in open session at 6:56 p.m.

IX. NEW BUSINESS

A. Update Bank Signature Cards (Harris/Highers)

Director Hollis moved and Director Cason seconded that the Board of Directors approve the attached resolution updating the bank signature cards based on the election of officers at its May 26, 2021, Regular Board of Directors' Meeting and changes in accounting management personnel. The motions passed unanimously.

B. Appointment of NRECA Voting Delegate and Alternate (Board)

Motion 1:

Director Wiggin moved and Director Hollis seconded that the Board of Directors appoint Chair Morse as the NRECA Voting Delegate. The motion passed unanimously.

Motion 2:

Director Wiggin moved and Director Hollis seconded that the Board of Directors appoint Director Chastain as the NRECA Voting Alternate. The motion passed unanimously.

C. Appointment of CFC Voting Delegate and Alternate (Board)

Motion 1:

Director Cason moved and Director Henderson seconded that the Board of Directors appoint Director Hollis as the CFC Voting Delegate. The motion passed unanimously.

Motion 2:

Director Cason moved and Director Henderson seconded that the Board of Directors appoint Director Henderson as the CFC Voting Alternate. The motion passed unanimously.

D. 2020 Capital Credit Allocations (Kornmuller/Miller)

Director Cason moved and Director Wiggin seconded the motion that the Board of Directors approve the attached Resolution authorizing 2020 capital credit allocations in the amounts of \$4,491,699 to South District retail members, \$42,322 to Seward Electric System, and \$462,860 to North District retail members. The motion passed unanimously.

E. Authorizing Amendment of the Retirement Security (RS) Plan (Andrews/Thibert)

Director Wiggin moved and Director Cason seconded that the Board of Directors approve the attached resolution and authorize Lee Thibert, CEO, to execute all necessary documents and to take any and all further actions necessary to carry out the intentions of the Board as indicated in the attached resolution. The motion passed unanimously.

Lee Thibert, CEO and Tyler Andrews, Executive VP, Employee Services and Communications discussed Authorizing Amendment of the Retirement Security (RS) Plan and responded to questions from the Board.

F. Amendment to Stipulation Resolving all Issues – ML&P Acquisition Docket (U-18-102/U-19-020/U-19-021) (Miller/Clarkson)

Director Hollis moved and Director Cason seconded that the Board of Directors approve the attached resolution authorizing the Chief Executive Officer to submit a petition to the Regulatory Commission of Alaska requesting approval to reduce annual expense amounts, to the extent needed, of the Secondary Regulatory Asset and/or the Eklutna PPA that would allow Chugach to achieve an MFI of 1.20 in December of 2021, 2022 and 2023. The motion passed unanimously.

G. Chugach-Hilcorp Gas Agreement (Fouts)

Director Cason moved and Director Wiggin seconded that the Board of Directors authorize the Chief Executive Officer to approve additional purchase orders under the amended Contract CEA-14 cumulatively in excess of \$1,000,000 net to the Association. The motion passed unanimously.

H. Chugach-Furie Gas Agreement (Fouts)

Director Wiggin moved and Director Cason seconded that the Board of Directors authorize the Chief Executive Officer to execute the Chugach-Furie Gas Sale and Purchase Agreement with an effective date of July 1, 2021, as discussed in Executive Session. The motion passed unanimously.

X. DIRECTOR COMMENTS

Director comments were made at this time.

XI. ADJOURNMENT

At 7:18 p.m., Director Hollis moved and Director Cason seconded the motion to adjourn. The motion passed unanimously.

James Henderson, Secretary
Date Approved: July 21, 2021

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.D.

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

TOPIC

Director Expenses

DISCUSSION

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

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.E.

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

TOPIC

Board Policy 206 – Statement of Functions of the Operations Committee

DISCUSSION

Staff and the Board of Directors (Board) are charged with reviewing and updating, as necessary, all Board Policies on a routine basis. Staff has undertaken a review of the above referenced Policy and is recommending updates to clarify and provide language regarding the Committee's duties as it relates to the annual performance evaluation of the Chief Executive Officer.

At the July 14, 2021, Operations Committee meeting, the Committee recommended the Board of Directors approve revisions to Board Policy 206 – Statement of Functions of the Operations Committee, as discussed and shown in the attached draft policy.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 206

STATEMENT OF FUNCTIONS OF THE OPERATIONS COMMITTEE

I. OBJECTIVE

To state the functions of the Operations Committee. The purpose of the Operations Committee shall be to study, examine and report on matters assigned to it by the Board of Directors.

II. DUTIES AND RESPONSIBILITIES

- A. Annually conduct the performance evaluation for the Chief Executive Officer and provide a written report to the Board of Directors detailing the results of such evaluation on or before the first Board meeting in April as required by Board Policy 103.
- B. Reviews such other matters as may be specifically assigned to it by the Board.

III. COMMITTEE ORGANIZATION

- A. The Committee shall be comprised of five Board members.
- B. A quorum of the Committee shall consist of three members.
- C. The Board Chair shall appoint the Committee Chair as well as the Directors to serve on the Committee. The Committee shall elect from its membership a Vice Chair.
- D. The Committee shall meet as needed. The Committee Chair shall convene all meetings of the Committee. In his or her absence, the Committee Vice Chair shall convene meetings. The Committee Chair or a quorum of the Committee may call a special meeting of the Committee.
- E. The Committee Chair may appoint sub-committees from the Committee's membership to study specific areas. Written statements of the functions of such sub-committees should be prepared and reviewed periodically.

Date Approved: July 21, 2021

Attested: _____
James Henderson
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.F.

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

TOPIC

2022 Wholesale Power Contract between Chugach Electric Association, Inc. and the City of Seward d/b/a Seward Electric System

DISCUSSION

Chugach Electric Association, Inc. (Chugach) provides generation and transmission service to Seward Electric System under an interruptible wholesale power sales agreement titled, “2006 Agreement for the Sale and Purchase of Electric Power and Energy between Chugach Electric Association, Inc. and the City of Seward”, with amendments one and two (“2006 Agreement”). The 2006 Agreement expires on December 31, 2021.

Chugach and Seward Electric System have negotiated an updated agreement titled, “2022 Wholesale Power Contract between Chugach Electric Association, Inc. and the City of Seward d/b/a Seward Electric System” (“2022 Agreement”). The 2022 Agreement provides for an initial 3-year term, with two subsequent 3-year automatic extensions unless terminated by Chugach or Seward Electric System.

The 2022 Agreement is an extension of the 2006 Agreement, with continuation of generation interruptibility if power supplies are not available from the Chugach system. Additionally, in recognition of Seward’s capacity from the Fort Raymond Power Plant, no generation reserves are assigned to Seward. The 2022 Agreement provides significant opportunity for mutual benefit in key areas of operations, including employee training, electric vehicle charging infrastructure, renewable generation, dispatch and engineering services, cyber security, and Advanced Metering Infrastructure.

Based on current rates, the 2022 Agreement provides \$2.3 million in base rate fixed-cost contribution to the Chugach system. Although there is no impact on the amount of fuel and purchased power costs assigned to Seward, the 2022 Agreement simplifies fuel and purchased power cost recovery processes such that these costs are recovered by Chugach through fuel and purchased power rates rather than through a specified dollar amount. The 2022 Agreement also provides for the optionality of Seward Electric System to purchase natural gas to meet all or portions of the energy requirements and to meet a portion of its power supply needs through economy energy purchases subject to Chugach approval based on operational or economic conditions.

If approved, Chugach will submit the 2022 Agreement to the Regulatory Commission of Alaska for approval.

At the July 14, 2021, Operations Committee meeting, the Committee recommend the Board of Directors to authorize the Chief Executive Officer to execute the 2022 Wholesale Power Contract between Chugach Electric Association, Inc. and the City of Seward d/b/a Seward Electric System and to submit the agreement to the Regulatory Commission of Alaska for approval.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.G.

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

TOPIC

New Board Policy 701 – Chief Executive Officer Evaluation Process and Compensation

DISCUSSION

The Board of Directors (Board) is authorized to make, adopt, and enforce policies, rules, and regulations, consistent with the law, articles of incorporation, and bylaws, as it may deem advisable for the management of the affairs and business of the Association for the protection of its investment, and for the interest and welfare of the members thereof. The attached new Board Policy 701 – Chief Executive Officer Evaluation Process and Compensation falls within that authority.

At the July 14, 2021, Governance Committee meeting, the Committee recommend the Board of Directors adopt the attached Board Policy 701 – Chief Executive Officer Evaluation Process and Compensation as discussed in Executive Session.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 701

CHIEF EXECUTIVE OFFICER EVALUATION PROCESS AND COMPENSATION

I. OBJECTIVE

To provide a competitive total compensation package consistent with market-based compensation practices which will provide Chugach Electric Association, Inc. (Association) the ability to attract, retain, and motivate a highly qualified Chief Executive Officer (CEO) possessing the experience and skills needed to enhance the overall performance of the organization. This policy shall be used as a tool to guide the Board's contract negotiations with potential CEO candidates. In the event of a conflict between this policy and an existing CEO Employment Agreement, the CEO Employment Agreement shall control.

II. CONTENT

The Association believes that strong and effective leadership is the cornerstone to its continued success. The CEO evaluation process and compensation program is designed to attract and retain a high-caliber CEO; provide a market-based, competitive, total compensation package, including benefits; strongly support a "pay for performance" culture; support the goals of the organization; reward individual accomplishment and organizational success; balance the need to be competitive within the scope of available financial resources; and ensure that the total compensation package complies with state and federal laws.

III. EXPECTATION

- A. The Board will conduct a compensation analysis utilizing an appropriate peer group to benchmark pay. While the market for executive talent is generally considered to be national; the utilization of regional and state data as comparables may also be appropriate. Salary information from several compensation surveys will be used. Compensation will be determined by evaluating the base and annual incentive compensation of similar executive positions, at organizations that are reasonable and comparable with respect to the organization's revenues, assets, complexity, and number of members. This formal assessment will take place at least every other year. In the year the assessment is not conducted, the previous year's information will be reviewed and utilized to set compensation.
- B. The Board will define the compensation philosophy and competitive positioning for the CEO position. In general, the Board recognizes that the Association, as a whole, positions executive base pay at the 50th percentile of market. Target incentive will be determined based on a percentage of base salary. Compensation is designed to be flexible and compensation can be above or below the midpoint of the range based on experience, performance, and the business need to attract and/or retain talent.

- C. The compensation setting process is defined as follows:
 - 1. The Board will engage a qualified independent compensation consultant to recommend compensation levels (ranges) and provide documentation of the process.
 - 2. All communication with the consultant, including soliciting bids for the work, collecting the compensation data, and reviewing the final work product, will be conducted directly with the Evaluation Committee through the Committee Chair. The Executive Vice President, Employee Services and Communication will assist the Committee Chair by working with the consultant on details of the engagement.
 - 3. The Compensation Committee, at its discretion, may obtain compensation information from other resources for comparability purposes in evaluating the recommendation of the consultant.
 - 4. Documentation of the process, including the agreed to compensation amount will be provided to the Association's General Counsel. Copies of the documentation will be maintained by the General Counsel.
- D. If the CEO has an employment contract, it may include, but not be limited to, compensation, benefits, performance compensation, separation and severance agreements and other special terms of employment.
- E. The Chugach Board will perform a formal evaluation of the CEO's performance annually. The results of the performance evaluation, and achievement of goals as outlined in the incentive pay plan document will be considered when making the decision regarding the CEO's compensation.
- F. The Board will meet in executive session to review the results of the performance evaluation, contract terms, if applicable, and compensation adjustment recommendations. The CEO may not be present during voting or deliberations with respect to his or her evaluation or compensation. The Board will approve the CEO's base salary and annual target incentive opportunity adjustments, if any, on an annual basis.
- G. Based on the performance evaluation and input from the Board, the Board Chair will meet with the CEO to review the results of the performance evaluation; relay compensation adjustments, if any; provide feedback to the CEO to enhance their effectiveness and discuss expectations and goals for the upcoming year's annual performance review and incentive pay plan. The Board Chair can delegate the provisions in section G. to the any Board Officer or combination of Officers.

IV. RESPONSIBILITY

- A. The Board Chair shall be responsible for ensuring adherence to this policy.
- B. The Board shall be responsible for fulfilling its duties as defined in the policy, which at a minimum, will include (1) working directly with the compensation consultant; and (2) unless delegated, discussing the results of the performance evaluation and compensation adjustment with the CEO.
- C. The Board (or sub-committee of the Board) is responsible for establishing the performance evaluation process and ensuring that the performance of the CEO is appraised each year by the Board.
- D. The Board is responsible for completing the annual CEO appraisal and approving a salary adjustment or any employment contract revisions, when appropriate.

Date Approved: July 21, 2021

Attested: _____
James Henderson
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.H.

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

TOPIC

New Board Policy 702 – Chief Executive Officer Search and Selection

DISCUSSION

The Board of Directors (Board) is authorized to make, adopt, and enforce policies, rules, and regulations, consistent with the law, articles of incorporation, and bylaws, as it may deem advisable for the management of the affairs and business of the Association for the protection of its investment, and for the interest and welfare of the members thereof. The attached new Board Policy 702 – Chief Executive Officer Search and Selection falls within that authority.

At the July 14, 2021, Governance Committee meeting, the Committee recommend the Board of Directors adopt the attached Board Policy 702 – Chief Executive Officer Search and Selection as discussed in Executive Session.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 702

CHIEF EXECUTIVE OFFICER SEARCH AND SELECTION

I. OBJECTIVE

The purpose of this policy is to establish, in advance, a sound approach that the Board can follow in searching for and selecting the most qualified person available for the position of Chief Executive Officer (CEO) when a vacancy is anticipated and to ensure that this is done on a planned systematic basis, however, this policy does not guarantee or ensure the selection of a successful CEO.

II. CONTENT

- A. If a permanent change in leadership is required, the Board Chair shall take responsibility for ensuring that all elements of the policy are executed. The Board shall also appoint a Committee and Chair for the Search and Selection process.
- B. The Search Chair, in coordination with the Executive VP, Employee Services and Communications, authors internal employee communication and external member communication documents and authorizes appropriate staff to distribute.
- C. The Search Chair will be responsible for ensuring absolute confidentiality of all elements of the process, noting that every meeting, discussion, written document and observation are confidential and privileged information available only to the Board and those designated by the Board to be privy to such information.
- D. The Board will review the Strategic Plan, CEO Position Description, Delegation of Authority to the CEO policy, the current and expected business and regulatory environment and any other pertinent documentation or information for the purpose of prioritizing critical skills and/or qualifications a candidate should have to successfully fill the position of CEO.
- E. The Board will engage an executive search firm to advise and assist them in the CEO search and selection. The Board will instruct the appropriate staff to solicit proposals from a minimum of three search firms being considered for the assignment. The Board will examine the qualifications and past experience with placement of similar executives.
- F. The Board will establish a compensation range and benefits package, consistent with the Chief Executive Officer Evaluation Process and Compensation Policy to be communicated to potential candidates. The benefits and compensation package may include relocation expenses and other considerations.

- G. Persons currently employed by the cooperative will be eligible to express an interest in the position of CEO. Such internal candidates shall be considered along with external candidates. Only those internal candidates who meet the qualifications identified in the CEO Job Description will be afforded an interview with the Board.
- H. Current Board members are not eligible to apply for the CEO position in accordance with Article IV, Section 3 of the corporate by-laws.
- I. If potential candidates contact any Board member, they will be directed to contact the executive search firm.
- J. The Search Committee will work with the executive search firm to recruit and assess qualified candidates. Details of the search process will be outlined in the executive search contract.
- K. The final candidate(s) shall be interviewed by the full Board and a selection made based on a consensus vote of the Board.
- L. Upon receiving Board approval of a specific candidate and any other necessary approval, the Board Chair shall formalize and extend an offer of employment to the selected candidate through the Executive Search firm and consistent with sound business practice, subject to any prior limitations established by the Board.
- M. The Board will send out an announcement as soon as practical after the offer is accepted. The Board will require that the candidate maintain confidentiality until the Board announcement is made.

III. RESPONSIBILITY

- A. The Board Chair shall see that this policy is carried out.
- B. The Board is responsible for the final selection of the CEO.

Date Approved: July 21, 2021

Attested: _____
James Henderson
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.I.

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

TOPIC

New Board Policy 703 – Chief Executive Officer Succession Plan

DISCUSSION

The Board of Directors (Board) is authorized to make, adopt, and enforce policies, rules, and regulations, consistent with the law, articles of incorporation, and bylaws, as it may deem advisable for the management of the affairs and business of the Association for the protection of its investment, and for the interest and welfare of the members thereof. The attached new Board Policy 703 – Chief Executive Officer Succession Plan falls within that authority.

At the July 14, 2021, Governance Committee meeting, the Committee recommend the Board of Directors adopt the attached Board Policy 703 – Chief Executive Officer Succession Plan as discussed in Executive Session.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 703

CHIEF EXECUTIVE OFFICER SUCCESSION PLAN

I. OBJECTIVE

The Board of Directors of Chugach Electric Association, Inc. recognizes that succession planning is critical to the future success of the organization. The purpose of this plan is to provide for continuity of executive leadership and to avoid an extended leadership vacancy. The Board further recognizes its responsibility to adopt and utilize a plan that is objective rather than subjective as to how the Board will approach replacing the Association's Chief Executive Officer (CEO). This plan outlines the action steps that the Board has previously decided on and will consistently use to recruit and/or develop a new CEO in the event of a planned or unplanned vacancy of the current CEO office holder.

This plan is intended to compliment and fulfill the objectives and expectations contained in the Association's Chief Executive Officer Search & Selection Policy.

II. CONTENT

A. Key actions to be addressed in carrying out the Succession Planning Process.

1. Review of the Association's Bylaws, Vision, Purpose, Values, Mission Statement and Strategic Plan. Identify the issues, priorities, and goals that a new CEO will be expected to address.
2. The competencies, skills, experience, and compensation needed to lead the Association have been identified and are contained in the CEO position description.
 - a) The Board will consider whether the Association currently has personnel developed and nurtured in key leadership positions who are capable and willing to fill the vacancy.
 - b) If there is a significant gap between the outgoing and incoming CEO the Board will hire an Interim CEO to fill in while the Board is conducting the search and selection process. The Interim CEO shall serve only on a temporary basis and shall not be eligible to serve as the new permanent CEO.

B. Protocols and actions for planned vacancy.

The Board will:

- a) Determine the current CEO's planned departure date.

- b) Select an Executive Search Firm to help with identifying, soliciting, and screening potential CEO candidates for interviews with the Board.
 - c) Appoint a Search Chair and Committee to oversee the new CEO recruitment, interview, selection and transition timeline process based on the current CEO's planned departure date
 - d) Determine the limited role, if any, the current CEO will contribute to the process.
 - e) Determine the amount of resources that need to be budgeted for implementing the succession plan and search.
- C. Plan fundamentals.
- 1. Every two years the Board will review the succession plan and update as necessary. This will include a review of:
 - a) The Association's Articles of Incorporation and Bylaws;
 - b) The Association's Vision, Purpose, Values, Mission Statement and Strategic Plan;
 - c) The Policies on CEO Search & Selection, CEO Evaluation and Compensation, and Delegation of Authority;
 - d) The CEO Job Description;
 - e) The CEO's report regarding the development of internal staff based on the competencies, skills, and requirements of the position.
 - 2. At least nine months prior to the planned departure of the CEO, the Board will need to determine:
 - a) Selection of an appropriate Executive Search Firm; and
 - b) The expenses that candidates will be reimbursed as part of the screening/interview process;
 - 3. The Executive Search Firm will be instructed to:
 - a) Compare all potential candidate(s), internal and external, against the CEO Job Description; and
 - b) Based on the Executive Search Firm's review and analysis of the above, it will make a recommendation to the Board of Directors as to what candidates to advance to the interview process.

4. At least three months in advance of the planned departure of the CEO, the Board will interview candidates and shall determine which candidate will be offered the position of CEO. Any offer shall be maintained in confidence until the candidate confirms acceptance of the Board's offer.
5. The Executive Search Firm authorized by the Board Chair should communicate with the Board's selected candidate immediately after the Board has made its decision and offer him/her the position (within 24 hours).
6. Immediately upon the candidate's agreeing to accept and assume the position of CEO the Executive Search Firm should communicate the Board's decision to the other candidate(s) interviewed by the Board.
7. Within 48 hours of the Board's selection of a new CEO and the candidate's acceptance of the Board's offer of the position, the Board Chair, along with the current CEO, should cause communications announcing the hiring of a new CEO and the date he/she will assume the position to the employees, membership, to be distributed to the media within the Association's service territory or that the Association has business relationships with.
8. At least 30 days prior to the CEO designate assuming the position, the Board Chair, along with the departing CEO, shall:
 - a) Provide for a Board orientation;
 - b) Introduce the CEO designate to Association employees;
 - c) Provide for a tour of the Association facilities/territory;
 - d) Involve the CEO designate in the development of the agenda for the next Board of Directors Meeting at which he/she will take part as the new CEO;
 - e) Prepare any documents that may be required to confirm the name of the new CEO and the date on which he/she will assume the position and be authorized to act in the capacity of Chief Executive Officer.
9. In the event that the newly selected CEO is an internal candidate, within 30 Days before the CEO's departure, he/she, in collaboration with the new CEO designate will collaborate on the recruitment, and proceed with the interviewing and hiring of an individual to fill the internal CEO candidate's current position

IV. RESPONSIBILITIES

The Board of Directors and the Chief Executive Officer shall undertake reasonable efforts to ensure compliance with this Policy.

Date Approved: July 21, 2021

Attested: _____
James Henderson
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.J.

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

TOPIC

New Board Policy 704 – Chief Executive Officer Emergency Succession Plan

DISCUSSION

The Board of Directors (Board) is authorized to make, adopt, and enforce policies, rules, and regulations, consistent with the law, articles of incorporation, and bylaws, as it may deem advisable for the management of the affairs and business of the Association for the protection of its investment, and for the interest and welfare of the members thereof. The attached new Board Policy 704 – Chief Executive Officer Emergency Succession Plan falls within that authority.

At the July 14, 2021, Governance Committee meeting, the Committee recommend the Board of Directors adopt the attached Board Policy 704 – Chief Executive Officer Emergency Succession Plan as discussed in Executive Session.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 704

CHIEF EXECUTIVE OFFICER EMERGENCY SUCCESSION PLAN

I. OBJECTIVE

The Board of Directors of Chugach Electric Association, Inc. recognizes that Chief Executive Officer (CEO) emergency succession planning may be required, is critical to the future success of the organization and provides for continuity of executive leadership in the event of a disability, death or departure of the CEO. If the organization is faced with the event of an untimely vacancy of the position the Association has in place the following emergency succession plan to facilitate the transition to both interim and longer-term leadership. This plan outlines the action steps that the Board has previously decided on and will use to replace the CEO in the event of an unplanned vacancy of the current CEO office holder.

II. CONDITIONS

The Emergency Succession Plan shall be invoked if the Cooperative's CEO experiences a condition or circumstance that will prevent him/her from:

- A. Effectively performing the duties outlined in the position description (Attachment A), or
- B. Effectively supervising and providing leadership for the senior management staff, or
- C. Effectively managing the affairs of the Cooperative.
- D. In the event of a conflict between this Policy and an applicable CEO Employment Agreement, the CEO Employment Agreement shall control.

III. NOTIFICATION

In the event of an unplanned absence of the CEO, the COO (or other highest-ranking staff member) is to immediately inform the Board Chair (or highest-ranking board member) of the absence. As soon as it is feasible, the Chair should convene a meeting of the Board affirm the procedures prescribed in this plan or to make modifications as needed.

IV. SPECIAL BOARD MEETING

The Board Chair will convene a Special Board Meeting to take action to designate an "Interim or Acting CEO" as a temporary action.

The Board Chair will convene a meeting with all employees to report on the Board's action and plans for an Interim or Acting CEO and the process for naming a permanent successor.

The Board Chair will cause communications from the Association to be dispatched to all members and the media immediately after the "Special Board Meeting" and report the Board's action confirming an "Interim or Acting CEO" and the process and timeline for identifying a permanent new CEO, depending on circumstances.

V. INFORMATION MANAGEMENT

- A. Spokespersons – The Board Chair and the Executive VP, Employee Services and Communications shall be designated to be the official spokespersons for the Association regarding this issue. No other person may speak on behalf of the Association unless authorized by the Board Chair.
- B. Theme – The underlying theme of all communications shall be that the Board has the affairs of the Association under control and that resolution of the situation is underway.
- C. Financial Institution Communications – The Board Chair will authorize the interim CEO to promptly notify all financial institutions where the Association has financial arrangements (i.e., deposit accounts, credit lines, investments, et al.).
- D. Member Communications – After communication to employees, direct communication to members is most critical. The Executive VP, Employee Services and Communication or their designee shall immediately prepare a statement that will be distributed, after the approval of the Board Chair and the Attorney, to members. The statement will also be published on the Association's website.
- E. Industry & External Communications – Following distribution of a statement to members, the Executive VP, Employee Services and Communication or designee shall distribute a press release. The press release shall be sent to the following: Industry media, utility associations, Chambers of Commerce, and local media.
- F. Talking Points – the Executive VP, Employee Services and Communications, or his/her designee, shall craft talking points to distribute to all internal stakeholders (Board and employees) so that messaging is consistent if/when members or other external parties inquire about the announcement.
- G. Communications Content – Press releases and other announcements shall include and/or consider the following:
 - 1. Name of Interim or Acting CEO, including a brief biography.

2. If CEO will not be returning, provide a brief description of the search and selection process the Board will follow in hiring the next CEO.
 3. If the CEO was discharged or resigned, the Association's General Counsel shall review all written announcements before distribution and provide counsel prior to oral public statements.
 4. In the event of the death of the CEO, include the death announcement with time and date.
- H. Pending Electronic Communications – The (Executive Assistant or other designated staff member) shall be authorized to access the CEO's Association-issued e-mail account and other electronic equipment to monitor and assure response to legitimate communications. The Senior Manager of Information Technology shall also secure and monitor the CEO's Association-issued cell phone, tablet, and other electronic devices, if issued.

IV. RESPONSIBILITIES

- A. The Board of Directors and the Chief Executive Officer shall undertake reasonable efforts to ensure compliance with this Policy.

Date Approved: July 21, 2021

Attested: _____
James Henderson
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. IV.K.

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

TOPIC

Board Policy 401 – Delegation of Authority and Relationship Between the Board of Directors and Chief Executive Officer

DISCUSSION

The Board of Directors (Board) is authorized to make, adopt, and enforce policies, rules, and regulations, consistent with the law, articles of incorporation, and bylaws, as it may deem advisable for the management of the affairs and business of the Association for the protection of its investment, and for the interest and welfare of the members thereof. The attached revised Board Policy 401 – Delegation of Authority and Relationship Between the Board of Directors and Chief Executive Officer falls within that authority. This revised policy is intended to replace existing Board Policy 401 and 402.

At the July 14, 2021, Governance Committee meeting, the Committee recommend the Board of Directors (1) adopt the attached revised Board Policy 401 – Delegation of Authority and Relationship Between the Board of Directors and Chief Executive Officer, and (2) repeal current Board Policy 402 – Board of Directors and Chief Executive Officer Relationship as discussed in Executive Session.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 401

DELEGATION OF AUTHORITY AND RELATIONSHIP BETWEEN THE BOARD OF DIRECTORS AND THE CEO

I. OBJECTIVE

To delegate authority to the Chief Executive Officer (CEO), and to express the Board's expectations regarding performance and accomplishments of the CEO, and to define the relationship between the Board and the CEO.

II. CONTENT

The CEO is the chief executive officer of the corporation, capable of binding it legally within defined financial limits and responsible for day-to-day operations. To enable Chugach Electric Association, Inc., to achieve its mission, the CEO shall have the authority necessary to carry out those responsibilities and the expectations set forth below. In addition, the principles and guidelines set out below shall set the boundaries of the Board/CEO relationship.

III. DELEGATED AUTHORITY

Under the Board's direction, guidance, and oversight, the following responsibilities and corresponding authority are delegated by the Board to the CEO:

- A. Engage the Board in a formal strategic planning process on an annual basis;
- B. Develop and implement goals and objectives that align with the cooperative's strategic plan. Provide quarterly updates to the Board;
- C. Develop short and long-range financial, cash management, equity management, power supply, power requirements, load forecasts, need for generation and transmission facilities, procurement of fuel, marketing, member engagement and public relations, materials management, construction work plans and annual budgets for recommendation to the Board, and provide timely reports on revenue, expenses and other results compared to such plans;
- D. Administer the approved budget, including approval of non-budgeted items or budget changes of not more than \$1,000,000 and all non-budgeted items which, in his or her judgment, are vital to effect unanticipated emergency maintenance or repairs. Non-budgeted items or budget changes exceeding \$500,000 must be reported to the Board of Directors;
- E. Ensure prudent financial, asset management, and contracts policies, procedures, and guidelines are established and maintained.

- F. Approve Association purchase orders and contracts, including cumulative changes, if \$2,000,000 or less (net to the Association). Purchase orders and contracts exceeding a total cost of \$2,000,000 (net to the Association) shall require Board approval.
- G. Approve change orders or amendments to Board-approved purchase orders and contracts if the cumulative value of the change is less than 15% of the original value. Change orders or amendments exceeding 15% of the original value shall be brought to the Board for approval.
- H. Formulate operating policies and procedures for the organization; including administrative policies. Ensure policies, procedures and guidelines are consistent with Board policies for execution of enterprise-wide risk management and safety controls;
- I. Direct and promote an effective employee and public safety program; Create and maintain a culture that motivates employees to engage in work practices that avoid accidents and injuries; and to educate members regarding the safe use of electricity;
- J. Accept invitations to participate in or designate other staff members to participate in national, state, and local meetings which further the best interests of the Association, within the limitations of Board policy and the approved budget. Participation by the CEO in such activities which require considerable time over a sustained period requires approval of the Board;
- K. Coordinate with APA and NRECA regarding state and federal legislative and regulatory matters consistent with Board Policy 503 and recommend to the Board whether Chugach should adopt a position in regard to such matters;
- L. Monitor and report to the Board on the Association's legal matters;
- M. As necessary, analyze the system's rates along with service rules and regulations to make sure they meet operating, financing, and any other requirements and make appropriate recommendations to the Board;
- N. Organize, plan, and execute the annual and other member meetings as well as Board and Board committee meetings as requested by the Board;
- O. Direct all staffing of the Association and related human resources policies, practices, and procedures including organizational structure, recruiting, hiring, training, development, job descriptions, benefits, annual appraisal process, terminations, and succession planning;

- P. Develop an employee compensation and benefit program for Board approval;
- Q. Determine all salary adjustments, except the CEO's, within the approved compensation program and within the limitations of the budget. Salary adjustments for the CEO shall be decided by the Board of Directors;
- R. Ensure that overtime is controlled and report to the Board annually on overtime as a percent of payroll compared to previous years and the results of efforts to control this expense;
- S. Negotiate and administer bargaining unit contracts. Make appropriate recommendations to the Board for approval;
- T. Direct forecasting and the use of such information in planning for power supply and delivery requirements, energy management, risk management, and related requirements. Direct conservation efforts, demand response, and environmental requirements analysis;
- U. Ensure that appropriate accounting and record-keeping practices, risk management processes, and internal controls are in place and working effectively;
- V. Conduct an annual measurement of member needs and satisfaction with current and proposed service and/or product offerings;
- W. Participate and support efforts that contribute to the economic and social development of the broad community that the Association serves with the intent of enhancing members' quality of life and building a loyal membership base;
- X. Designate an appropriate person to serve as acting CEO in the limited absence of the CEO, such as vacations or professional events;
- Y. Designate an appropriate person to serve as acting CEO in the event of an emergency. This individual would serve temporarily as acting CEO in the event of an immediate and unplanned CEO departure, as outlined in the CEO Emergency Succession Plan Policy, until the Board takes appropriate action, at a meeting to be convened within three days. Such designation shall be made immediately by the CEO and reviewed on an as-needed basis to ensure the CEO's designee remains willing and able to serve during an emergency. The CEO shall report such designation to the Board once made;
- Z. Maintain an ongoing systematic succession planning process, as well as a succession plan for key staff and share the appropriate level of information with the Board annually;

- AA. Direct day-to-day operations of the Association except as specified otherwise by the bylaws or the Board;
- BB. Subject to subsection F above, procure real property, equipment, facilities, insurance coverage and any other necessary resources for operating the Association;
- CC. Select and appoint outside consultants and negotiate contracts or agreements for services of such consultants, within the limitations of policy, the work plan, and budget;
- DD. Serve as the principal representative for the Association with the primary responsibility to establish constructive and positive relationships with key stakeholders. Develop and maintain public, business, and political alliances that are beneficial to the Association's members;
- EE. Leverage the Association's resources to take full advantage of the Association's network and contribute to its success by being an engaged participant;
- FF. Perform and/or delegate tasks outlined in the CEO's job description.
- GG. Perform all acts necessary or incidental to the management of the operations of the Association, unless such acts are specifically reserved to the Board pursuant to law, the Articles of Incorporation, Bylaws, or Board policies.

IV. EXERCISE OF DELEGATED AREAS OF RESPONSIBILITY

- A. The CEO is authorized, except as otherwise limited by law, the articles of incorporation, bylaws, or board policies, to delegate appropriate authority to immediate staff and authorize further delegation of authority to any level of management with full recognition that the CEO cannot be relieved of overall responsibility or any portion of accountability.
- B. The CEO must exercise due care in such delegations and regularly monitor the compliance of the areas delegated.

V. WORKING WITH THE BOARD

Ensuring the success of the Association requires a team effort between the Board and management that is based on mutual respect and support. At the same time, the Board must maintain its governance role, that is, to oversee, monitor and guide with full engagement, the Association and to protect the interests of the organization and its members. To fulfill these expectations, the CEO shall:

- A. Develop, with the Board an annual schedule of topics to be discussed and reports to be presented to the Board to ensure that adequate attention can be devoted to strategic issues and challenges;
- B. Assist the Board Chair in developing an agenda for each Board meeting and ensure that all appropriate information and reports are provided to the Board and its committees in a timely fashion;
- C. Ensure that staff advice and assistance is available to the Board and its committees;
- D. Report to the Board on conformity of operations with approved policies, plans, and budgets, and recommend revisions requiring board approval;
- E. Review with the Board and its designated committees, the annual financial audit, monthly financial statements, progress on strategic plan initiatives, periodic reports or evaluations of internal controls and risk management system, ethics and compliance programs, and all other items delegated within this policy;
- F. Seek the Board's advice and counsel whenever it is needed or desired.

VI. LIMITATIONS

The Board will maintain the following principles and guidelines in its relationship with the CEO:

- A. The Board is responsible for directing the affairs of the Association. It reserves authority to establish policies, approve plans and programs, exercise fiduciary oversight, employ a CEO, engage outside counsel, hire a professional CPA firm to conduct the financial audit, engage consultants as deemed necessary, and act as trustees of member interests;
- B. The Board recognizes that good management is the most important factor in the success of the Association. The CEO must be delegated sufficient authority to manage the operations of the corporation on a day-to-day basis. Although delegated, these powers are expansive in nature and substantial in depth. The CEO is expected to make decisions within the bounds of their authority that bind the Association legally and that impact its on-going viability. The Board further recognizes that management can be effective only if there is mutual understanding and joint cooperation. The CEO is expected to produce results and give an account to the Board. The best results cannot be achieved unless the CEO is given latitude to perform within the confines of board policy. It is the Board's responsibility to clearly identify any limits on management discretionary decision making;

- C. The Board has delegated to the CEO a significant level of power and authority and has designated this person as a corporate officer. Therefore, this person serves as the Chief Executive Officer of the corporation;
- D. The Board delegates to the CEO the authority to execute and carry out plans, programs, and policies. In addition to the powers delegated in section “Expectations” above, the CEO is expected to provide advice and counsel to the Board, and to take the lead in ensuring that important issues are presented and explained to the Board in a timely fashion;
- E. The flow of authority shall be from the Board as a whole to the CEO to employees.
- F. The Board is responsible for ensuring that the CEO knows and understands its expectations and any limitations it has placed on discretionary decision making. These expectations and limitations should be identified in approved policies or plans. Such policies and plans should be used as the foundation for an annual appraisal of the CEO’s performance.

VII. RESPONSIBILITY

- A. The Board Chair will be responsible for ensuring adherence to this policy.
- B. The CEO shall report to the Board on how these delegations are being carried out. The CEO may delegate any of the foregoing authorities to the appropriate staff.
- C. The Board is responsible for ensuring that the performance of the CEO is appraised each year and that clear goals are established by the Board, including a recommendation on a salary adjustment when appropriate, and that the results of such appraisal are discussed with the CEO.

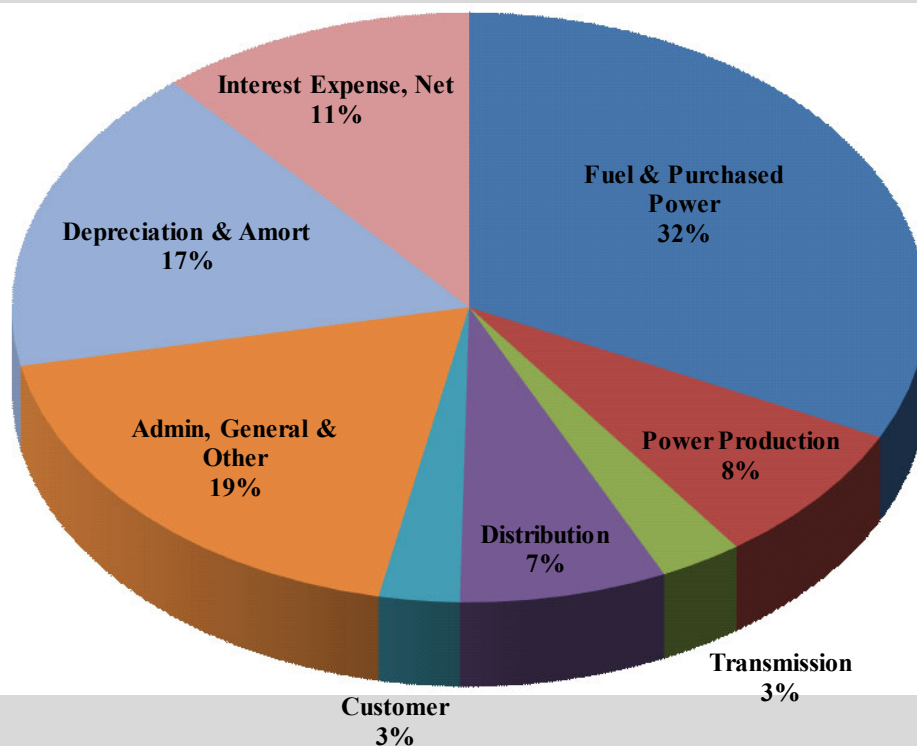
Date Approved: July 21, 2021

Attested: _____
James Henderson
Secretary of the Board

STATEMENT OF OPERATIONS

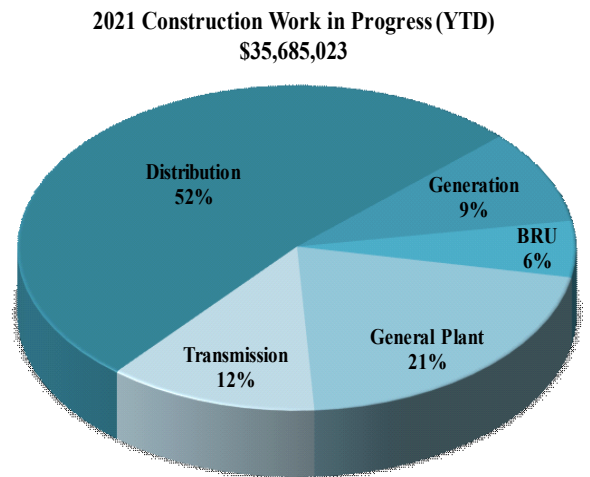
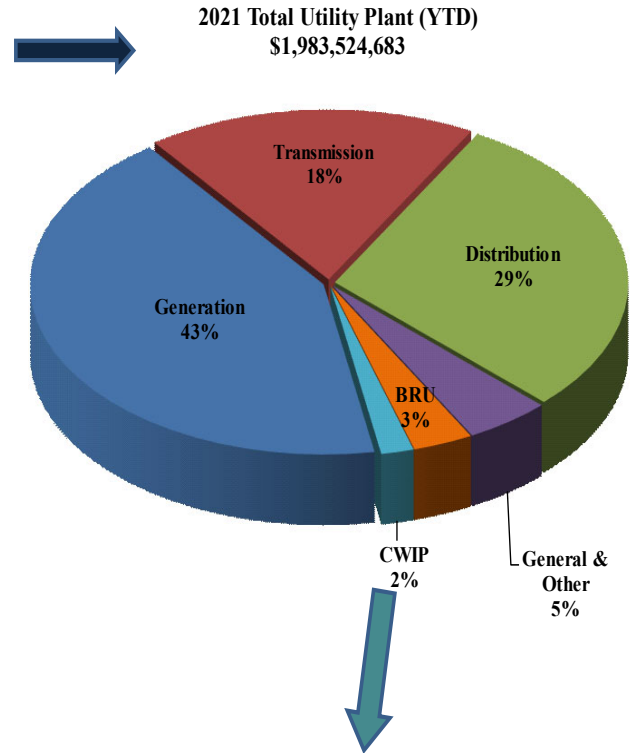
CATEGORY	2021 MTD ACTUAL	2021 MTD BUDGET	2021 MTD VARIANCE
Operating Revenue and Patronage Capital	\$ 30,146,230	\$ 27,742,021	\$ 2,404,209
Fuel and Purchased Power Expense	9,811,398	7,453,433	2,357,965
Power Production Expense	2,373,469	2,819,808	(446,339)
Transmission Expense	888,892	975,249	(86,357)
Distribution Expense	2,229,060	2,276,467	(47,407)
Customer Expense	866,160	871,122	(4,962)
Administrative, General and Other	5,664,110	4,219,525	1,444,585
Depreciation & Amortization Expense	5,168,769	5,352,686	(183,917)
Interest Expense, Net	3,407,472	3,450,842	(43,370)
Total Cost of Electric Service	\$ 30,409,330	\$ 27,419,132	\$ 2,990,198
Patronage Capital & Operating Margins	\$ (263,100)	\$ 322,889	\$ (585,989)
Non-Operating Margins - Interest	24,819	16,532	8,287
Allowance for Funds Used During Construction	7,913	18,915	(11,002)
Non-Operating Margins - Other	400	-	400
Patronage Capital or Margins	\$ (229,968)	\$ 358,336	\$ (588,304)

Total Cost of Electric Service (MTD Actual)



BALANCE SHEET

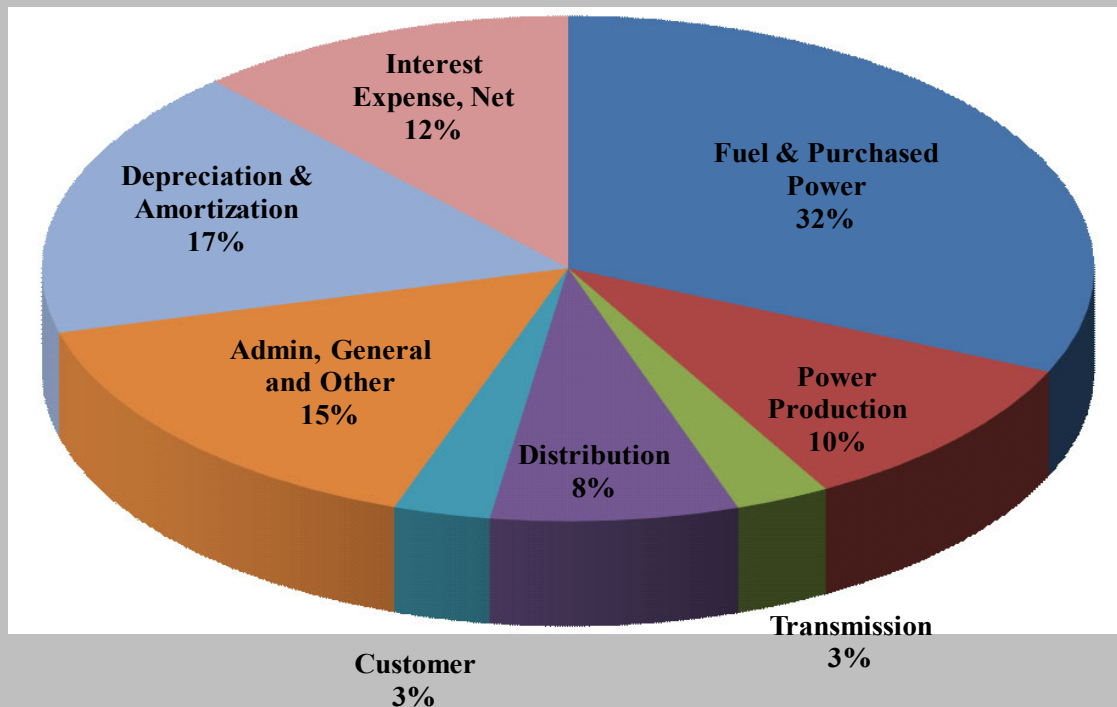
ASSETS & OTHER DEBITS	5/31/2021	12/31/2020
Electric Plant in Service	1,947,839,660	1,941,080,063
Construction Work in Progress	35,685,023	38,075,575
Total Utility Plant	\$ 1,983,524,683	\$ 1,979,155,638
Accum. Prov. for Depreciation/Amortization	(601,317,908)	(581,506,871)
Net Utility Plant	\$ 1,382,206,775	\$ 1,397,648,767
Nonutility Property - Net	76,889	76,889
Financing & Operating Lease Right-of-Use Assets	3,955,854	4,102,328
Investment in Assoc. Organizations	7,288,564	7,595,197
Special Funds	30,015,692	19,862,119
Restricted Cash Equivalents & Other	64,310	64,310
Long-term Prepayments	-	423,404
Total Other Property & Investments	\$ 41,401,309	\$ 32,124,247
Cash & Restricted Cash	37,172,841	60,392,108
Special Deposits and Marketable Securities	58,300	58,300
Accounts Receivable - Net	49,404,077	53,679,921
Materials and Supplies, Fuel Stock	63,584,366	62,430,009
Prepayments	5,527,813	4,672,489
Other Current & Accrued Assets	11,619,040	241,983
Total Current & Accrued Assets	\$ 167,366,437	\$ 181,474,810
Deferred Debits	114,017,456	110,489,123
Total Assets & Other Debits	\$ 1,704,991,977	\$ 1,721,736,947
LIABILITIES & OTHER CREDITS	5/31/2021	12/31/2020
Memberships	1,924,167	1,908,432
Pat. Capital, Margins & Equities	199,356,793	196,940,981
Total Margins & Equities	\$ 201,280,960	\$ 198,849,413
Long-Term Debt - Bonds	1,182,366,663	1,211,683,330
Long-Term Debt - Other	25,080,000	26,904,000
Unamortized Debt Issuance Costs	(5,993,581)	(6,179,476)
Operating Lease Liabilities	3,717,276	3,866,092
Finance Lease Liabilities	6,427	7,302
Total Long-Term Debt	\$ 1,205,176,785	\$ 1,236,281,248
Notes Payable	58,197,362	52,197,115
Accounts Payable	9,607,483	19,170,493
Consumer Deposits	4,902,228	5,249,272
Other Current & Accrued Liabilities	70,140,925	53,612,254
Total Current & Accrued Liabilities	\$ 142,847,998	\$ 130,229,134
Deferred Compensation	1,882,472	1,821,222
Other Liabilities, Non-Current	804,752	548,570
Deferred Liabilities	33,031,407	36,899,176
Cost of Removal Obligation	119,967,603	117,108,184
Total Liabilities & Other Credits	\$ 1,704,991,977	\$ 1,721,736,947

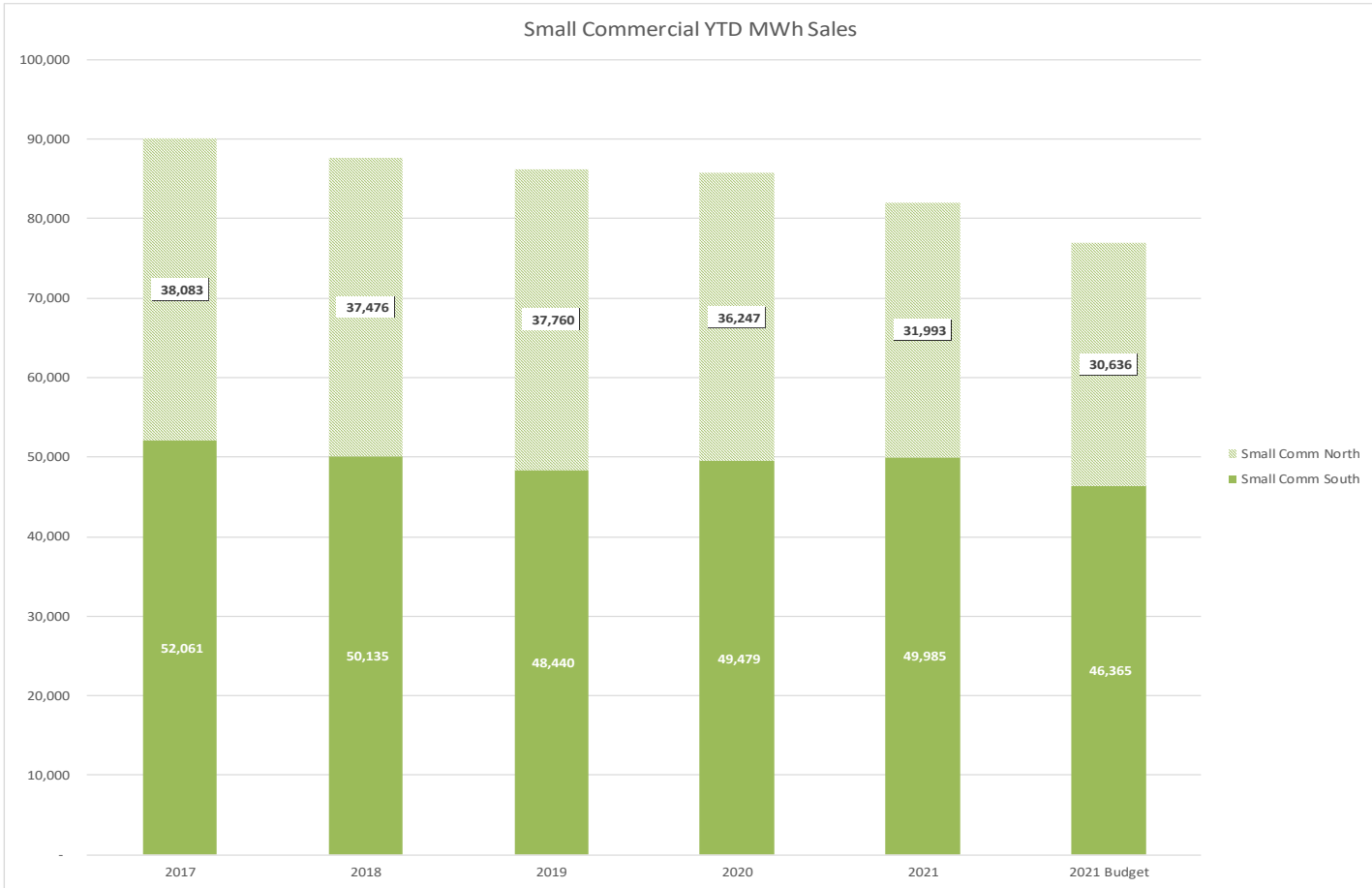
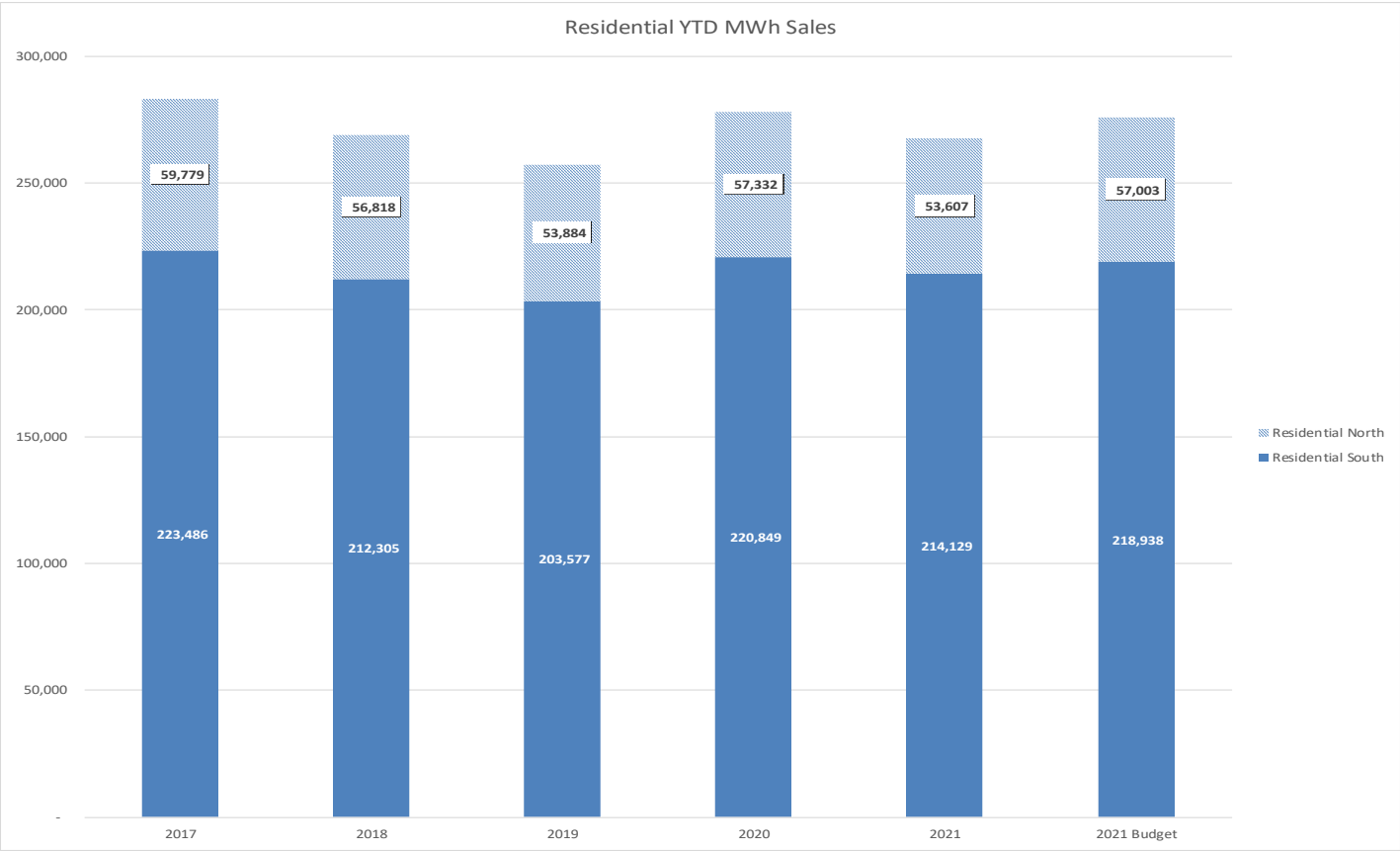


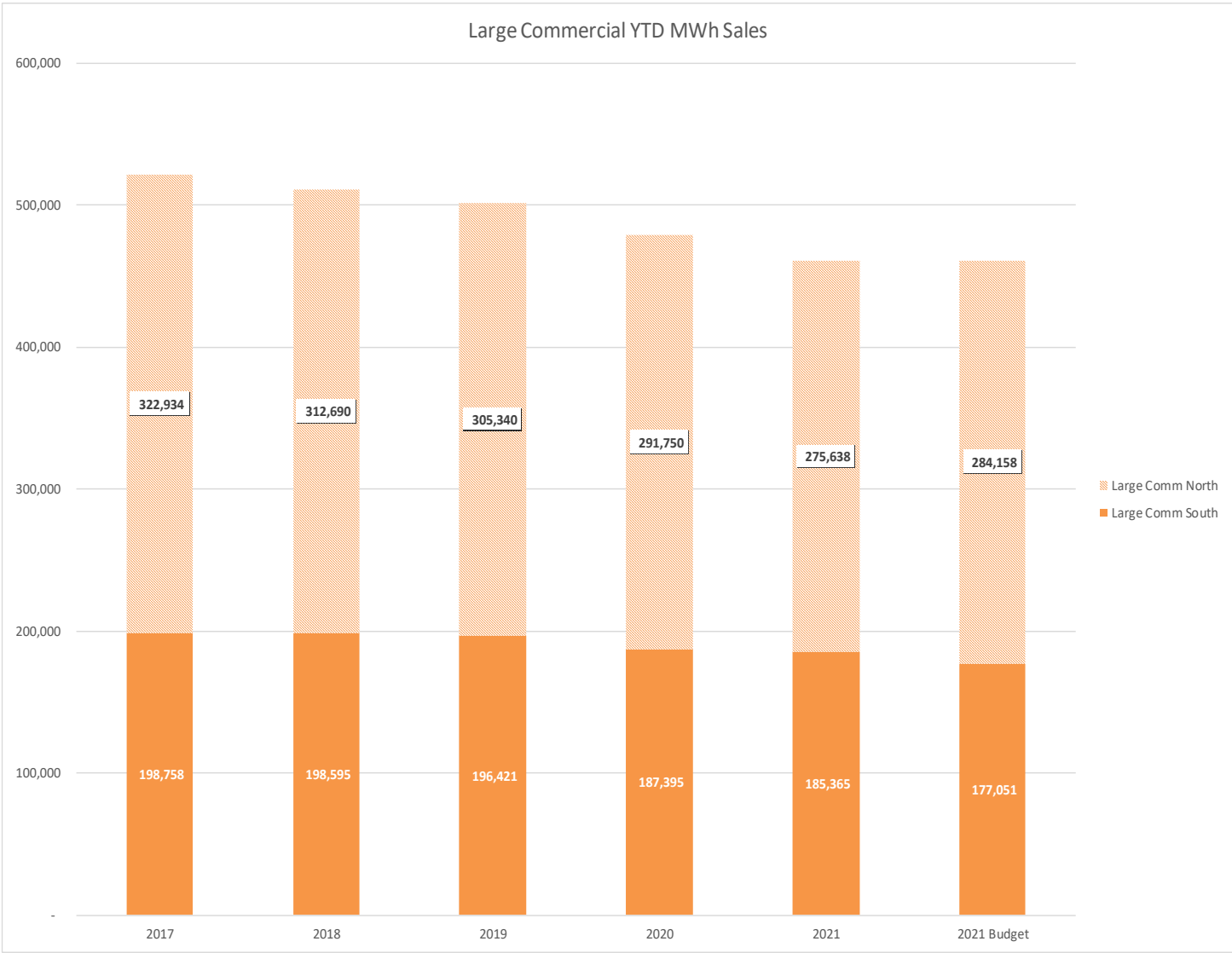
**COMPARATIVE FINANCIAL REPORT
STATEMENT OF OPERATIONS
2021 ACTUAL TO BUDGET VARIANCE**

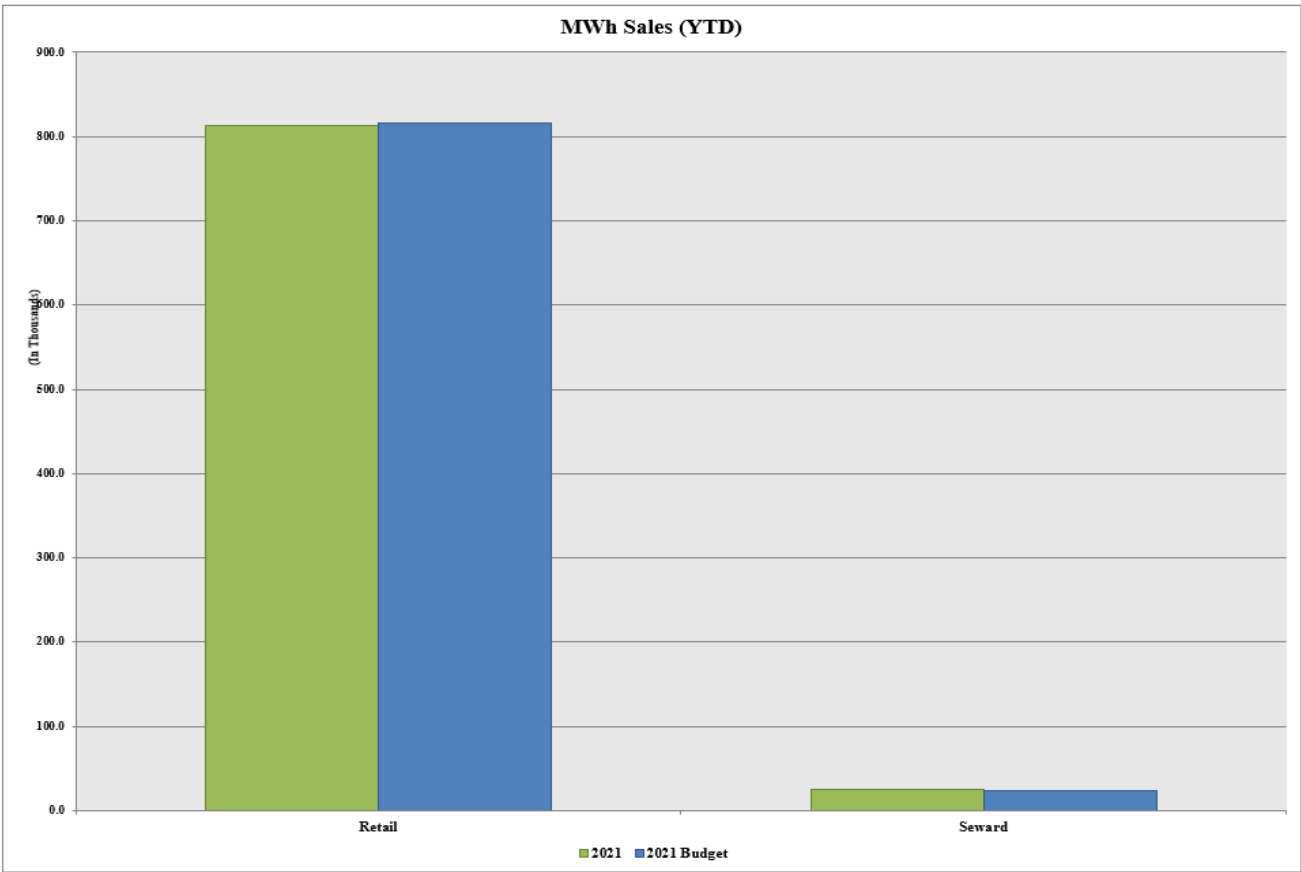
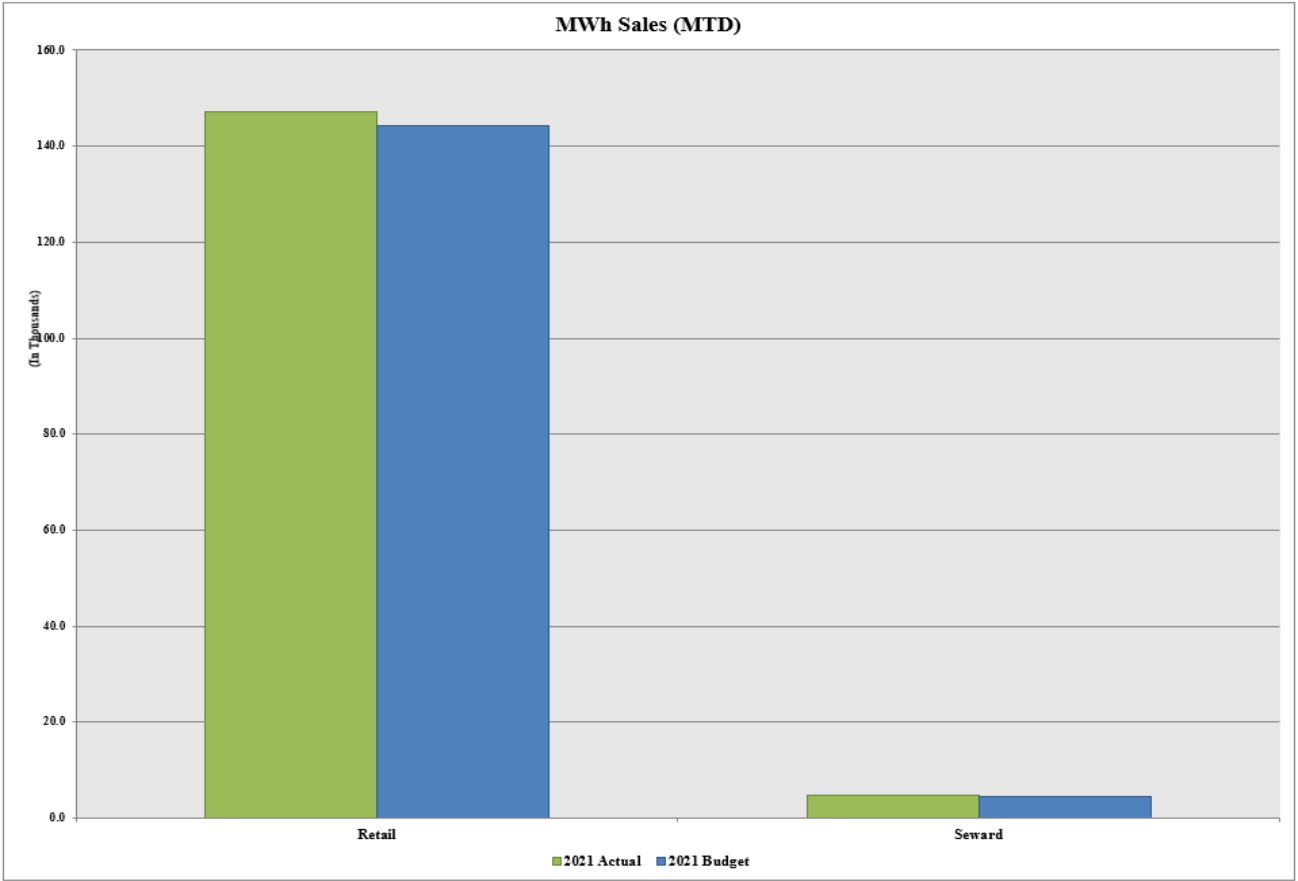
CATEGORY	2021 YTD ACTUAL	2021 YTD BUDGET	2021 YTD VARIANCE
Operating Revenue and Patronage Capital	\$ 151,484,667	\$ 156,544,563	\$ (5,059,896)
Fuel and Purchased Power Expense	47,274,867	47,374,465	(99,598)
Power Production Expense	15,152,604	14,855,616	296,988
Transmission Expense	4,322,387	4,349,891	(27,504)
Distribution Expense	11,344,622	11,538,181	(193,559)
Customer Expense	4,434,201	4,388,222	45,979
Administrative, General and Other	23,169,833	22,204,381	965,452
Depreciation & Amortization Expense	25,907,643	26,775,295	(867,652)
Interest Expense, Net	17,501,854	17,523,311	(21,457)
Total Cost of Electric Service	\$ 149,108,011	\$ 149,009,362	\$ 98,649
Patronage Capital & Operating Margins	\$ 2,376,656	\$ 7,535,201	\$ (5,158,545)
Non-Operating Margins - Interest	121,821	82,659	39,162
Allowance Funds Used During Const.	51,093	94,575	(43,482)
Non-Operating Margins - Other	7,542	-	7,542
Patronage Capital or Margins	\$ 2,557,112	\$ 7,712,435	\$ (5,155,323)
MFI/I	1.14	1.43	
TIER	1.15	1.44	

Total Cost of Electric Service (YTD Actual)









ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	813,172,223	816,155,109
Wholesale Energy Sales	<u>24,614,801</u>	<u>23,010,861</u>
Total Firm Energy Sales	837,787,024	839,165,970
Economy Energy/Capacity/Power Pool Sales	<u>43,165,000</u>	<u>52,867,000</u>
Total Energy Sales	880,952,024	892,032,970

Firm energy sales totaled 837,787,024 kWh, which was a 0.2% unfavorable variance compared to budget. Retail energy sales were under budget 0.4% primarily due to lower than anticipated residential energy sales, which was somewhat offset by higher than anticipated small commercial energy sales. This variance was somewhat offset by higher than anticipated wholesale energy sales which were over budget by 7.0%. Economy energy, capacity and power pool sales were under budget by 18.4% due to lower than anticipated economy sales to GVEA.

ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$143.3	\$ 148.8
Wholesale Revenue	<u>2.1</u>	<u>2.1</u>
Total Firm Revenue	145.4	150.9
Economy Energy/Capacity/Power Pool Revenue	3.6	4.3
Other Operating Revenue	<u>2.5</u>	<u>1.4</u>
Total Revenue	\$151.5	\$ 156.6

Revenue from firm sales totaled \$145.4 million compared to \$150.9 million in the budget. Firm revenue was lower than expected primarily due to lower than anticipated residential energy sales and large commercial revenue. Economy energy, capacity and power pool revenue was \$3.6 million compared to \$4.3 million in the budget. This unfavorable variance was due to lower than anticipated sales to GVEA. Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, grants, AWWU revenue, miscellaneous service and other electric revenue. Other operating revenue totaled \$2.5 million compared to \$1.4 million in the budget, primarily due to higher than anticipated wheeling from GVEA, AWWU revenue and FEMA grants associated with the 2018 earthquake.

FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 36.8	\$ 37.1
Purchased Power	<u>10.5</u>	<u>10.3</u>
Total	\$ 47.3	\$ 47.4

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$36.8 million compared to \$37.1 million in the budget. This favorable variance was primarily due to lower than anticipated storage and transportation costs, BRU operating costs and a lower effective price, which was somewhat offset by more fuel purchased for production.

Actual fuel purchased or withdrawn from inventory for production was 3,582,463 Mcf at an average effective delivered price of \$8.49 per Mcf compared to 3,063,439 Mcf in the budget at an average effective delivered price of \$9.83 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 \$10.5 million compared to \$10.3 million in the budget, caused primarily by higher than budgeted labor.

Actual energy purchased was 154,170 MWh at an average effective price of 5.34 cents per kWh compared to 124,436 MWh budgeted at an average effective price of 6.60 cents per kWh.

POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 15.2	\$ 14.9

Power production expense was \$15.2 million compared to \$14.9 million in the budget. This unfavorable budget variance is primarily due to unbudgeted labor, which was somewhat offset by lower than anticipated maintenance and utility costs.

TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 4.3	\$ 4.3

Transmission operations and maintenance expense was \$4.3 million compared to \$4.3 million in the budget, with no significant variance.

DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 11.3	\$ 11.5

Distribution operations and maintenance expense was \$11.3 million compared to \$11.5 million in the budget. This favorable variance is primarily due to lower than anticipated labor and line clearing, which was somewhat offset by higher than anticipated costs allocated to this financial category for garage and information services costs.

CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 4.4	\$ 4.4

Consumer accounts and customer information expense was \$4.4 million compared to \$4.4 million in the budget, with no variance.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 23.2	\$ 22.2

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 \$23.2 million compared to \$22.2 million in the budget. This budget variance is primarily due to higher than anticipated PILT, which was somewhat offset by lower than anticipated costs associated with legal and other corporate initiatives and audit fees.

SUMMARY

Depreciation, interest, and interest during construction expense totaled \$43.4 million compared to \$44.3 million in the budget. This favorable variance compared to budget was primarily due to lower than anticipated depreciation expense.

All the foregoing expenses resulted in total cost of electric service of \$149.1 million compared to \$149.0 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 and dividend income. Non-operating margins totaled \$180.5 thousand compared to \$177.2 thousand in the budget which was primarily due to higher than anticipated interest income which was offset by lower AFUDC. The quarterly BRU ARO Investment Fund Review to the Audit and Finance Committee includes the market value and rate of return on that investment. The other investment associated with BRU, the future natural gas purchases investment account had a balance of \$7.8 million on May 31, 2021, and had a 30-day yield of 0.03%.

The net result of revenue and expenses was margins of \$2.6 million compared to projected margins of \$7.7 million in the budget.

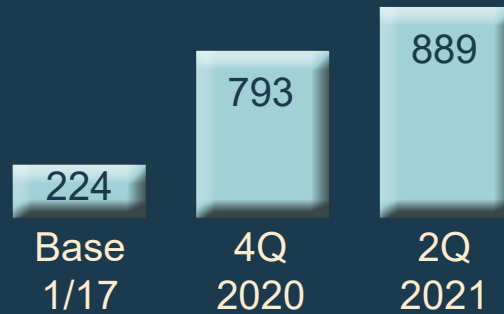


Communications Update - 2Q 2021

Facebook likes



Twitter followers



Facebook Highlights

- Virtual Annual Meeting sign-up
- Voting is open
- Annual Meeting information
- Payment scam alert
- 811 Call before you dig

Tweet Highlights

- Moose on the loose
- Board election reminders
- Emergency preparedness

Website updates

- Annual Meeting/Election preps
- EV charger programs
- In the Community updates
- Construction updates
- Annual Report

Employee Communications/Events

- American Heart Association Walk
- All employee meetings
- Anchorage Citywide Cleanup
- Employee picnic
- Food truck lunches
- Safety (personal & belongings)

Outages

- April 8 Cooper Landing
- April 11 Portage/Whittier
- April 26 Turnagain/Lake Hood
- April 29 Boniface/Muldoon
- May 7 Jewel & Sand Lake
- May 16 Government Hill/Port
- May 21 Jewel & Sand Lake
- May 31 East Anchorage
- June 1 Mountain View
- June 1 Tyonek
- June 10 Girdwood

Media/Press Releases

- ERO story - Alaska Journal of Commerce (AJOC)
- EV charging stations - Public Radio & KTUU
- Board election results - AJOC
- Eklutna editorial - Alaska Center

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

July 14, 2021

TO: Arthur Miller, Executive VP, Regulatory & External Affairs

THROUGH: Teresa Kurka, Director Member Services

FROM: Lynda Muise, Manager, Consumer Accounting

SUBJECT: ***Semi-Annual Electric Write-Off: July 2021***

The current write-off reflects uncollectible electric account balances through October 31, 2020. This write-off consists of 532 accounts totaling \$153,674, with an average write-off balance amount of \$289. Recovery of previously written-off accounts was \$80,953, making the net write-off total \$72,721, which represents 0.04% of the retail revenue for the period of May 1, 2020 to October 31, 2020. These accounts will be written-off from accounts receivable and recorded as bad debt. None of the bad debt expense written-off is associated with members that entered into deferred payment agreements. There were no write-offs of miscellaneous accounts receivable for this period.

The attached tables and figures have been updated to provide a more in-depth look at the types of accounts being written-off. Table 1 on the second page reflects a five-year comparison of the write-offs during the current period to those of prior periods for electric accounts receivables. Table 2 is a summary of the December 2020 write-off broken out by rate class. Figure 1 represents the gross write-off as a percentage of revenue and Figure 2 represents the net write-offs.

COVID-19

Chugach members that have signed a statement of financial hardship and entered into a COVID-19 Deferred Payment Agreement (DPA) with Chugach are not included in the write-off total represented above. Write-off amounts associated with uncollectable but signed DPA accounts will be recorded to the COVID-19 regulatory asset and recovered in electric rates from all members on the system in a future period. As of June 24, 2021, Chugach had a total of 2,466 signed COVID-19 DPA's with a delinquent balance totaling \$2.16 million.

Member District	No. DPA Delinquent as of 6/24/2021	DPA Delinquent 60+ Day Balance	Percentage 60+ Day Balance	Average 60+ Day Balance
North - Chugach	909	\$879,353	41%	\$967
South - Chugach	1,557	\$1,279,839	59%	\$822
Total	2,466	\$2,159,192	100%	\$876

Chugach Electric Association, Inc.
Anchorage, Alaska

July 2021 Electric Write-off
Write-Off Period: May 2020 to October 2020

The prior periods are provided for historical information for comparative purposes.

Table 1: Five Year Electric Write-Off Comparison						
Write-Off Date	Collection Period	Number of Accounts Written-Off	Total Write-Offs	Average Amount per Account	Recovery of Accounts Written Off	Net Write-off
Dec-16	11/1/2015-4/30/2016	636	\$125,810	\$198	\$42,018	\$83,791
Jul-17	5/1/2016-10/31/2016	783	\$147,454	\$188	\$48,156	\$99,298
Dec-17	11/1/2016-4/30/2017	783	\$177,469	\$227	\$72,115	\$105,354
Jul-18	5/1/2017-10/31/2017	854	\$175,118	\$205	\$52,143	\$122,975
Dec-18	11/1/2017-4/30/2018	652	\$180,395	\$277	\$52,332	\$128,063
Jul-19	5/1/2018-10/31/2018	710	\$136,249	\$192	\$61,775	\$74,474
Dec-19	11/1/2018-4/30/2019	744	\$218,092	\$293	\$82,950	\$135,142
Jul-20	05/1/19-10/31/2019	788	\$186,947	\$237	\$77,856	\$109,091
Dec-20	11/1/2019-4/30/2020	624	\$175,919	\$282	\$84,096	\$91,823
Jul-21	05/1/2020-10/31/2020	532	\$153,674	\$289	\$80,953	\$72,721

Retail Revenue	Recovery as % of Revenue	Net Write-off as % of Revenue
\$83,344,470	0.05%	0.10%
\$105,477,123	0.05%	0.09%
\$89,530,357	0.08%	0.12%
\$105,900,546	0.05%	0.12%
\$85,120,459	0.06%	0.15%
\$103,859,864	0.06%	0.07%
\$95,148,886	0.09%	0.14%
\$109,708,092	0.07%	0.10%
\$93,956,173	0.09%	0.10%
\$175,010,134	0.05%	0.04%

Table 2: Summary of July 2021 Electric Write-Off				
By Rate Class	Number of Accounts Written-Off	Total Write-Offs	Average Amount per Account	Write-offs as % of Revenue
Residential	517	\$140,950	\$273	0.08%
Small Commercial	13	\$10,131	\$779	0.01%
Large Commercial	2	\$2,593	\$1,297	0.00%
Total	532	\$153,674	\$289	0.09%

Figure 1: Write-Offs as a Percent of Revenue

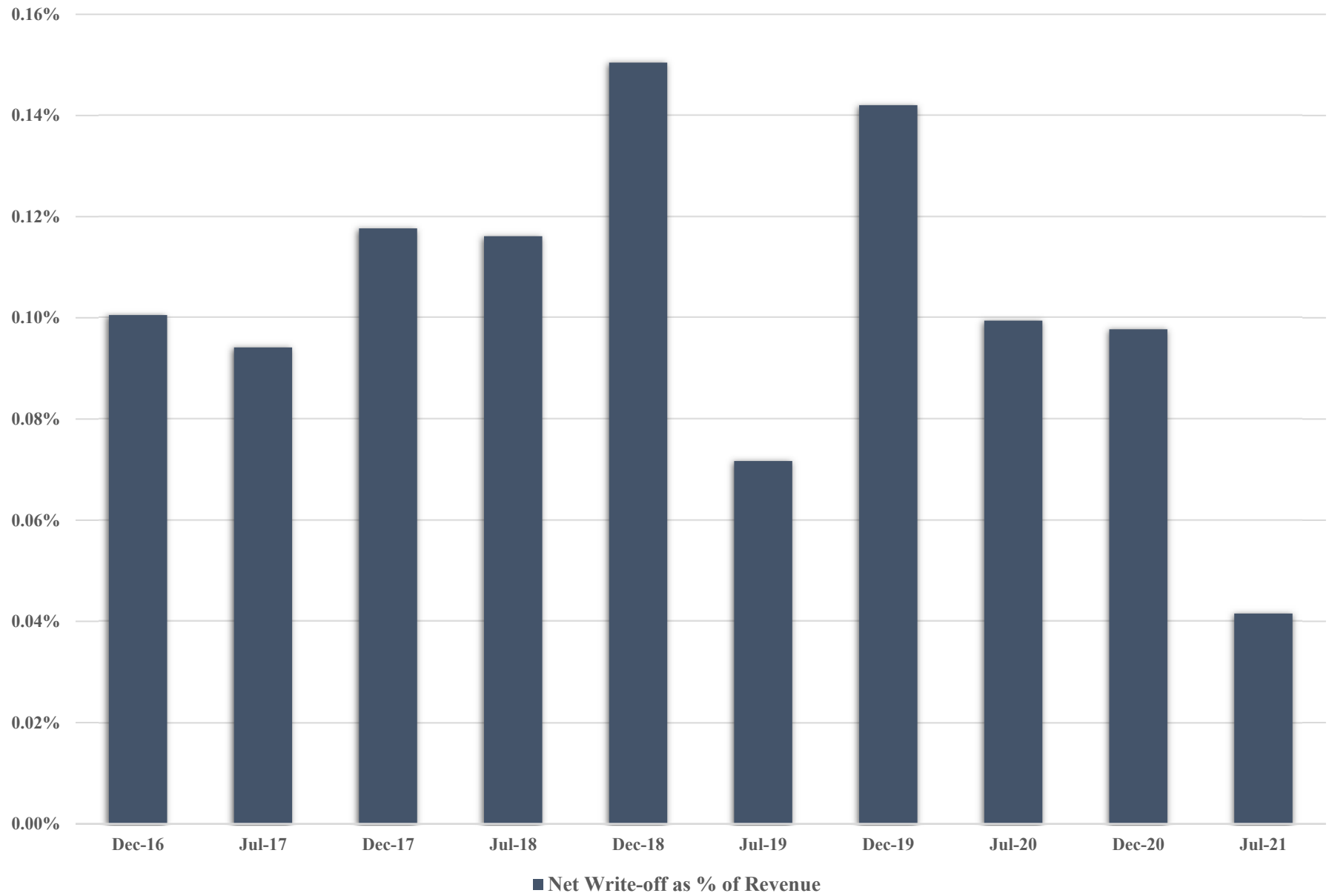
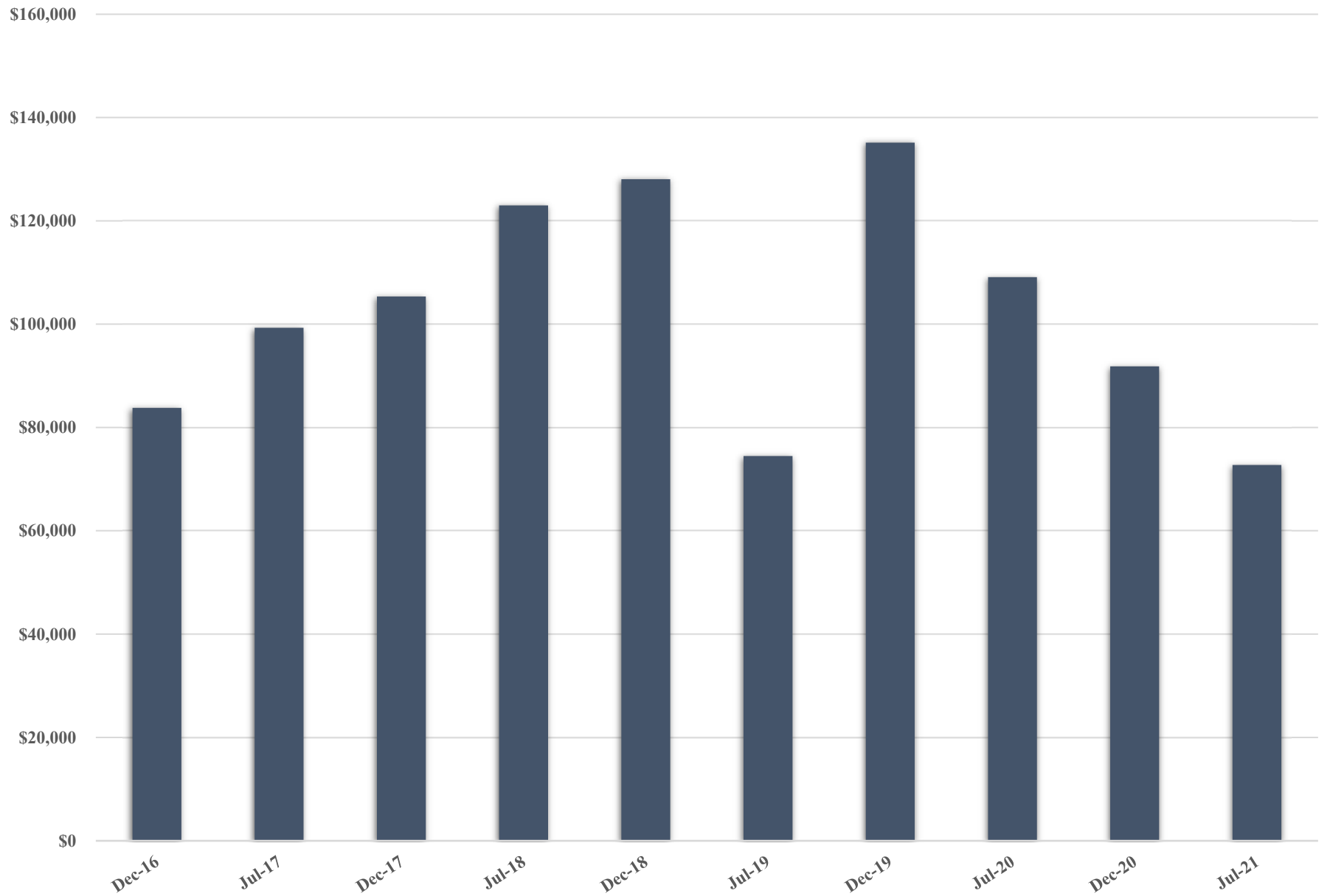


Figure 2: Net Write-Off Amount





Annual Meeting & Member Appreciation

Regular Board of Directors' Meeting

July 21, 2021



Sites Considered

- Alaska Airlines Center
- Alaska Center for the Performing Arts and Town Square Park
- Alaska Pacific University
- Anchorage Museum
- Arctic Recreation Center
- ChangePoint Alaska
- (The) Dome
- Egan Center
- High school auditoriums
- Loussac Library and Cuddy Family Park

ChangePoint Alaska

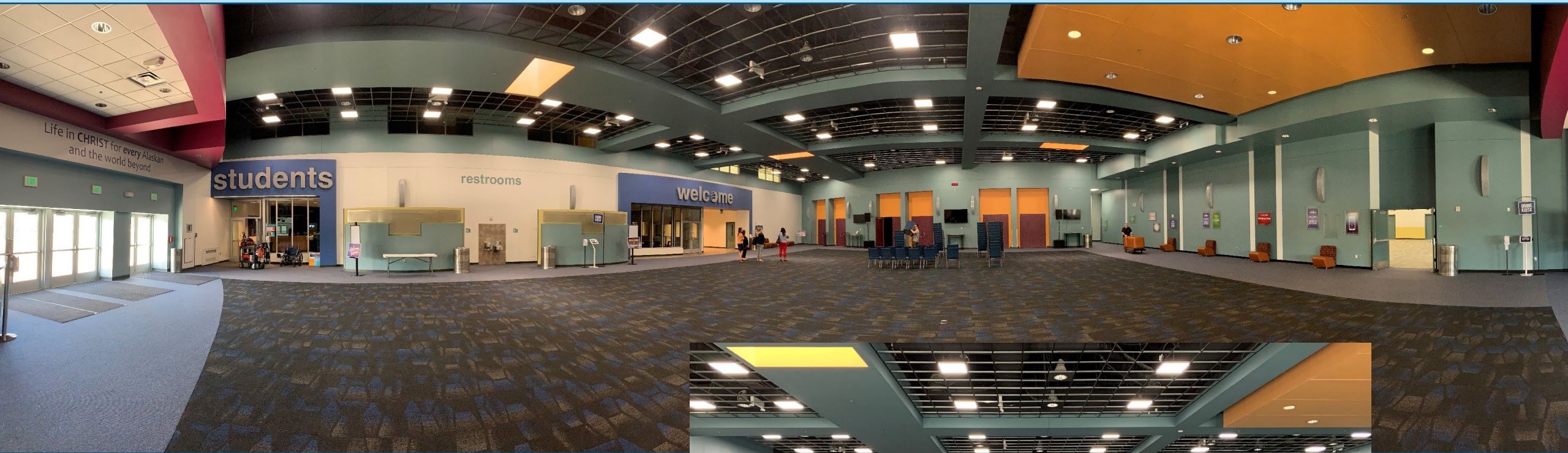
- Low cost
- Large, well-maintained rental space
- Technical capacity on site
- Proximity to SPP for tours
- Space for both parking and member activities
- Free parking
- Easy flow from member event to annual meeting
- No stairs
- Accessible restrooms inside
- Strong staff support

ChangePoint venue

Main
entrance



ChangePoint venue



Entrance hall
(annual meeting space)



ChangePoint venue



Coffee shop



Accessible restrooms



Meeting room

ChangePoint venue



Parking lot

ChangePoint venue



Chugach and
ChangePoint
campuses



ChangePoint parking

Event Details (recommended)

Friday, May 20, 2022

3:00 pm	Member Appreciation activities
5:00 pm	Meeting registration opens
6:00 pm	Annual Meeting begins
7:00 pm	Wrap up/clean up



Questions?



CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

July 21, 2021

ACTION REQUIRED

AGENDA ITEM NO. X.A.

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

TOPIC

Battery Energy Storage System – Project Authorization

DISCUSSION

The Battery Energy Storage System is primarily identified as a reliability project, focused on improving the primary frequency response on the Railbelt Transmission System. Further detailed analysis of the project identified an estimated \$96M savings associated with avoided outages, fuel and O&M costs, and greenhouse gas emission reduction.

The project evaluated the installation of 70MW battery with a two-hour duration, adding a total capacity of 140MWh to the system. Located just south of Electron Drive at the Chugach Campus, the battery system will tie into International Substation and will be referred to as the International Battery System. The battery yard will consist of 30 to 40 large battery packs mounted on shallow foundation concrete pads, each feeding through a 480V to 35kV step-up transformer into the Power Distribution Center (PDC). From the PDC, two 35kV circuits running north from the yard, will tie into two separate busses at the 35kV switchgear at International Substation. The project will also include a looped fiber optic system for communication.

The total project cost is estimated at \$60,000,000. It is anticipated that \$8M of the project costs will be charged to the project in 2021, \$25M in 2022, and \$27M in 2023.

A discussion was held at the July 14, 2021, Operations Committee meeting during executive session. The Committee stated that additional discussion will be held at the July 21, 2021, Regular Board of Directors' meeting.

MOTION

Move that the Board Directors authorize the Chief Executive Officer to proceed with the Battery Energy Storage System project at an estimated total cost of \$60,000,000 with an estimated final completion date of July 2023 and as discussed in Executive Session.