



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

**REGULAR BOARD OF DIRECTORS' MEETING**

**AGENDA**

Bettina Chastain, Chair  
Mark Wiggin, Vice Chair  
Harold Hollis, Treasurer  
Sam Cason, Secretary

Erin Whitney, Director  
Rachel Morse, Director  
Sisi Cooper, Director

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**July 27, 2022**

**4:00 p.m.**

**Chugach Board Room**

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- I. CALL TO ORDER (4:00 p.m.)
  - A. *Pledge of Allegiance*
  - B. *Roll Call*
  - C. *Safety Minute – “BBQ Safety” (Freeman)*
  - D. *Electric Power Factoid: Energy vs. Capacity (Brodie)*
- II. APPROVAL OF THE AGENDA\* (4:05 p.m.)
- III. PERSONS TO BE HEARD (4:10 p.m.)
  - A. *Member Comments*
- IV. DIRECTOR REPORTS (4:20 p.m.)
  - A. *Alaska Power Association (APA) Report*
  - B. *Renewable Energy Alaska Project (REAP) Report*
  - C. *Board Committee Reports (Audit & Finance, Operations & Governance)*
  - D. *Other Meeting Reports*
    - 1. *Member Advisory Council (MAC) Report*
- V. CONSENT AGENDA\* (4:40 p.m.)
  - A. *Board Calendar*
  - B. *Training and Conferences*
    - 1. *NRECA Region 9 Meeting, September 27-29, 2022, Portland, OR (Deadline for conference and hotel registration is August 12, 2022)*
  - C. *Minutes*
    - 1. *June 22, 2022, Regular Board of Directors’ Meeting (Cacy)*
    - 2. *July 13, 2022, Special Board of Directors’ Meeting (Doyle/Quezon)*

\* *Denotes Action Items*

\*\* *Denotes Possible Action Items*

7/27/2022 2:48:56 PM

*D. Director Expenses*

- VI. CEO REPORTS AND CORRESPONDENCE (4:45 p.m.)
  - A. *Enterprise Resource Planning (ERP) Project Update (McCarty) (4:45 p.m.)*
  - B. *May 2022 Financial Statements and Variance Report (Griffin/Highers) (4:55 p.m.)*
  - C. *Write-off of Accounts Receivable – Electric/Other (Muisse) (5:10 p.m.)*
  - D. *Board Policy Scheduled Tasks/Reports (Board/Staff) (5:20 p.m.)*
- VII. UNFINISHED BUSINESS (*none*)
- VIII. NEW BUSINESS (*scheduled*) (5:25 p.m.)
  - A. *Bradley Lake Required Project Work Projects and Associated Financing (Highers) (5:25 p.m.)*
- IX. EXECUTIVE SESSION\* (*scheduled*) (5:55 p.m.)
  - A. *Enterprise Resource Planning Contract (McCarty) (5:55 p.m.)*
  - B. *Battery Energy Storage System (Laughlin) (6:20 p.m.)*
  - C. *Strategic Planning Topics (Miller) (6:35 p.m.)*
  - D. *Chugach Realignment (Miller) (6:45 p.m.)*
  - E. *Board of Directors Communication (Board) (6:55 p.m.)*
  - F. *CEO Employment Agreement (Board) (7:10 p.m.)*
- X. NEW BUSINESS\* (*continued*) (7:25 p.m.)
  - A. *Enterprise Resource Planning Contract Approval\* (McCarty)*
  - B. *Bradley Lake Required Project Work Projects and Associated Financing\* (Highers)*
  - C. *CEO Employment Agreement\*\* (Board)*
- XI. DIRECTOR COMMENTS (7:45 p.m.)
- XII. ADJOURNMENT\* (8:00 p.m.)

\* *Denotes Action Items*

\*\* *Denotes Possible Action Items*



# BARBECUE SAFETY

# TIPS

Regular Board of Directors' Meeting  
July 27, 2022

# BARBECUE SAFETY TIPS



Keep	Keep meat under 40 degrees before cooking.
Use	Use a meat thermometer. You are more susceptible to food poisoning in your own home.
Keep	Keep your grill clean. Residual grease can cause flare-ups.
Use	Only use grills outside and ten feet away from your house.
Leave	Never leave your grill unattended.
Keep	Keep a spray bottle on hand.
Wear	Wear appropriate clothing when grilling.



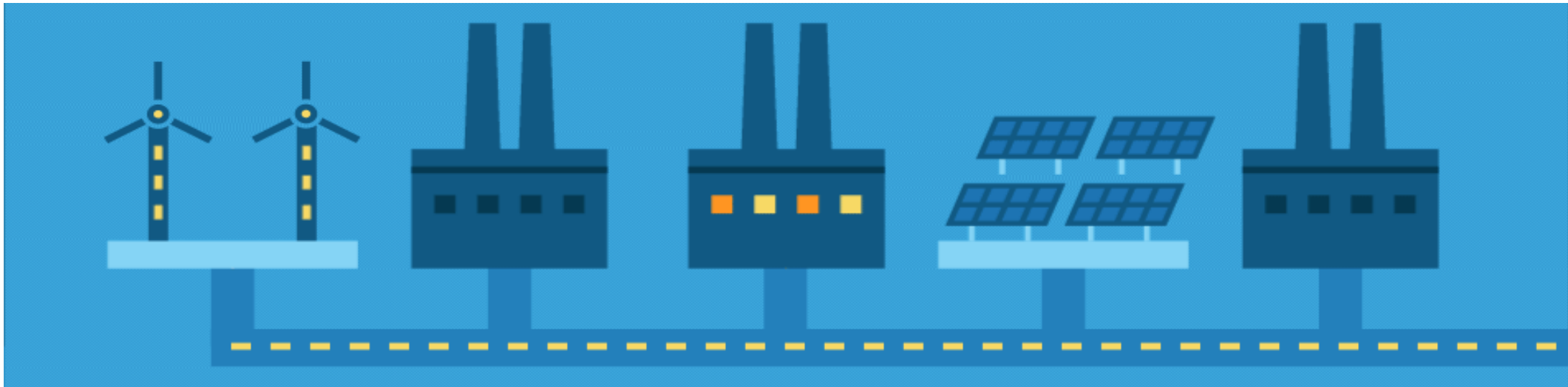
# Electric Power Factoid: Energy vs. Capacity

Board of Directors Meeting: July 27, 2022



# Generation Energy and Capacity

**Energy (kWh):** the amount of energy (kWh) generated over a period of time.



**Capacity (kW):** the installed nameplate capacity of a generating facility or unit.

# Value of Energy vs. Capacity



**The value of energy and capacity are different**

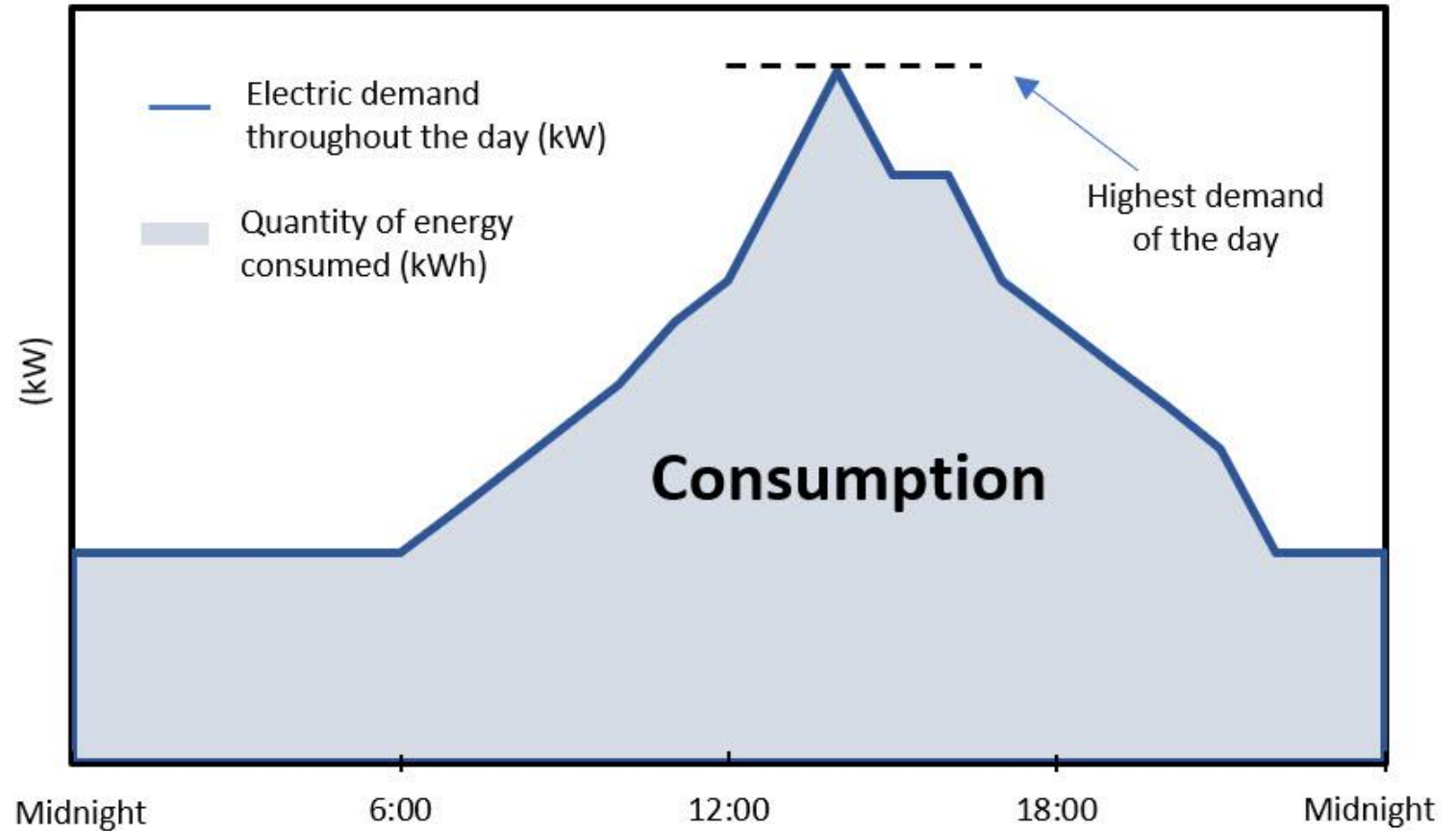


- The value of energy is largely based on the variable components related to the production of electricity, such as administrative overhead and operation and maintenance
- The value of capacity is primarily based on fixed costs related to the production of electricity, such as power plant facilities and other capital costs

# Consumer Perspective: Energy vs. Demand

Energy (kWh) is measured by consumption over a period of time

Demand (kW) is measured by the maximum consumption at a given point in time.

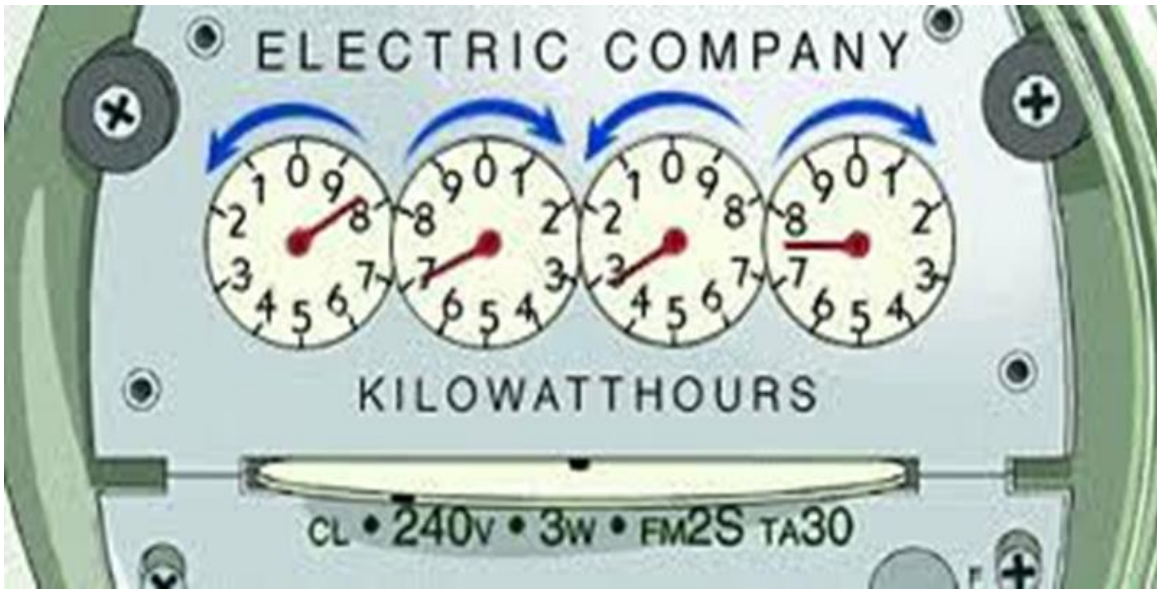




# Chugach Billing Practices



**Energy and Demand are billed differently based on the class of service**



- Residential and Small General bills include an energy charge on the amount of energy (kWh)
- The Large General and Wholesale (Firm) bills include energy and demand (kW) charges
- Economy, or Wholesale (Non-Firm), energy sales are billed on the quantity of energy (MWh) sold

# Questions?



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# July 2022

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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jun 26	27	28	29	30	Jul 1	2
3	4 Independence Day Holiday	5	6	7	8 11:00am CEO Transition Follow-up (Teleconference) - CCBOD	9
10	11	12	13 4:00pm Special Board of Directors Meeting (Board Room CR) - CCBOD	14	15 12:30pm Mtg w/Chastain/Wiggin (CEO Contract) (BoardroomCR) - Connie Owens	16
17	18	19 3:30pm REAP Public Policy Committee and Board Meeting (Whitney/Wiggin) (Zoom Mtg)	20 10:00am APA Awards Committee Meeting (APA) - CCBOD	21	22 11:00am Review Board Packet w/Chair & Vice Chair and Follow-Up Discussion (StarLeaf) - Arthur Miller	23
24	25 11:30am Make It Monday Forum (Egan Center or Virtual via Zoom) - CCBOD	26 9:30am CEO Contract Discussion w/Karin Jones (Telephonic) - CCBOD	27 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	28	29	30
31	Aug 1	2	3	4	5	6



# August 2022

August 2022						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
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21	22	23	24	25	26	27
28	29	30	31			

September 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jul 31	<b>Aug 1</b> 10:00am REAP Quarterly Board Meeting (Wiggin/Whitney) (SEED Lab/Zoom Meeting)	2	3	4	5 9:30am Operations Committee Meeting Packet Review (StarLeaf Cloud) - CCBOD	6
7	8	9 12:00pm Arctic Road Rally (Chugach Building G (1421 W 56th Ave)) - CCBOD	10 4:00pm Operations Committee Meeting (Board Room CR) - CCBOD	11	12	13
14	15	16-17 APA Annual Meeting (8/16-8/19) (Ketchikan, AK)				20
21	22	23	24 4:00pm Audit & Finance Committee Meeting (Board Room CR) - CCBOD	25	26 9:30am Review Board Packet (CEO's Office) - CCBOD	27
28	29 8:00am Special Board of Directors' Meeting - 5:00pm	30 8:00am Board Photo - TBD (Megan Room During Strategic Planning) - CCBOD	31 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	Sep 1	2	3

# September 2022

September 2022						
Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3
4	5	6	7	8	9	10
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25	26	27	28	29	30	

October 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Aug 28	29	30	31	Sep 1	2	3
4	5 Labor Day - Connie Owens	6	7	8	9	10
11	12	13	14 4:00pm Governance Committee Meeting (Board Room CR) - CCBOD	15	16 9:30am Review Board Packet (CEO's Office) - CCBOD	17
18	19	20	21	22	23	24
25	26	27	28 Region IX Meeting (Portland, OR) 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	29	30	Oct 1

# October 2022

October 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

November 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			

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sep 25	26	27	28	29	30	Oct 1
2	3	4	5 5:30pm Tentative: Member Advisory Council	6	7	8
9	10	11	12 4:00pm Operations Committee Meeting (Board Room CR) - CCBOD	13	14	15
16	17	18	19	20	21 9:30am Review Board Packet (CEO's Office) - CCBOD	22
23	24	25	26 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	27	28	29
30	31	Nov 1	2	3	4	5

# November 2022

November 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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20	21	22	23	24	25	26
27	28	29	30			

December 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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18	19	20	21	22	23	24
25	26	27	28	29	30	31

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

# December 2022

December 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
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January 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Nov 27	28	29	30	Dec 1	2	3
4	5 4:00pm Governance Committee Meeting (Board Room CR) - CCBOD	6	7 APA Open House and December Meeting Series (Details to Fo 4:00pm Operations Committee Meeting (Board Room CR) - CCBOD	8	9 9:30am Review Board Packet (CEO's Office) - CCBOD	10
11	12	13	14 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	15	16	17
18	19	20	21	22	23 Christmas Eve (Holiday Observed) - Connie Owens	24 Christmas Eve
25 Christmas Day	26 Christmas Day (Holiday Observed) - Connie Owens	27	28	29	30 New Year's Eve (Holiday Observed) - Connie Owens	31 New Years Eve



# January 2023

January 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

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

# February 2023

February 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jan 29	30	31	Feb 1	2	3	4
5	6	7	8 4:00pm Operations Committee Meeting (Board Room CR) - CCBOD	9	10	11
12	13	14	15	16	17 9:30am Review Board Packet (CEO's Office) - CCBOD	18
19	20	21	22 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	23	24	25
26	27	28	Mar 1	2	3	4

# March 2023

March 2023						
Su	Mo	Tu	We	Th	Fr	Sa
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April 2023						
Su	Mo	Tu	We	Th	Fr	Sa
						1
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9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Feb 26	27	28	Mar 1	2 NRECA PowerXchange (3/3-3/8) (Nashville, TN)	3	4
5 NRECA PowerXchange (3/3-3/8) (Nashville, TN)	6	7	8	9	10	11
12	13	14	15	16	17 9:30am Review Board Packet w/Chair (CEO's Office) - CCBOD	18
19	20	21	22 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	23	24	25
26	27	28	29 4:00pm Audit & Finance Committee Meeting (Board Room CR) - CCBOD	30	31	Apr 1

# April 2023

April 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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2	3	4	5	6	7	8
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16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

May 2023						
Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Mar 26	27	28	29	30	31	Apr 1
2	3	4	5	6	7	8
9	10	11	12 4:00pm Governance Committee Meeting (Board Room CR) - CCBOD	13	14	15
16	17	18	19	20	21 9:30am Review Board Packet (CEO's Office) - CCBOD	22
23	24	25	26 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	27	28	29
30	May 1	2	3	4	5	6

# May 2023

May 2023							June 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
	1	2	3	4	5	6					1	2	3
7	8	9	10	11	12	13	4	5	6	7	8	9	10
14	15	16	17	18	19	20	11	12	13	14	15	16	17
21	22	23	24	25	26	27	18	19	20	21	22	23	24
28	29	30	31				25	26	27	28	29	30	

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Apr 30	May 1	2	3 4:00pm Operations Committee Meeting (Board Room CR) - CCBOD	4	5	6
7	8	9	10	11	12	13
14	15	16	17 4:00pm Audit & Finance Committee Meeting (Board Room CR) - CCBOD	18	19 9:30am Review Board Packet (CEO's Pffice) - CCBOD 3:00pm TENTATIVE: Member Appreciation Day 6:00pm TENTATIVE: Annual Membership Meeting (TBD) 7:00pm TENTATIVE: Special Board of	20
21	22	23	24 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	25	26	27
28	29 Memorial Day	30	31	Jun 1	2	3



# June 2023

June 2023							July 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
				1	2	3							1
4	5	6	7	8	9	10	2	3	4	5	6	7	8
11	12	13	14	15	16	17	9	10	11	12	13	14	15
18	19	20	21	22	23	24	16	17	18	19	20	21	22
25	26	27	28	29	30		23	24	25	26	27	28	29
							30	31					

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
May 28	29	30	31	Jun 1	2	3
4	5	6	7 4:00pm Governance Committee Meeting (Board Room CR) - CCBOD	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23 9:30am Review Board Packet (CEO's Office)	24
25	26	27	28 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	29	30	Jul 1

# Regional Meetings 7&9

Portland, OR | September 27 - 29, 2022

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## Schedule

*Subject to change. All times are local to the event location.*

### TUE. 09/27

7:00am - 8:30am      Registration – Pre-Meeting Education

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8:00am - 4:00pm      Director Education Course: 2640 Financial Decision Making

#### 2640 Financial Decision Making

This course is designed to help directors assess their cooperative's financial position via financial statements used in financial reporting and planning, as well as key ratios developed from these financial statements. Participants will also recognize how board decisions impact their co-op's financial position.

*Registration is required.*

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8:00am - 4:00pm      Director Education Course: 927.1 Cybersecurity: The Board's Oversight Role

#### 927.1 Cybersecurity: The Board's Oversight Role

As a result of a rapidly changing cyber-threat landscape and the growth of digitization electric cooperative boards recognize the need to govern cyber risks effectively. Boards face a balancing act with cybersecurity and continued pursuit of digital innovation, transformation, and meeting member needs. Together with management the electric cooperative board needs to carefully assess how much cyber risk it is willing to accept in order to pursue their overall strategy. This course is designed to help distribution cooperative directors find that balance and fulfil their cybersecurity oversight responsibilities.

*Registration is required.*

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8:00am - 4:00pm      Director Education Course: 937.1 Applying Emotional Intelligence in the Boardroom

#### 937.1 Applying Emotional Intelligence in the Boardroom

Emotional intelligence is a skill. And like any other skill, individuals can get better at it with training and practice. This course focuses on the four core competencies of emotional intelligence: self-awareness, self-management, social awareness/empathy, and relationship management. Directors will learn how to develop and implement these competencies to enhance their ability to interact with fellow directors and their CEO. By increasing their awareness of social and emotional behaviors directors will learn how to adapt and manage their responses to real world boardroom situations.

*Registration is required.*

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1:00pm - 5:00pm	Registration – Regional Meeting and Voting Delegates
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3:00pm - 5:30pm	NISC Regional Meeting and Member Reception
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5:00pm - 6:30pm	ACRE® Donor Appreciation Reception
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All active ACRE members (anyone who has contributed to National ACRE in 2021 or 2022) are invited to an exclusive Thank You reception to celebrate your commitment to political engagement. Join us for an evening of food, beverages, door prizes, recognition, and socializing with fellow ACRE members. We appreciate your continued support.

*Note: This event is exclusive for active members of national ACRE. If you are unsure of your ACRE membership status, please contact Amy Lewis at [amy.lewis@nreca.coop](mailto:amy.lewis@nreca.coop). If you are not an ACRE member but would like to be, please make your contribution today at [www.cooperative.com/acredonation](http://www.cooperative.com/acredonation) or contact [amy.lewis@nreca.coop](mailto:amy.lewis@nreca.coop).*

*Contributions to the NRECA Action Committee for Rural Electrification® (ACRE®) are not tax deductible for federal income tax purposes.*

*Contributions to ACRE are voluntary and will be used for political purposes. You have the right to refuse to contribute without reprisal. Federal law prohibits contributions from foreign nationals who lack permanent resident status. Any contribution guidelines presented are merely suggestions. You are free to contribute more or less than the suggested amounts, or not at all. NRECA will not favor or disadvantage anyone by reason of the amount contributed or a decision not to contribute.*

*\*Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200.*

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**WED. 09/28**

7:30am - 4:30pm      Registration – Regional Meeting and Voting Delegates

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9:00am - 11:00am      First General Session

**CEO Address**

*Jim Matheson, CEO, NRECA*

**Proposed Resolutions Briefing**

*Jim Matheson, CEO, NRECA; Member of the Resolutions Committee*

Learn about current issues impacting co-ops. This session will help prepare you to participate in the afternoon's Regional Resolutions Committee meeting by providing a briefing on the 2022 Compendium of Proposed Resolutions.

**Refining Your Co-op's Technology Planning Process**

*Angela Strickland, Senior Vice President, Business and Technology Strategies , NRECA*

Keeping your co-op's technology current is a key component to an effective and efficient co-op, and to serving your members. It is important to develop a technology strategy that's thorough, but also nimble enough to allow for modifications when necessary. Learn how having a sound technology strategy and reviewing it frequently can put your co-op in a stable position as it moves into the future. Hear about opportunities of the infrastructure bill and the impact these may have on your current technology strategy.

**Update on NRECA's Infrastructure Resources and Co-op Consortia**

The \$1 trillion bipartisan infrastructure law includes significant investment and funding opportunities for co-ops and the communities they serve. Receive an update on NRECA's resources to support members and the electric co-op consortia established to maximize potential access to certain funding opportunities and build momentum behind co-ops' efforts.

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11:00am - 11:30am      Coffee Break

Coffee Break

Sponsored by



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11:30am - 12:00pm CFC District Meeting

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12:00pm - 1:30pm Lunch and Address by Andrew Don

Sponsored by



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2:00pm - 3:00pm Second General Session

**President's Address**

*Chris Christensen, NRECA President and Montana Director*

**Safety: It's Not Just About You**

*Carolyn Turner, Executive Director, Nevada Rural Electric Association*

**Update from Federated Rural Electric Insurance Exchange**

*Phil Irwin, President and CEO, Federated Rural Electric Insurance Exchange*

**Secretary-Treasurer's Report**

*Joe Martin, NRECA Secretary-Treasurer and Colorado Director*

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3:00pm - 3:30pm Coffee Break

Coffee Break

Sponsored by



3:30pm

## Resolutions Committee Meeting

The Regional Resolutions Committee meeting is your opportunity to learn more about the Compendium of Proposed Resolutions – a compilation of the proposed resolutions forwarded by the National Resolutions Committee and any additional resolutions or amendments from prior Regional Meetings. Audience members are encouraged to ask the committee questions, and voting members may offer new resolutions sponsored by their cooperative's board or statewide association for the committee to consider.

5:30pm - 7:00pm

## Welcome Reception

Sponsored by



## THU. 09/29

7:30am - 9:30am

## Registration – Regional Meeting and Voting Delegates

8:30am

## Region 7 NRECA Business Meeting

*For NRECA Voting Members Only*

**The 2022 Compendium of Proposed Resolutions will be available in late-July on the [NRECA Member Resolutions pages](#).**

**Business Meeting Agenda**

- Call to Order
- Adoption of Agenda
- Adoption of Standing Rules
- Approval of Minutes of 2021 Business Meeting
- Report of Nominating Committee
- Election of Region Members to NRECA Standing Committees
- Consideration of Proposed Resolutions

9:15am

## Region 9 NRECA Business Meeting

*For NRECA Voting Members Only*

**The 2022 Compendium of Proposed Resolutions will be available in late-July on the [NRECA Member Resolutions pages](#).**

**Business Meeting Agenda**

- Call to Order
- Adoption of Agenda
- Adoption of Standing Rules
- Approval of Minutes of 2021 Business Meeting
- Report of Nominating Committee
- Election of Region Members to NRECA Standing Committees
- Consideration of Proposed Resolutions

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10:00am - 11:00am    Third General Session

**Cybersecurity—Words to Use and Words to Lose**

*Scott Peterson, Senior Vice President, Communications, NRECA*

Cybersecurity events are dominating news headlines with growing frequency. And electric co-ops are not immune. When it comes to cybersecurity, the words and messaging you use matter greatly. With that in mind, NRECA recently completed a revolutionary lexicon project focused on cybersecurity messaging. Hear findings from that research project and learn what words to use and lose as you discuss cybersecurity with your consumer-members, policymakers and other stakeholders.

**Electric Vehicles: What's Down the Road?**

*Brian Sloboda, Director, Consumer Solutions, NRECA*

The number of electric vehicles on the road, and the number of car manufacturers producing EVs, continues to increase. For electric vehicles to continue to be successful, a national network of public chargers will need to be created. In rural areas this presents both challenges and opportunities for electric cooperatives. Learn about the impacts to the current infrastructure and how to be prepared for the coming demand.

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# Register Today!


September 27 -  
30, 2022



**In-Person**  
Portland, OR

Register before  
September 27,  
2022

**REGISTER**

 [View My Co-op's Registrants](#)

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

**June 22, 2022**  
**Wednesday**  
**4:00 p.m.**

**REGULAR BOARD OF DIRECTORS' MEETING**

Recording Secretary: Sandra Cacy

**I. CALL TO ORDER**

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

*A. Pledge of Allegiance*

Chair Chastain led the Board in the Pledge of Allegiance.

*B. Roll Call*

*Board Members Present:*

Bettina Chastain, Chair

Mark Wiggin, Vice Chair

Harold Hollis, Treasurer (*via teleconference*)

Sam Cason, Secretary (*via teleconference*)

Erin Whitney, Director (*via teleconference*)

Rachel Morse, Director

Sisi Cooper, Director

*Guests and Staff Attendance*

*Present:*

Arthur Miller

Sherri Highers

Marty Freeman

Matthew Clarkson

Julie Hasquet

Todd McCarty

Andrew Laughlin

Jean Kornmuller

Karen Griffin

Kate Ayers

Mark Henspeter

Sean Skaling

Jim Torgerson, Consultant

*Via Teleconference:*

Arden Quezon

Shaina Kilcoyne, Member    Allen Hippler, Member

*C. Safety Minute*

Marty Freeman, Senior Manager HSE, discussed "*Bicycle Safety*".

**II. APPROVAL OF AGENDA**

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

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

Shaina Kilcoyne, member commented on the Electric Vehicle Informational Session held by Alaska Energy Authority.

### **IV. CONSENT AGENDA**

- A. *Board Calendar*
  - 1. *Excused Absence – Director Wiggin – May 20, 2022, Regular Board of Directors’ Meeting*
- B. *Training and Conferences*
  - 1. *2022 APA Annual Meeting (August 16-19, 2022) – Ketchikan, AK*
- C. *Minutes*
  - 1. *May 25, 2022, Regular Board of Directors’ Meeting (Cacy)*
  - 2. *June 13-14, 2022, Special Board of Directors’ Meeting (Quezon/Doyle)*
- D. *Director Expenses*

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

### **V. UNFINISHED BUSINESS**

None.

### **VI. EXECUTIVE SESSION**

- A. *CEO Transition (Board)*
- B. *Halpern Dispute Discussion (Board)*
- C. *May 1, 2022 – April 30, 2023, CEO Project Specific Initiatives (PSI) and Priority Areas (PA) Goals (Board)*

At 4:16 p.m., Director Morse moved and Director Cooper seconded the motion that pursuant to Alaska Statute 10.25.175(c)(3) and (4) the Board of Directors go into executive session to: 1) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative; and 3) personnel matters. The motion passed unanimously.

*Director Hollis left the meeting, during Executive Session.*

*The meeting reconvened in open session at 6:30 p.m.*

### **VII. DIRECTOR REPORTS**

- A. *Alaska Power Association (APA) Report*

Director Morse provided an update on APA activities, upcoming events, and responded to questions from the Board.
- B. *Renewable Energy Alaska Project (REAP) Report*

Director Wiggin reported REAP and responded to questions from the Board.
- C. *Board Committee Reports (Audit and Finance, Operations & Governance)*

Chair Chastain stated there were no Audit and Finance Committee meetings to report on and stated that the next meeting is scheduled for August 24, 2022

Director Wiggin reported on the June 8, 2022, Operations Committee meeting and that the next committee meeting is scheduled for August 10, 2022.

Director Cason reported on the June 14, 2022, Governance Committee meeting and stated that the meeting is scheduled for September 14, 2022.

*D. Other Meeting Reports*

- I.* Director Cason reported on the upcoming Member Advisory Council (MAC) meeting scheduled for June 29, 2022.

## **VIII. CEO REPORTS AND CORRESPONDENCE**

*A. Enterprise Resource Planning (ERP) Project Update (McCarty)*

Arthur Miller, Acting Chief Executive Officer (CEO), provided an update on the Enterprise Resources Planning project and responded to questions from the Board.

*B. April 2022 Financial Statements & Variance Report (Griffin)*

Karen Griffin, Vice President of Finance and Accounting, reported on the November 2021 Financial Statements and Variance Report and responded to questions from the Board.

*C. 2<sup>nd</sup> Quarter 2022 Railbelt Bill Comparison (Kornmuller)*

Arthur Miller, Acting CEO, reported on the 2<sup>nd</sup> Quarter 2022 Railbelt Bill Comparison and responded to questions from the Board.

*D. Arctic Road Rally (Henspeter/Ayers)*

Mark Henspeter, Business Development Analyst, and Kate Ayers, Manager of Key Accounts and Sustainability, discussed the Arctic Road Rally event and responded to questions from the Board.

Director Wiggin reported on sponsorship for the event and responded to questions from the Board.

*E. Daves Creek Substation Update (Laughlin)*

Andrew Laughlin, Acting Chief Operating Officer provided an update on Daves Creek Substation and responded to questions from the Board.

*F. Board Policies Scheduled Tasks (Staff/Board)*

The Board Policy Scheduled Tasks were provided in the meeting packet.

Arthur Miller, Acting CEO, discussed the CEO Reports and Correspondence contents and responded to questions from the Board.

*Chair Chastain called for a recess at 7:14 p.m.*

*Director Hollis re-joined the meeting via teleconference.*

*The meeting reconvened at 7:22 p.m.*

## IX. NEW BUSINESS

### A. *Update Bank Signature Cards (Griffin)*

Karen Griffin, Vice President of Finance and Accounting, discussed the update to bank signature cards and responded to questions from the Board.

Director Cooper moved and Director Wiggin seconded the motion that the Board of Directors approve the attached resolution updating the bank signature cards based on the election of officers at its May 25, 2022, Regular Board of Directors' meeting and changes in executive management personnel. The motion passed unanimously.

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

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

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

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

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

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

### D. *2021 Capital Credit Allocations (Kornmuller)*

Jean Kornmuller, Senior Manager of Regulatory Affairs, gave a brief overview of the 2021 Capital Credit Allocations and responded to questions from the Board.

Sherri Highers, Chief Financial Officer and Executive VP, Finance and Administration also responded to questions.

Director Morse moved and Director Cooper seconded the motion that the Board of Directors approve the attached Resolution authorizing 2021 capital credit allocations in the amount of \$9,578,479, with \$5,272,106 assigned to South District retail members, \$4,244,853 assigned to North District retail members, and \$61,520 assigned to Seward Electric System. The motion passed unanimously.

### E. *CEO Transition (Board)*

Director Wiggin moved and Director Cooper seconded the motion that the Board of Directors approve the attached resolution authorizing a three-member committee to negotiate an employment agreement with the individual selected by the Board to serve as the Association's next Chief Executive Officer. The committee shall bring the final

employment agreement back to the Board for review and approval prior to execution. Chair Chastain called for a vote.

- Director Chastain – Yes
- Director Wiggin – Yes
- Director Cason – No
- Director Hollis – Yes
- Director Whitney - No
- Director Cooper - Yes
- Director Morse - Yes

The motion passed with a 5 to 2 votes.

*F. May 1, 2022 – April 30, 2023, CEO Project Specific Initiatives (PSI) and Priority Areas (PA) Goals (Board)*

Director Morse moved and Director Wiggin seconded the motion that the Board of Directors approve the May 1, 2022 through April 30, 2023 CEO Project Specific Initiatives and Priority Areas as discussed, and amended, in executive session. The motion passed unanimously.

**X. DIRECTOR COMMENTS**

Director comments were made at this time.

**XI. ADJOURNMENT**

At 7:57 p.m., Director Wiggin moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.

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Samuel Cason, Secretary

Date Approved: July 27, 2022

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

**July 13, 2022**  
**Wednesday**  
**4:00 p.m.**

**SPECIAL BOARD OF DIRECTORS' MEETING**

Recording Secretary: Ashton Doyle/Arden Quezon

**I. CALL TO ORDER**

Chair Chastain called the Special Board of Directors' meeting to order at 4:03 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

*A. Roll Call*

*Board Members Present:*

Bettina Chastain, Chair

Mark Wiggin, Vice Chair (*via teleconference*)

Harold Hollis, Treasurer

Sam Cason, Secretary

Erin Whitney, Director (*via teleconference*)

Rachel Morse, Director (*via teleconference/in-person*)

Sisi Cooper, Director

*Guests and Staff Attendance*

*Present:*

Arthur Miller

Sherri Highers

Jim Torgerson, Consultant

Matthew Clarkson

Andrew Laughlin

*Via Teleconference:*

Sandra Cacy

Karin Jones, Consultant

**II. APPROVAL OF THE AGENDA**

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

**III. PERSONS TO BE HEARD**

None.

**IV. DIRECTOR REPORT**

None.

**V. CONSENT AGENDA**

None.

**VI. CEO REPORTS AND CORRESPONDENCE**

None.

**VII. UNFINISHED BUSINESS**

None.

**VIII. EXECUTIVE SESSION**

- A. *Halpern Dispute Discussion*
- B. *CEO Transition*

At 4:06 p.m., Director Hollis moved and Director Cooper seconded the motion that pursuant to Alaska Statute 10.25.175(c)(3) and (4) the Board of Directors go into executive session to: 1) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative; and 2) personnel matters. The motion passed unanimously.

*Director Morse arrived during Executive Session.*

*The meeting reconvened in open session at 5:45 p.m.*

**IX. NEW BUSINESS**

- A. *Halpern Dispute Discussion (Board/Clarkson)*

Director Hollis moved and Director Morse seconded the motion that the Board of Directors approve the Halpern Dispute resolution as discussed in executive session. The motion passed unanimously.

- B. *CEO Transition (Board)*

Director Morse moved and Director Cason seconded the motion that the Board of Directors approve the Chief Executive employment agreement as discussed in executive session. The motion passed unanimously.

**X. DIRECTOR COMMENTS**

Comments were made at this time.

**XI. ADJOURNMENT**

At 5:53 p.m., Director Hollis moved and Director Wiggin seconded the motion to adjourn. The motion passed unanimously.

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Samuel Cason, Secretary  
Date Approved: July 27, 2022



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

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

**July 27, 2022**

**ACTION REQUIRED**

**AGENDA ITEM NO. V.D.**

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

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**TOPIC**

Director Expenses

**DISCUSSION**

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

**MOTION**

*(Consent Agenda)*

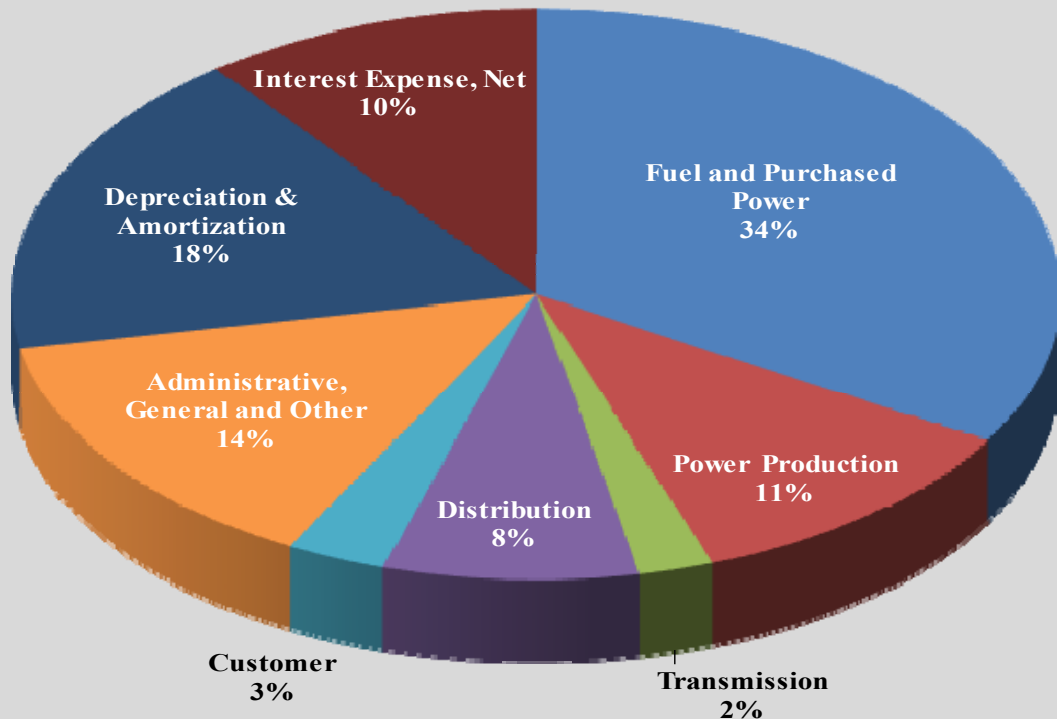
## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2022 MTD ACTUAL TO BUDGET

CATEGORY	ACTUAL	BUDGET <sup>1</sup>	VARIANCE
<b>Operating Revenue &amp; Patronage Capital</b>	<b>\$ 30,183,475</b>	<b>\$ 27,519,129</b>	<b>\$ 2,664,346</b>
Fuel and Purchased Power	10,241,327	8,670,613	1,570,714
Power Production	3,371,272	3,182,513	188,759
Transmission	713,754	925,476	(211,722)
Distribution	2,400,271	2,399,907	364
Customer	937,377	1,013,432	(76,055)
Administrative, General and Other	4,362,147	4,466,174	(104,027)
Depreciation & Amortization	5,350,313	5,104,408	245,905
Interest Expense, Net	3,202,832	3,187,872	14,960
<b>Total Cost of Electric Service</b>	<b>\$ 30,579,293</b>	<b>\$ 28,950,395</b>	<b>\$ 1,628,898</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ (395,818)</b>	<b>\$ (1,431,266)</b>	<b>\$ 1,035,448</b>
Non-Operating Margins - Interest	37,585	24,262	13,323
Allowance for Funds Used During Construction	7,494	23,264	(15,770)
Non-Operating Margins - Other	979	(12,098)	13,077
<b>Patronage Capital or Margins</b>	<b>\$ (349,760)</b>	<b>\$ (1,395,838)</b>	<b>\$ 1,046,078</b>
<b>Adj. Patronage Capital or Margins<sup>2</sup></b>	<b>\$ 389,484</b>	<b>\$ (656,594)</b>	<b>\$ 1,046,078</b>

<sup>1</sup> Amended budget

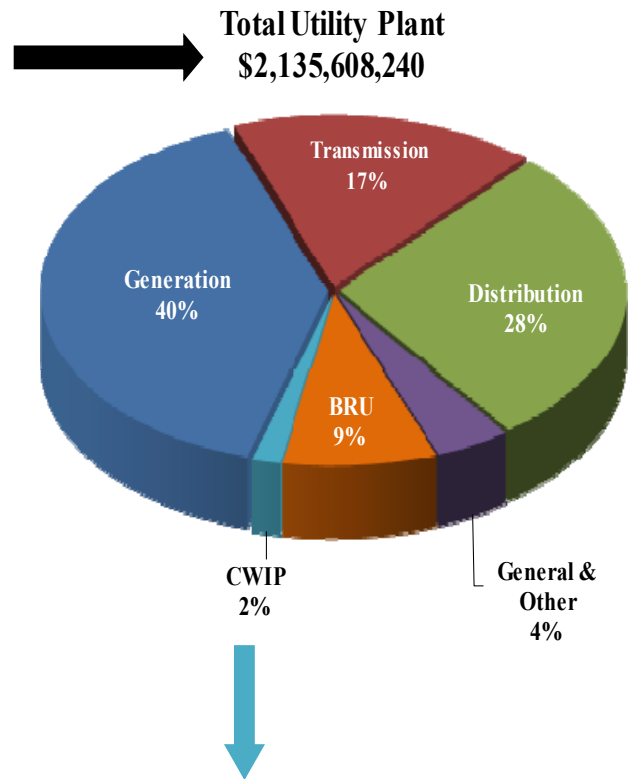
<sup>2</sup> Results if adjusted by secondary regulatory asset & Eklutna PPA

### Total Cost of Electric Service (MTD Actual)

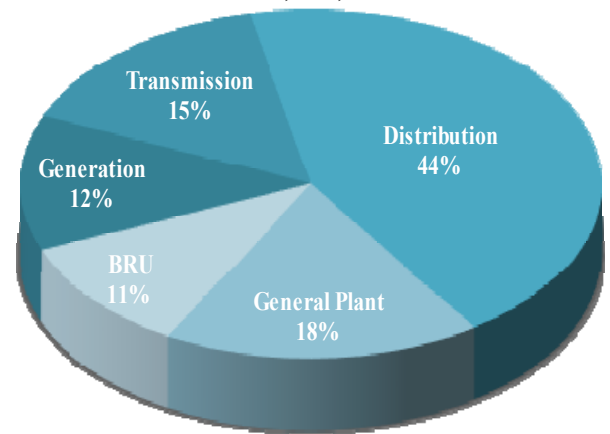


## BALANCE SHEET

ASSETS & OTHER DEBITS	5/31/2022	12/31/2021
Electric Plant in Service	2,101,477,199	2,085,567,712
Construction Work in Progress	34,131,041	34,253,304
<b>Total Utility Plant</b>	<b>\$ 2,135,608,240</b>	<b>\$ 2,119,821,016</b>
Accum. Prov. for Depreciation/Amortization	(667,383,127)	(640,729,478)
<b>Net Utility Plant</b>	<b>\$ 1,468,225,113</b>	<b>\$ 1,479,091,538</b>
Nonutility Property - Net	76,889	76,889
Financing & Operating Lease Right-of-Use Assets	3,970,297	4,126,967
Investment in Assoc. Organizations	6,996,877	7,280,936
Special Funds	41,473,497	43,016,636
Restricted Cash Equivalents & Other	64,310	64,310
Long-term Prepayments	0	291,846
<b>Total Other Property &amp; Investments</b>	<b>\$ 52,581,870</b>	<b>\$ 54,857,584</b>
Cash & Restricted Cash	27,713,083	37,590,723
Special Deposits and Marketable Securities	58,300	58,300
Accounts Receivable - Net	41,304,914	47,186,182
Materials and Supplies, Fuel Stock	55,455,164	59,371,225
Prepayments	5,630,438	4,917,095
Other Current & Accrued Assets	1,422,275	942,497
<b>Total Current &amp; Accrued Assets</b>	<b>\$ 131,584,174</b>	<b>\$ 150,066,022</b>
Deferred Debits	110,998,268	112,348,138
<b>Total Assets &amp; Other Debits</b>	<b>\$ 1,763,389,425</b>	<b>\$ 1,796,363,282</b>
LIABILITIES & OTHER CREDITS	5/31/2022	12/31/2021
Memberships	1,963,476	1,949,262
Pat. Capital, Margins & Equities	208,388,537	204,051,676
<b>Total Margins &amp; Equities</b>	<b>\$ 210,352,013</b>	<b>\$ 206,000,938</b>
Long-Term Debt - Bonds	1,139,549,996	1,173,366,663
Long-Term Debt - Other	20,976,000	23,028,000
Unamortized Debt Issuance Costs	(6,028,526)	(6,072,373)
Operating Lease Liabilities	3,713,007	3,835,282
Finance Lease Liabilities	11,858	13,667
<b>Total Long-Term Debt</b>	<b>\$ 1,158,222,335</b>	<b>\$ 1,194,171,239</b>
Notes Payable	67,166,770	64,473,838
Accounts Payable	16,677,035	14,878,065
Consumer Deposits	4,947,559	5,663,067
Other Current & Accrued Liabilities	55,687,275	52,236,502
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$ 144,478,639</b>	<b>\$ 137,251,472</b>
Deferred Compensation	1,937,248	2,115,229
Other Liabilities, Non-Current	906,330	741,387
Deferred Liabilities	17,316,827	24,724,119
BRU Regulatory Liability	103,308,129	107,364,906
Cost of Removal Obligation	126,867,904	123,993,992
<b>Total Liabilities &amp; Other Credits</b>	<b>\$ 1,763,389,425</b>	<b>\$ 1,796,363,282</b>



**Construction Work in Progress**  
**\$34,131,041**



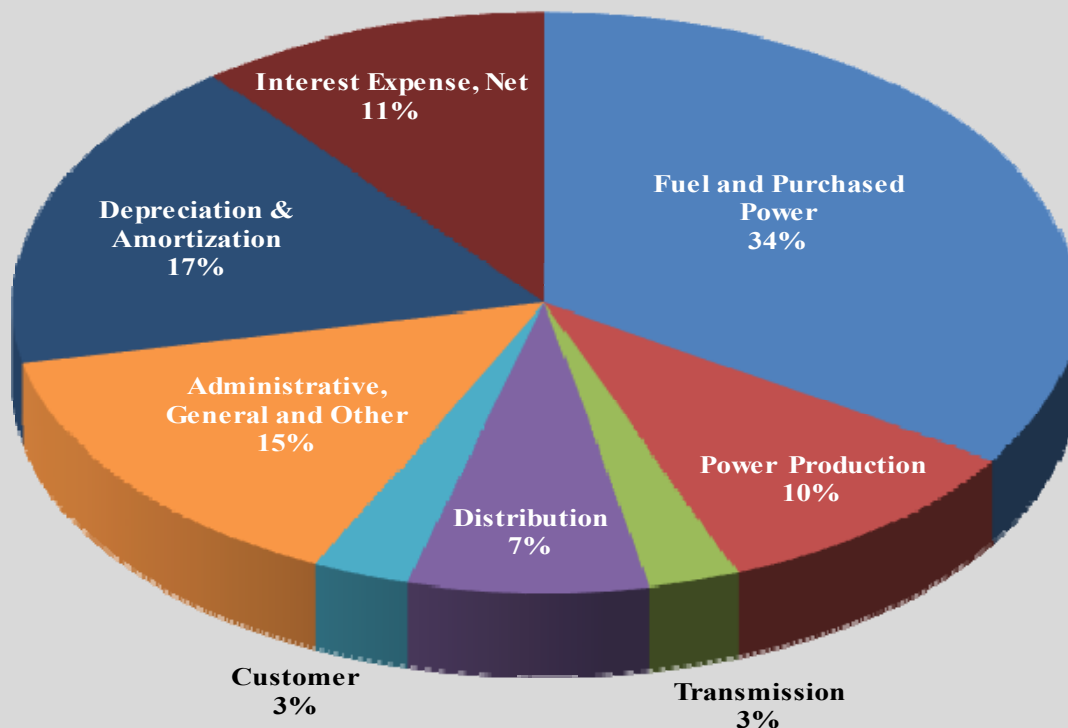
## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2022 YTD ACTUAL TO BUDGET

CATEGORY	ACTUAL	BUDGET <sup>1</sup>	VARIANCE
<b>Operating Revenue &amp; Patronage Capital</b>	<b>\$ 155,572,323</b>	<b>\$ 147,925,239</b>	<b>\$ 7,647,084</b>
Fuel and Purchased Power	51,513,135	45,880,484	5,632,651
Power Production	15,175,071	15,133,405	41,666
Transmission	4,163,504	4,823,265	(659,761)
Distribution	11,102,083	11,791,431	(689,348)
Customer	4,409,037	4,771,544	(362,507)
Administrative, General and Other	22,079,944	22,234,125	(154,181)
Depreciation & Amortization	26,558,036	25,538,838	1,019,198
Interest Expense, Net	16,253,177	16,189,121	64,056
<b>Total Cost of Electric Service</b>	<b>\$ 151,253,987</b>	<b>\$ 146,362,213</b>	<b>\$ 4,891,774</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 4,318,336</b>	<b>\$ 1,563,026</b>	<b>\$ 2,755,310</b>
Non-Operating Margins - Interest	145,541	121,310	24,231
Allowance for Funds Used During Construction	33,989	111,955	(77,966)
Non-Operating Margins - Other	(73,526)	(60,494)	(13,032)
<b>Patronage Capital or Margins</b>	<b>\$ 4,424,340</b>	<b>\$ 1,735,797</b>	<b>\$ 2,688,543</b>
<b>Adj. Patronage Capital or Margins<sup>2</sup></b>	<b>\$ 8,120,559</b>	<b>\$ 5,432,016</b>	<b>\$ 2,688,543</b>

<sup>1</sup> Amended budget

<sup>2</sup> Results if adjusted by secondary regulatory asset & Eklutna PPA

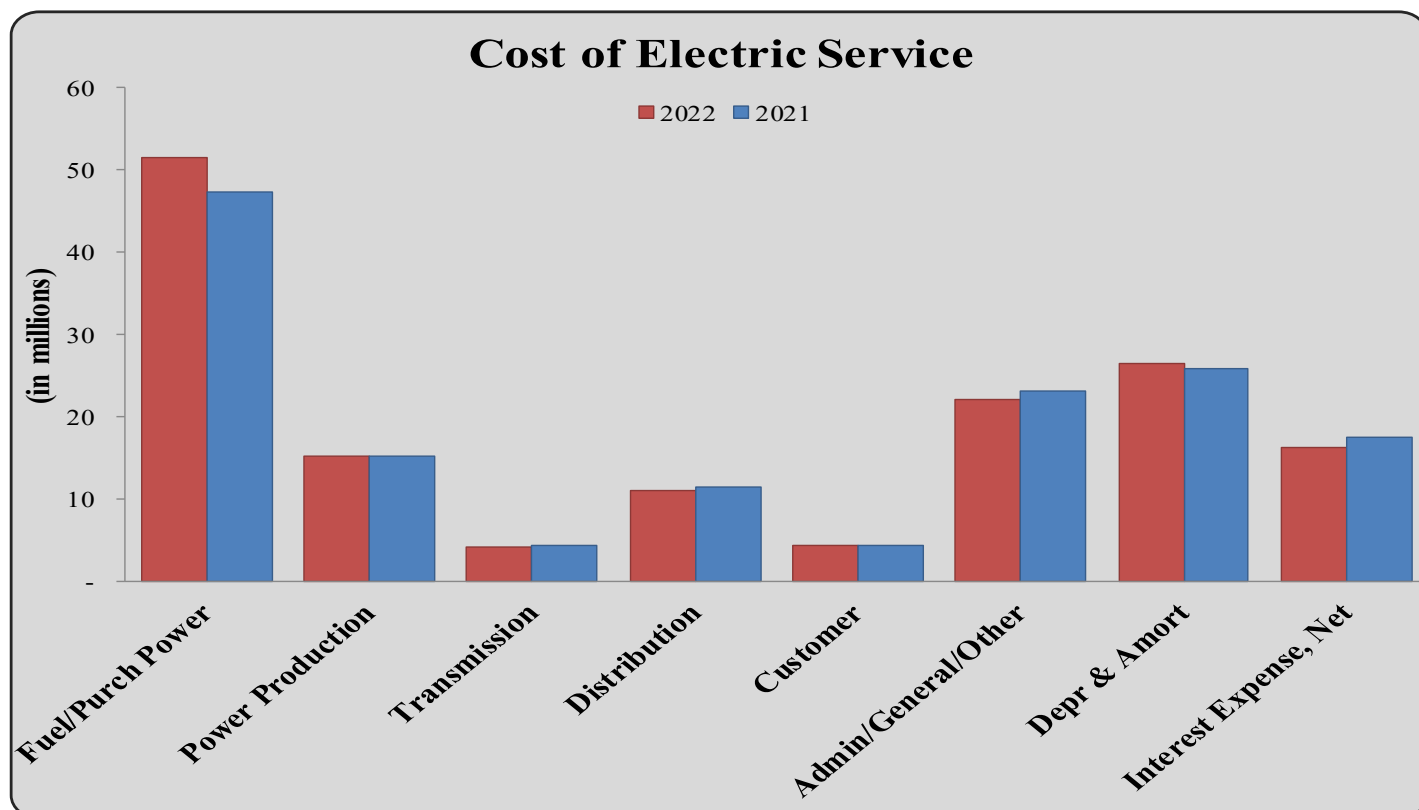
### Total Cost of Electric Service (YTD Actual)

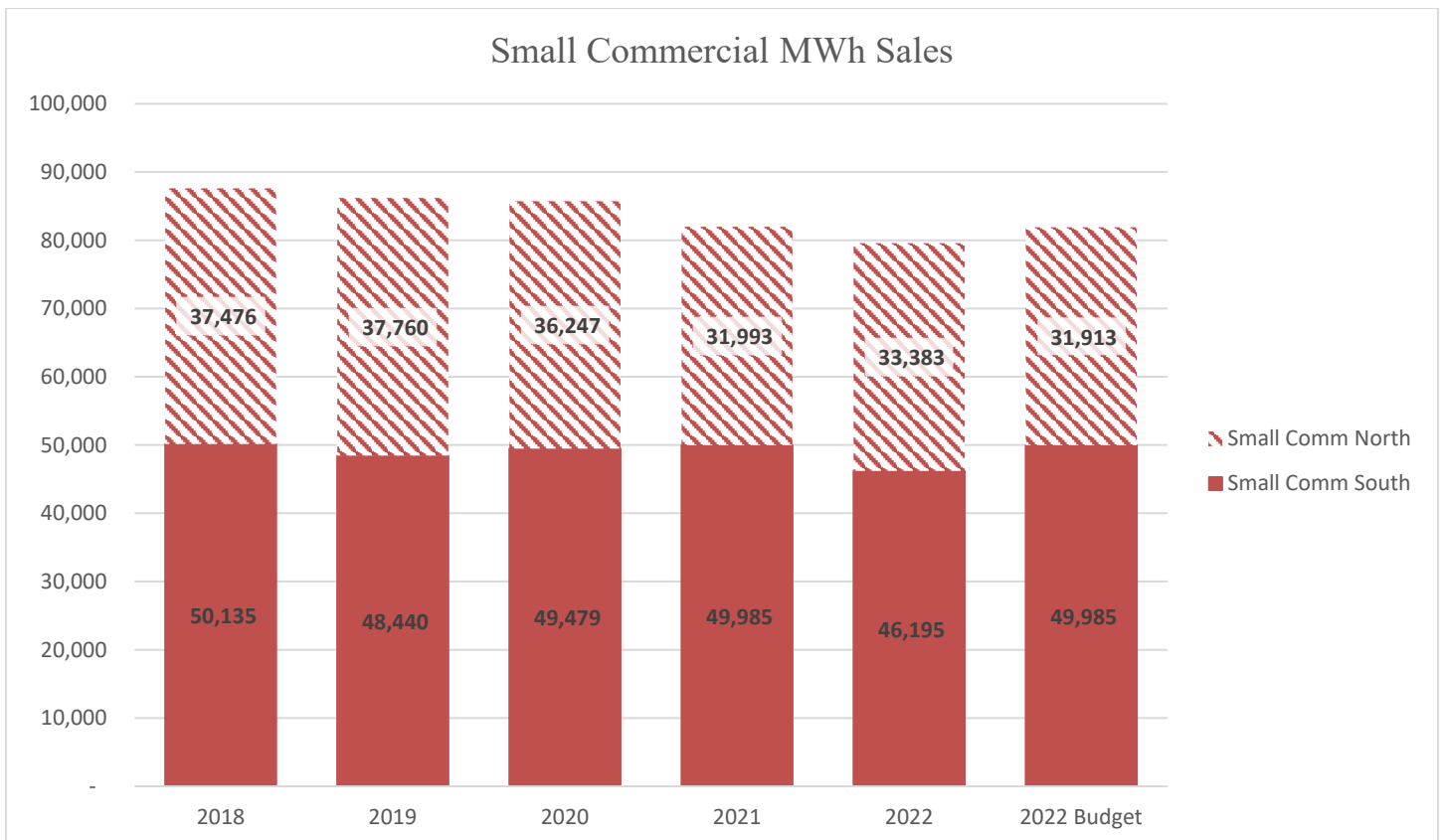
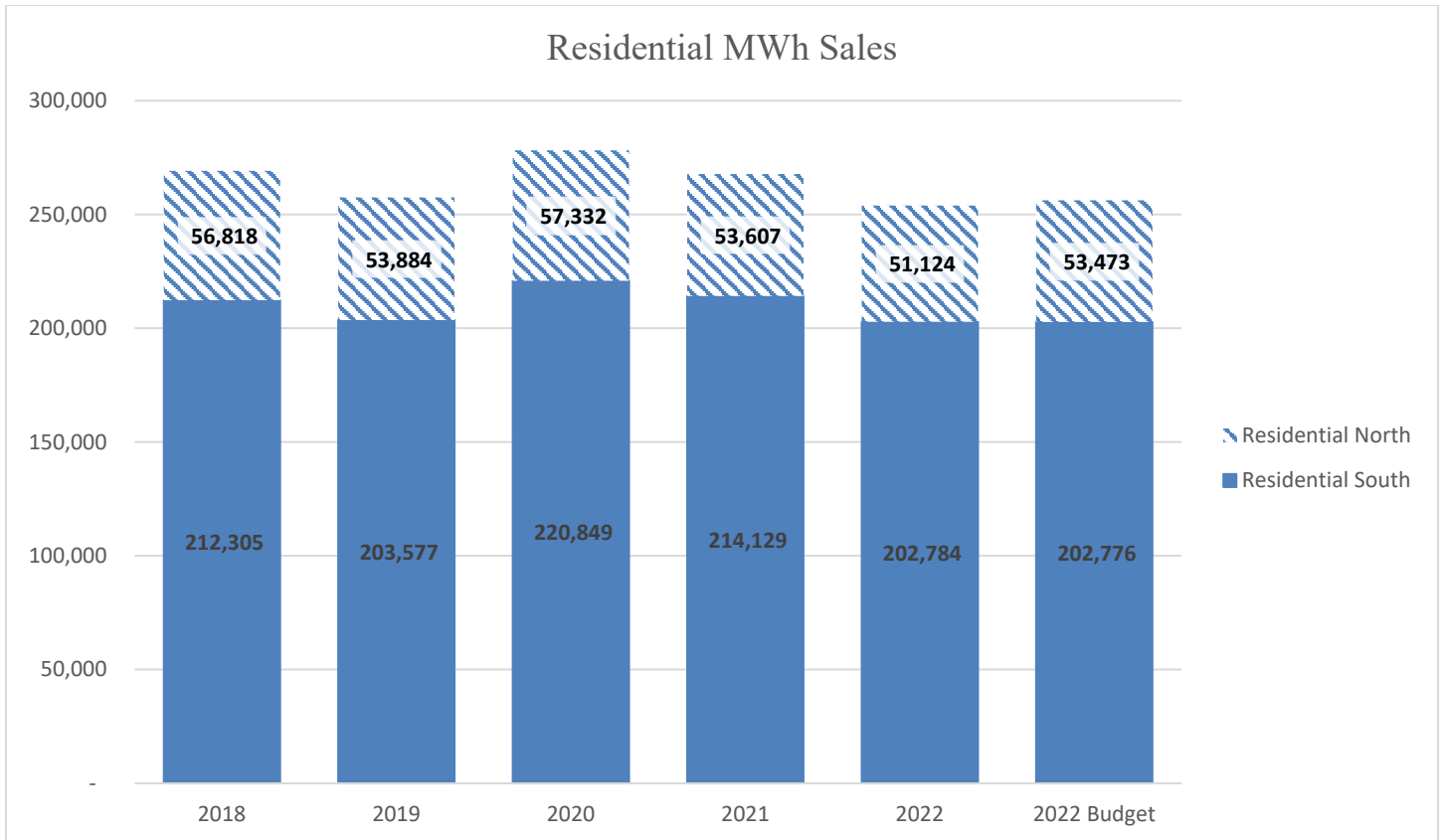


## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YEAR

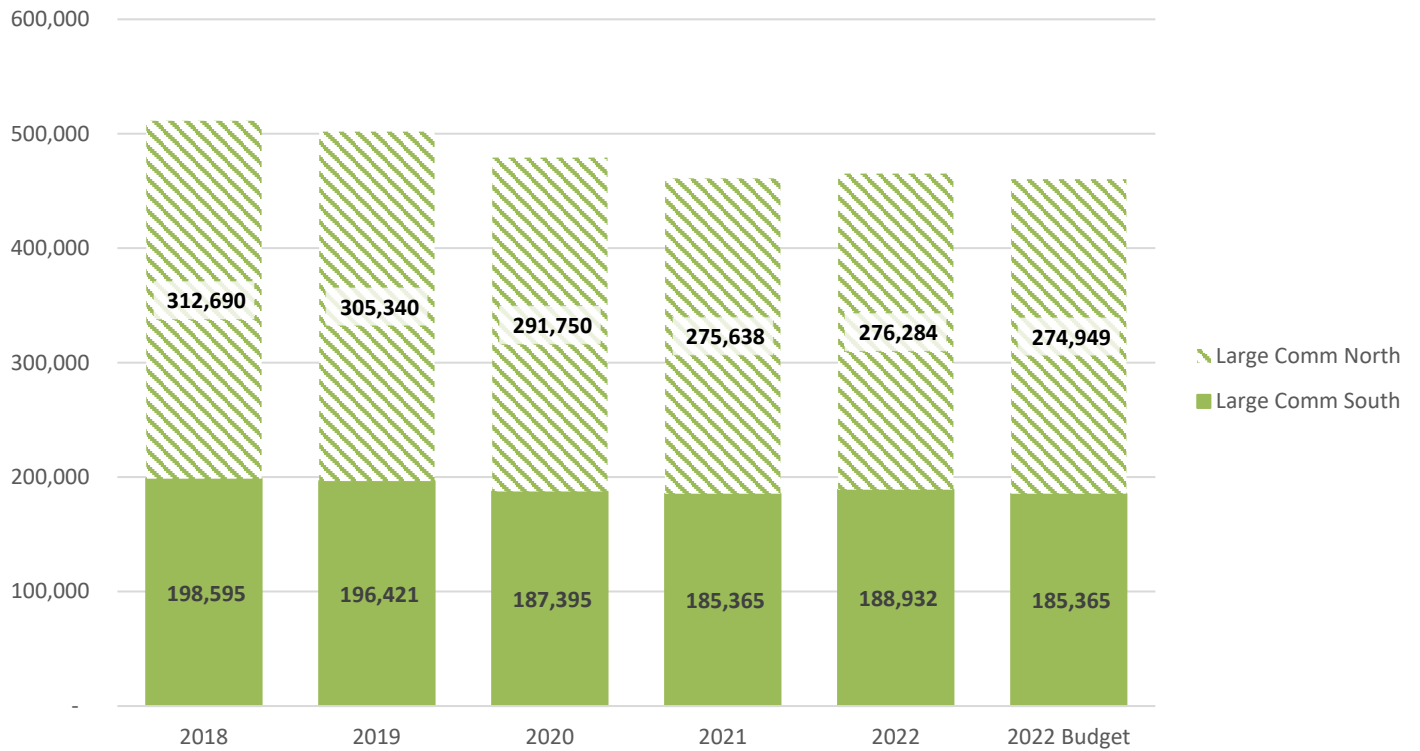
CATEGORY	2022 YTD ACTUAL	2021 YTD ACTUAL
<b>Operating Revenue &amp; Patronage Capital</b>	<b>\$ 155,572,323</b>	<b>\$ 151,484,667</b>
Fuel and Purchased Power	51,513,135	47,274,866
Power Production	15,175,071	15,152,604
Transmission	4,163,504	4,322,387
Distribution	11,102,083	11,344,622
Customer	4,409,037	4,434,201
Administrative, General and Other	22,079,944	23,169,834
Depreciation & Amortization	26,558,036	25,907,643
Interest Expense, Net	16,253,177	17,501,854
<b>Total Cost of Electric Service</b>	<b>\$ 151,253,987</b>	<b>\$ 149,108,011</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 4,318,336</b>	<b>\$ 2,376,656</b>
Non-Operating Margins - Interest	145,541	121,821
Allowance for Funds Used During Construction	33,989	51,093
Non-Operating Margins - Other	(73,526)	7,542
<b>Patronage Capital or Margins</b>	<b>\$ 4,424,340</b>	<b>\$ 2,557,112</b>
<b>Adj. Patronage Capital or Margins<sup>1</sup></b>	<b>\$ 8,120,559</b>	<b>N/A</b>
MFI/I	1.26	1.14
TIER	1.26	1.15

<sup>1</sup> Results if adjusted by secondary regulatory asset & Eklutna PPA

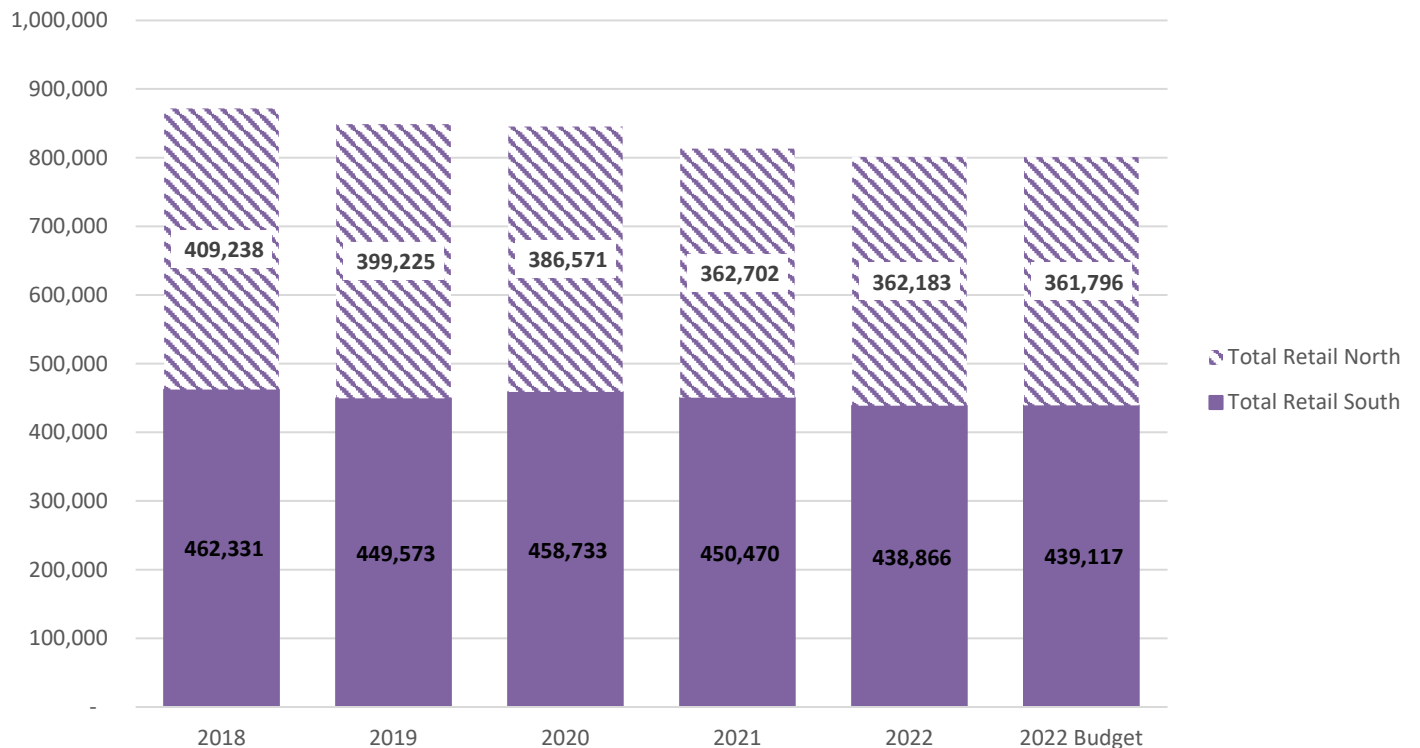


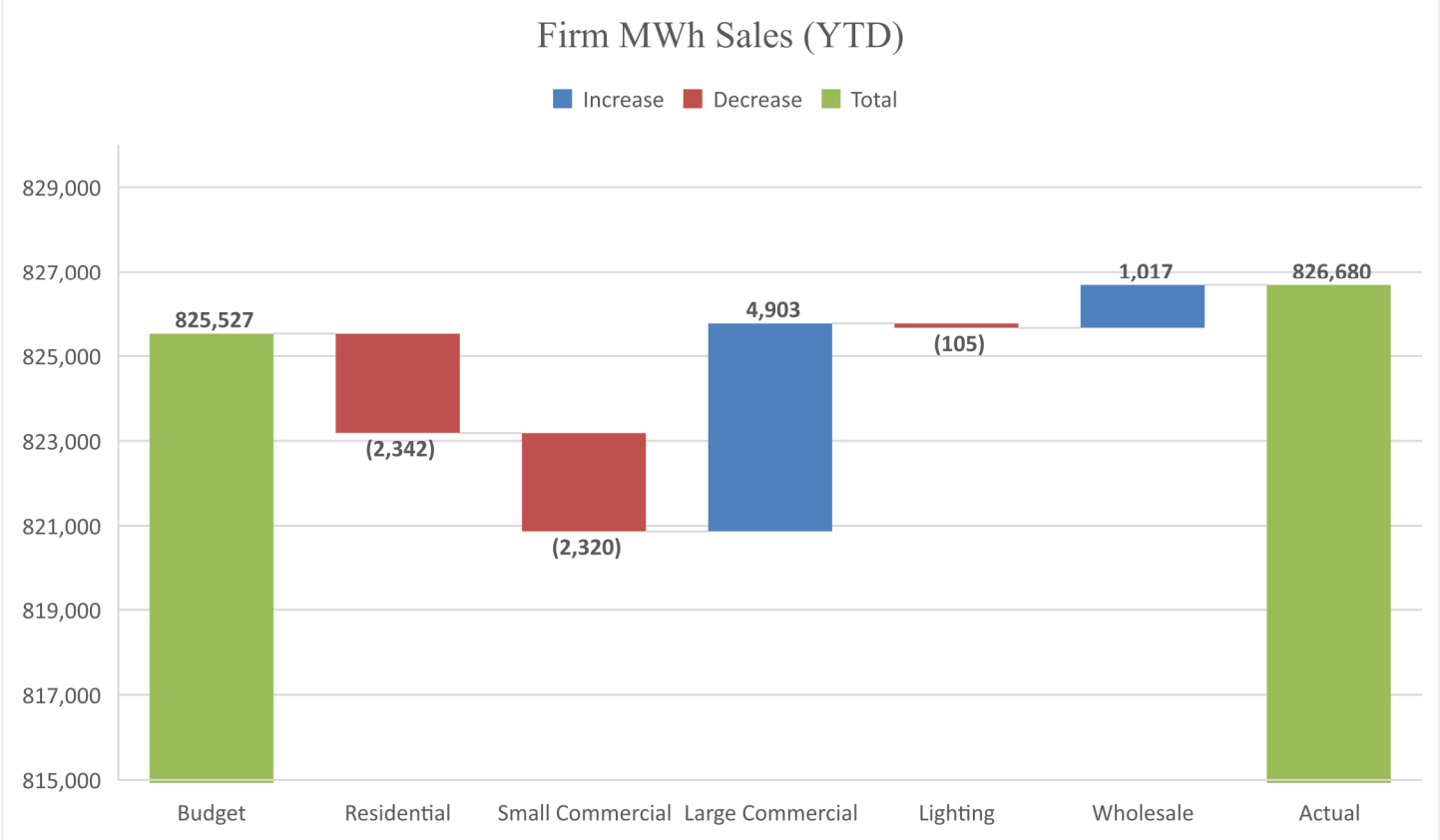
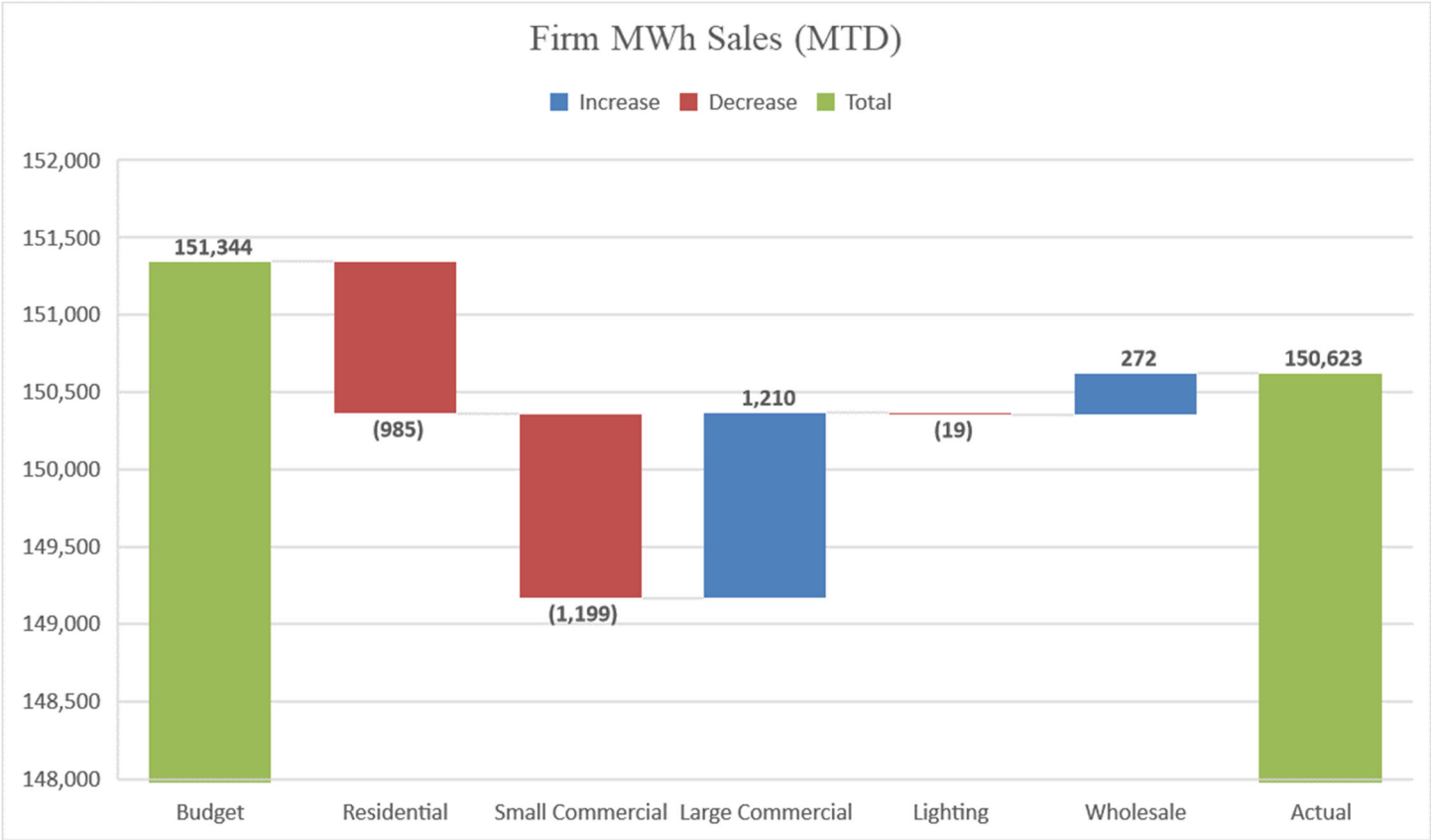


## Large Commercial MWh Sales

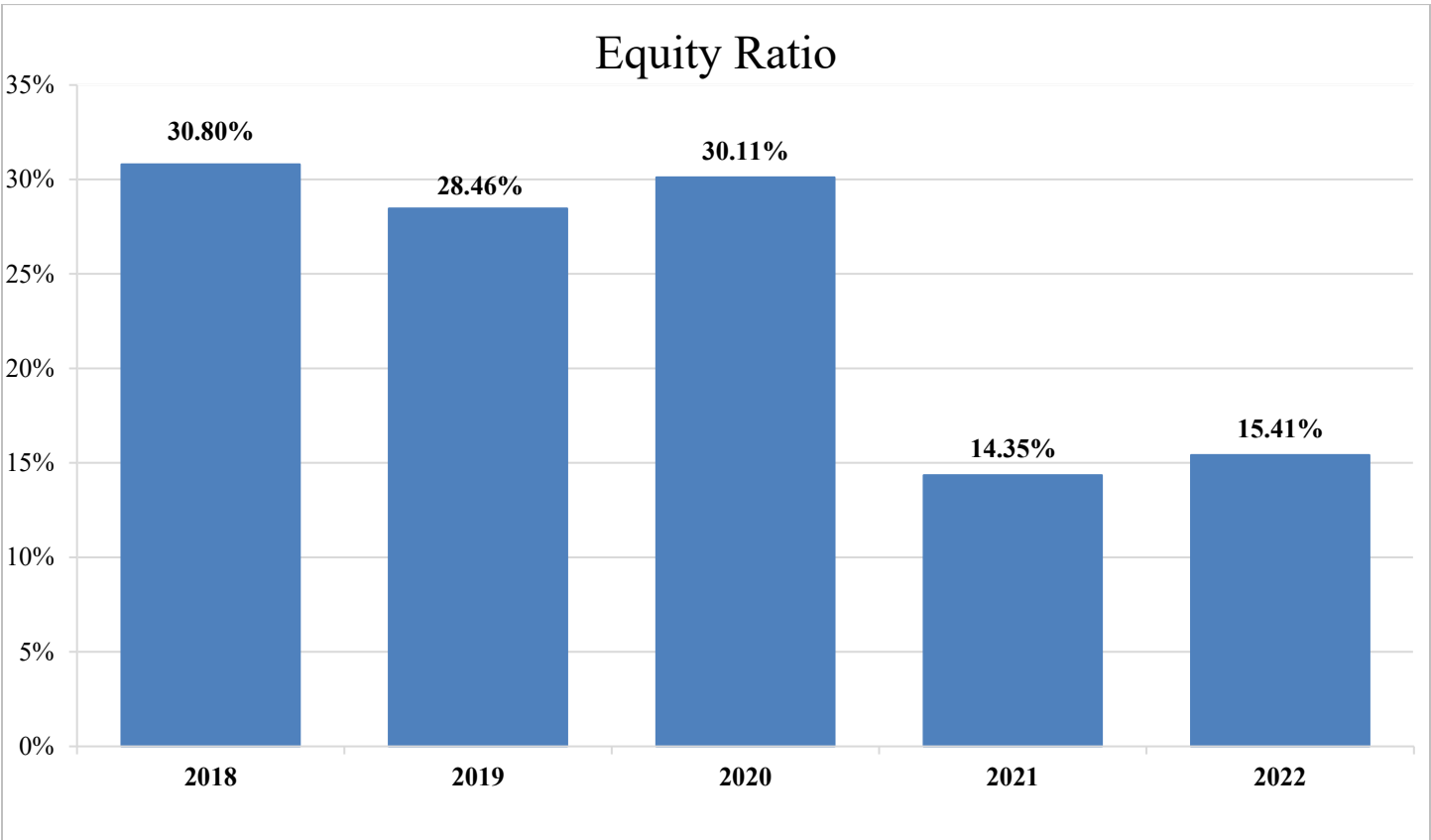
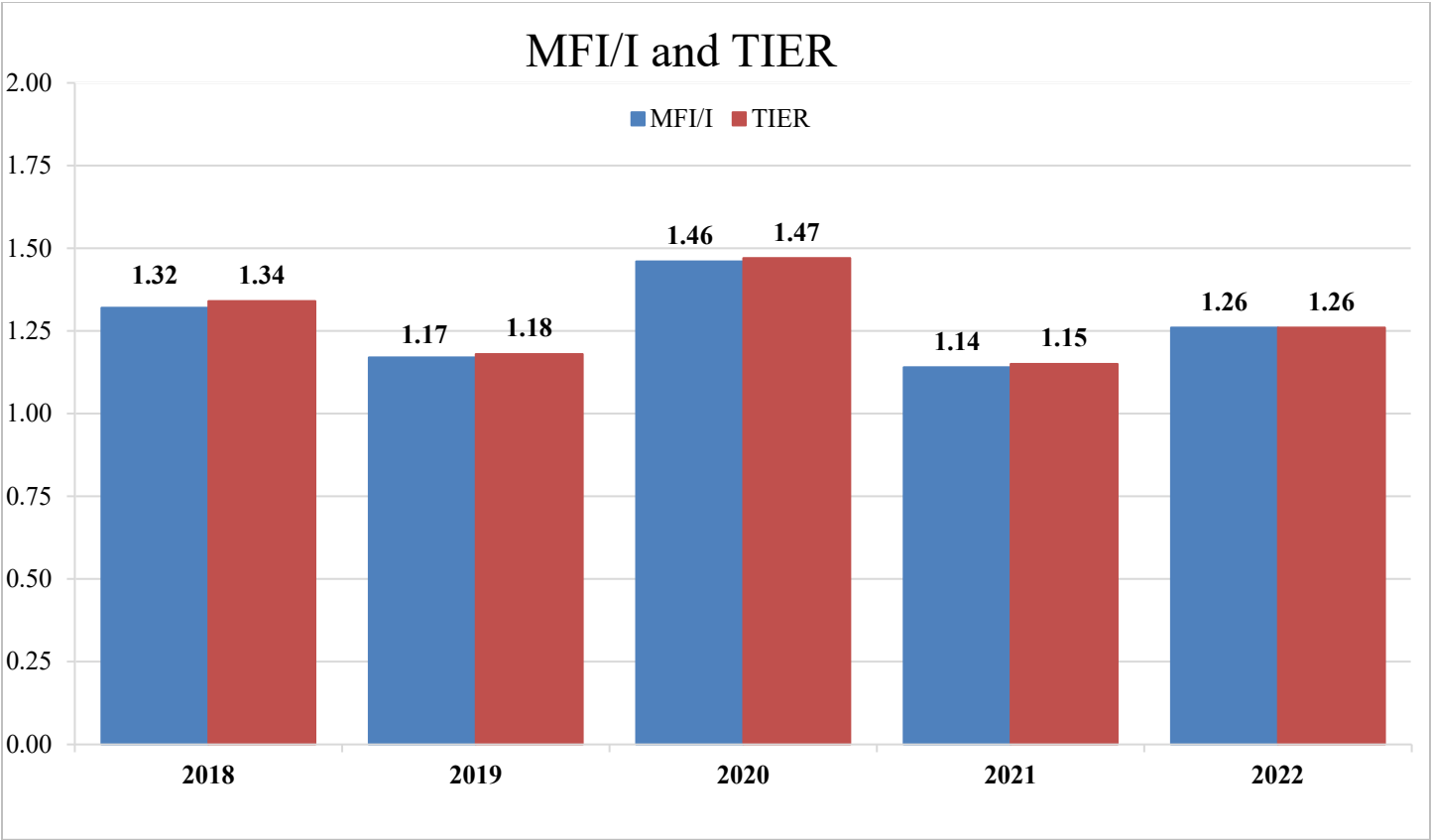


## Total Retail MWh Sales









## ENERGY SALES (kWh)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Retail Energy Sales	801,048,021	800,912,402
Wholesale Energy Sales	<u>25,631,581</u>	<u>24,614,801</u>
Total Firm Energy Sales	826,679,602	825,527,203
Economy Energy/Capacity	124,353,000	71,043,328
Power Pool Sales	<u>64,543,000</u>	<u>69,000,000</u>
Total Energy Sales	1,015,575,602	965,570,531

Firm energy sales totaled 826,679,602 kWh, which was a 0.1% favorable variance compared to budget. While the total of retail energy sales were on par with budget, lower residential and small commercial sales were offset by higher large commercial sales. Wholesale and economy energy and capacity sales were both over budget by 4.1% and 75.0%, respectively. The favorable variance related to economy sales was due to higher than anticipated sales to GVEA as well as unanticipated sales to HEA. Power pool sales with MEA totaled 64,543,000 kWh, which was below budget by 6.5%.

## ENERGY REVENUE (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Retail Revenue	\$ 136.6	\$ 136.2
Wholesale Revenue	<u>2.2</u>	<u>2.4</u>
Total Firm Revenue	138.8	138.6
Economy Energy/Capacity Revenue	12.5	6.3
Power Pool Revenue	0.7	0.7
Other Operating Revenue	<u>3.6</u>	<u>2.3</u>
Total Revenue	\$ 155.6	\$ 147.9

While revenue from firm sales was on par with budget at \$138.8 million compared to \$138.6 million, higher large commercial revenue was offset by lower residential and small commercial revenue. Economy energy and capacity revenue was over budget by 98.0% due primarily to higher than anticipated sales to GVEA. Power pool sales with MEA were slightly below budget at \$666 thousand compared to a budget of \$725 thousand. 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 \$3.6 million compared to \$2.3 million in the budget, due primarily to higher wheeling and gas exchange revenue.

## FUEL AND PURCHASED POWER (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Fuel	\$ 43.0	\$ 36.7
Purchased Power	<u>8.5</u>	<u>9.2</u>
Total	\$ 51.5	\$ 45.9

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$43.0 million compared to \$36.7 million in the budget. This unfavorable variance was due primarily to higher than anticipated BRU operating costs and additional fuel purchased to meet customer demand.

Fuel purchased or withdrawn from inventory for production was 4,001,909 Mcf at an average effective price of \$8.42 per Mcf compared to 3,421,360 Mcf budgeted at an average effective price of \$8.48 per Mcf.

Purchased power expense represents energy purchased from Bradley Lake, Fire Island, Eklutna, MEA through power pooling and other utilities as needed, as well as costs associated with dispatching. Purchased power expense was \$8.5 million compared to \$9.2 million in the budget, caused primarily by lower system control and dispatch labor.

Energy purchased was 86,473 MWh at an average effective price of 7.46 cents per kWh compared to 113,360 MWh budgeted at an average effective price of 5.75 cents per kWh. Water levels at the Bradley Lake reservoir were considerably lower than budget and led to a higher effective rate than planned.

## POWER PRODUCTION (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Power Production	\$ 15.2	\$ 15.1

Power production expense was \$15.2 million compared to \$15.1 million in the budget. This unfavorable variance was due primarily to higher warehouse costs allocated to this financial category and the amortization of acquired ML&P regulatory assets, which was somewhat offset by lower labor costs at the Nikkels, SPP, and Sullivan plants.

## TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Transmission	\$ 4.2	\$ 4.8

Transmission operations and maintenance expense was \$4.2 million compared to \$4.8 million in the budget. This favorable variance was due primarily to lower warehouse costs allocated to this financial category.

## DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Distribution	\$ 11.1	\$ 11.8

Distribution operations and maintenance expense was \$11.1 million compared to \$11.8 million in the budget. This favorable variance was due primarily to lower labor and information services costs allocated to this financial category.

## CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Consumer/Customer Information	\$ 4.4	\$ 4.8

Consumer accounts and customer information expense was \$4.4 million compared to \$4.8 million in the budget. This favorable variance was due primarily to lower labor, which was somewhat offset by higher professional services related to member collection and member communication costs.

## ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Administrative, General and Other	\$ 22.1	\$ 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 \$22.1 million compared to \$22.2 million in the budget. The favorable variance was due primarily to lower than anticipated PILT expense.

## SUMMARY

Depreciation, interest, and interest during construction expense totaled \$42.8 million compared to \$41.7 million in the budget. The unfavorable variance was due primarily to higher than anticipated depreciation expense related to BRU.

All the foregoing expenses resulted in total cost of electric service of \$151.3 million compared to \$146.4 million.

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 \$106.0 thousand compared to \$172.8 thousand in the budget due primarily to lower than budgeted AFUDC.

The net result of revenue and expenses was margins of \$4.4 million compared to projected margins of \$1.7 million in the budget. This resulted in an MFI/I of 1.26, a TIER of 1.26, and an equity-to-total capitalization of 15.41%. The current forecast projects year-end margins of \$8.2 million, an MFI/I of 1.20, and TIER of 1.20.

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

CATEGORY	2022 APPROVED BUDGET	2022 AMENDED BUDGET	2022 YTD ACTUALS	2022 REVISED FORECAST
<b>Operating Revenue and Patronage Capital</b>	<b>\$353,756,696</b>	<b>\$345,060,581</b>	<b>\$155,572,323</b>	<b>353,595,729</b> <sup>1,2</sup>
Fuel and Purchased Power Expense	105,281,462	102,741,756	51,513,135	109,056,904 <sup>1</sup>
Power Production Expense	36,526,615	36,526,615	15,175,071	36,549,874 <sup>1,2</sup>
Transmission Expense	11,473,532	11,473,532	4,163,504	11,436,022 <sup>1</sup>
Distribution Expense	28,908,401	28,908,401	11,102,083	28,759,063 <sup>1,2</sup>
Customer Expense	11,510,953	11,510,953	4,409,037	11,317,011 <sup>1</sup>
Administrative, General & Other	52,462,820	46,129,486	22,079,944	46,651,387 <sup>1,2</sup>
Depreciation and Amortization Expense	61,413,835	61,413,835	26,558,036	63,633,835 <sup>2</sup>
Interest Expense, Net	38,424,734	38,424,735	16,253,177	38,424,735
<b>Total Cost of Electric Service</b>	<b>\$346,002,352</b>	<b>\$337,129,313</b>	<b>\$151,253,987</b>	<b>\$345,828,832</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 7,754,344</b>	<b>\$ 7,931,268</b>	<b>\$ 4,318,336</b>	<b>\$ 7,766,897</b>
Non-Operating Margins - Interest	291,144	291,144	145,541	291,144
Allowance for Funds Used During Construction	301,074	301,074	33,989	301,074
Non-Operating Margins - Other	(145,180)	(145,180)	(73,526)	(145,180)
<b>Patronage Capital or Margins</b>	<b>\$ 8,201,382</b>	<b>\$ 8,378,306</b>	<b>\$ 4,424,340</b>	<b>\$ 8,213,935</b>
MFI/I	1.20	1.20	1.26	1.20
TIER	1.20	1.21	1.26	1.20

<sup>1</sup> Forecast based on 5 month actual and 7 month forecast

<sup>2</sup> Forecast has been adjusted to reflect anticipated changes



**TO:** Arthur Miller, Acting Chief Executive Officer

**THROUGH:** Teresa Kurka, VP, Member Services

**FROM:** Lynda Muise, Sr. Manager, Member Accounting

**DATE:** July 20, 2022

**SUBJECT:** *Semi-Annual Electric Write-Off: July 2022*

The current write-off reflects uncollectible electric account balances through October 31, 2021. This write-off consists of 971 accounts totaling \$194,946, with an average write-off balance of \$201. Recovery of previously written-off account balances through collections totaled \$123,286. The July 2022 net write-off is \$71,660, or approximately 0.04 percent of retail revenue.

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 shows a five-year comparison of account write-offs and recovery through collection. Table 2 is a summary of the July 2022 write-off, broken out by rate class. Figure 1 shows the five-year comparison of net write-off as a percentage of revenue in chart form. Figure 2 shows five-year comparison of net write-offs as a dollar amount in chart form.

Chugach Electric Association, Inc.  
Anchorage, Alaska

July 2022 Electric Write-off  
Write-off Period: May 2021 to October 2021

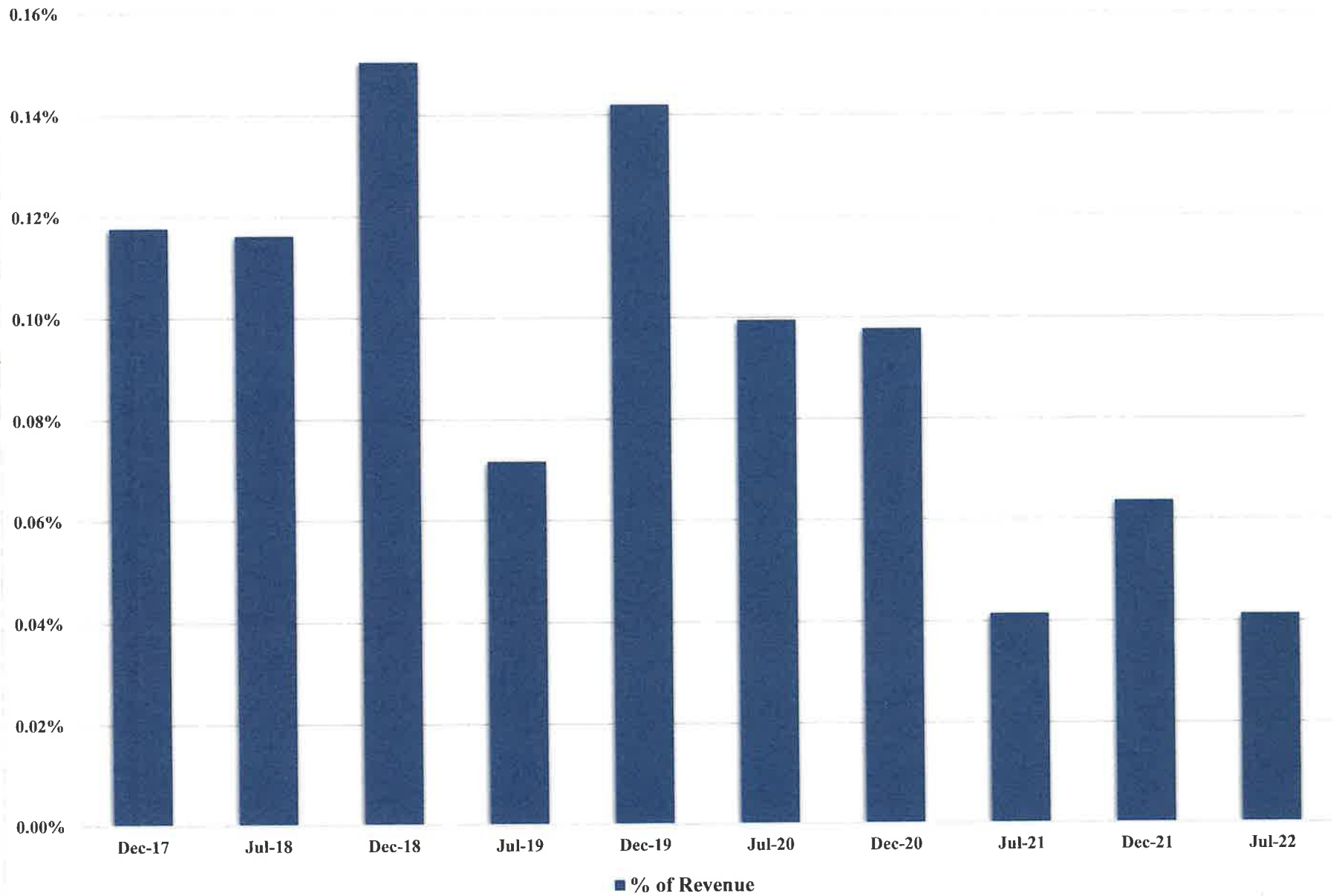
**Table 1: Five Year Electric Write Off Comparison**

Write-off Period	Collection Period	Number of Accounts	Total Write-off	Recovery Through Collections	Net Write-off	Net Write-off as % of Revenue
Dec-17	Nov 2016 - Apr 2017	783	\$177,469	\$72,115	\$105,354	0.12%
Jul-18	May 2017 - Oct 2017	854	\$175,118	\$52,143	\$122,975	0.12%
Dec-18	Nov 2017 - Apr 2018	652	\$180,395	\$52,332	\$128,063	0.15%
Jul-19	May 2018 - Oct 2018	710	\$136,249	\$61,775	\$74,474	0.07%
Dec-19	Nov 2018 - Apr 2019	744	\$218,092	\$82,950	\$135,142	0.14%
Jul-20	May 2019 - Oct 2019	788	\$186,947	\$77,856	\$109,091	0.10%
Dec-20	Nov 2019 - Apr 2020	624	\$175,919	\$84,096	\$91,823	0.10%
Jul-21	May 2020 - Oct 2020	532	\$153,481	\$80,953	\$72,528	0.04%
Dec-21	Nov 2020 - Apr 2021	886	\$215,731	\$114,226	\$101,505	0.06%
<b>Jul-22</b>	<b>May 2021 - Oct 2021</b>	<b>971</b>	<b>\$194,946</b>	<b>\$123,286</b>	<b>\$71,660</b>	<b>0.04%</b>

**Table 2: Summary of July 2022 Account Balance Write-Off**

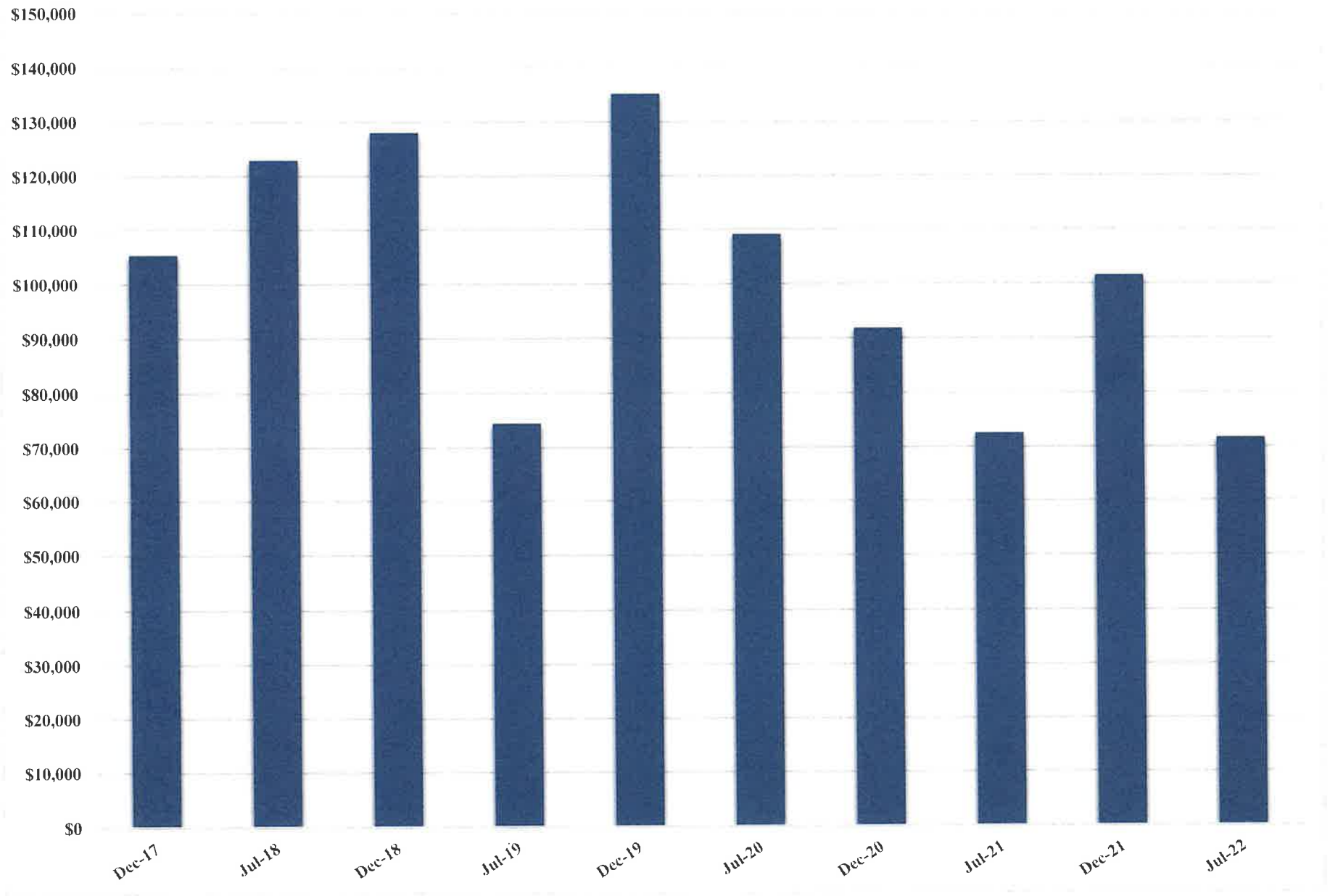
Write-offs by Rate Class	Number of Accounts	Total Write-offs	Average per Account	Write-offs as % of Revenue
Residential	934	\$157,170	\$168	0.09%
Small Commercial	36	\$36,157	\$1,004	0.02%
Large Commercial	1	\$1,619	\$1,619	0.00%
<b>Total</b>	<b>971</b>	<b>\$194,946</b>	<b>\$201</b>	<b>0.11%</b>

**Figure 1: Net Write-offs as a Percent of Revenue**





**Figure 2: Net Write-off Amount**



# Bradley Lake Required Project Work Projects and Associated Financing

July 27, 2022

# BRADLEY LAKE HYDROELECTRIC PROJECT

- The Bradley Lake Hydroelectric Project
- The Bradley Lake Project Financing
- Chugach's Share

# BRADLEY LAKE HYDROELECTRIC PROJECT

- The Power Sales Agreement
- Project Classifications (Required / Optional Project Work)
- Battle Creek Diversion Project - Optional Project Work

# BRADLEY LAKE HYDROELECTRIC PROJECT

- Retirement of the bonds (July 1, 2021)
- Section 29(a) – Excess Payments - Power Sales Agreement
- The annual Excess Payment amount - \$12,454,345.88, less debt service associated with **Required Project Work**

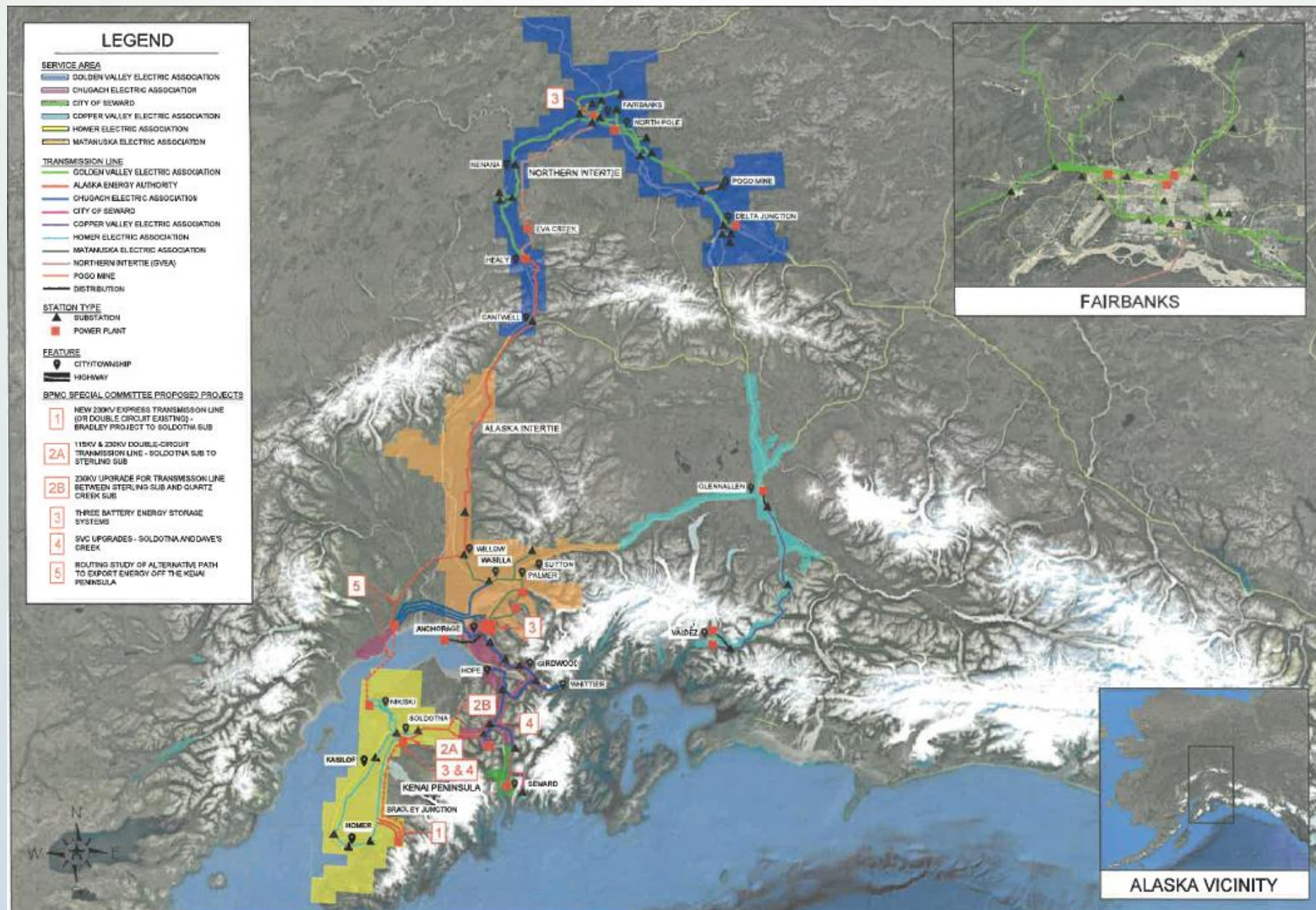
# REQUIRED PROJECT WORK PROJECTS

- BPMC identified capital projects that will improve/enhance the critical transmission path from the Bradley Lake Project to the purchasers' electric utility systems
- State of Alaska – Department of Law (“DOL”) confirmation that the work can be considered Required Project Work as defined in the Power Sales Agreement



# REQUIRED PROJECT WORK PROJECTS

- AEA's acquisition of certain transmission line assets from HEA, including the Sterling to Quartz Creek line ("SQL") - \$17M (Dec 2020)
- Upgrade to the Sterling to Quartz Creek Line ("SQL Upgrade") ~\$53M
- Bradley Junction to Soldotna upgrade ("BJS Line") ~ \$66M
- Soldotna to Sterling Line upgrade ("SS Upgrade") ~ \$14M - \$15M
- The acquisition of Battery Energy Storage Systems ("BESS") for the three Load Balancing Areas of the Railbelt ~ \$115M - \$145M





# REQUIRED PROJECT WORK PROJECTS

- The transmission upgrades serve to relieve transmission constraints on the Bradley Lake Project
- The placement of BESS in each of the three load balancing areas served by the Bradley Lake Project addresses long-term inherent instability

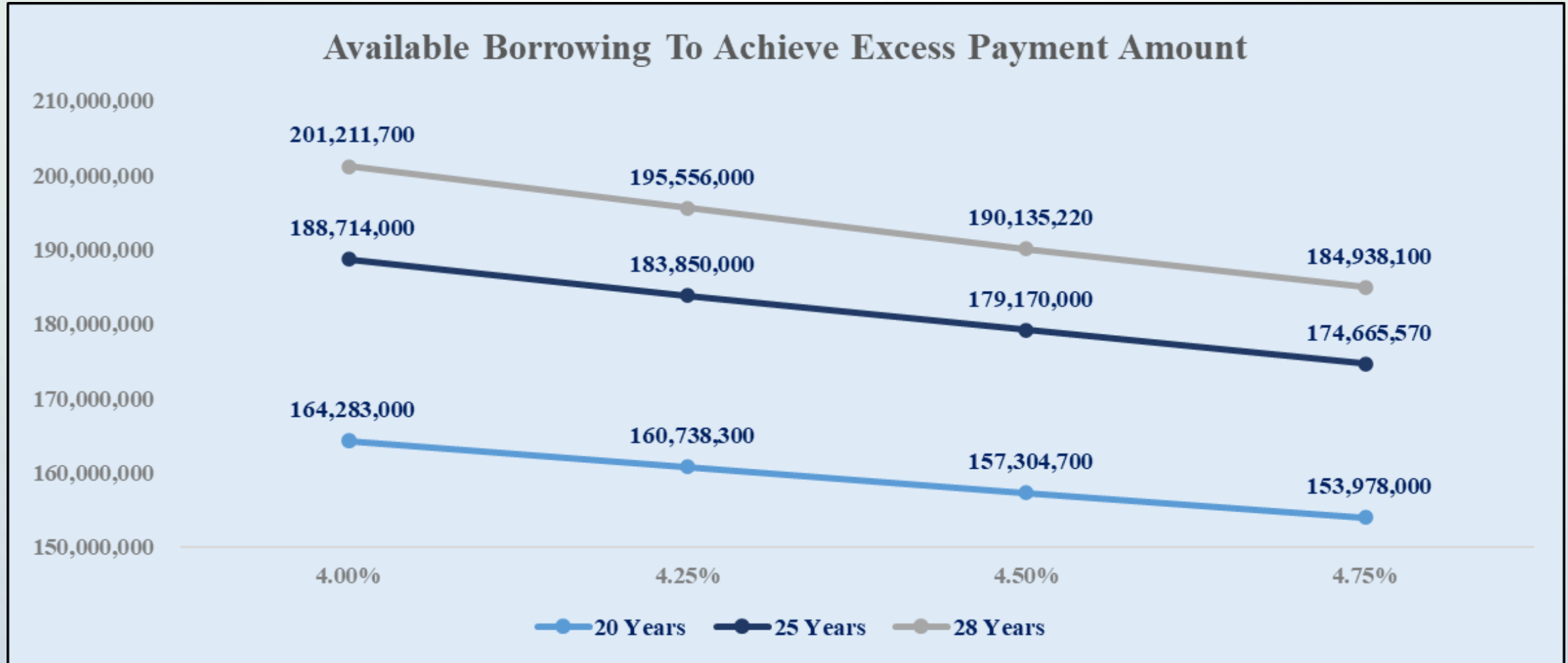
# REQUIRED PROJECT WORK FINANCING

- The BPMC proposes to finance the Required Project Work Projects by applying the Excess Payment amounts to pay for the Required Project Work
- By using the Bradley Lake Project funds already being paid by the utility purchasers, the BPMC will be able to fund work that will benefit the Bradley Lake Project and enhance the deliverability of the Project's energy, optimizing its value without additional costs
- In no event will the financing of Required Project Work Projects exceed the annual Excess Payment amount

# REQUIRED PROJECT WORK FINANCING

- Financing is contingent upon:
  - Approval by independent economic and engineering analysis, which confirms that the projects are consistent with national industry standards and sound economics
  - Approval received by utility purchasers' governing boards
  - Approval of the financing by the BPMC and the AEA Board of Directions
  - Not exceeding the amount of the Excess Payments

# REQUIRED PROJECT WORK FINANCING OPTIONS



# REQUIRED PROJECT WORK FINANCING

- Pricing and draft term sheets received from two lenders with an interest to lend between \$270 and \$300 million
- A lender has been selected and the draft term sheet has been submitted to AEA for review



# NEXT STEPS

- Final approval by independent economic and engineering analysis
- Utility purchasers' approval
- BPMP financing approval
- AEA Board financing approval



# QUESTIONS

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

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

**July 27, 2022**

**ACTION REQUIRED**

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

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

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**TOPIC**

2022-2025 Harris Software License and Services Agreement

**DISCUSSION**

In 2021, Chugach Electric Association, Inc. (Chugach) issued a public Request For Proposals (RFP) to replace its Financial and Customer Information System. After reviewing the RFP submissions, Cayenta, a Harris subsidiary, was selected as the preferred solution. The Cayenta solution includes products from SilverBlaze and Smartworks, both of which are also Harris subsidiaries.

On January 19, 2022, the Board of Directors approved the Enterprise Resource Planning (ERP) and Customer Information Systems (CIS) replacement project with a Not-to-Exceed value of \$16,973,000.

Chugach has finalized negotiations with Cayenta, SilverBlaze, and SmartWorks, and their parent company, Harris. This resulted in an in-depth statement of work with all proposed Harris products, in addition to the Harris Software License and Services Agreement, which combines the contract and statements of work for a 3-year term. The contract value is \$6,717,893, which includes implementation fees, license fees, software maintenance and support, and subscription fees.

**MOTION**

Move that the Board of Directors authorize the Chief Executive Officer to proceed with the Harris Software License and Services Agreement, with a Not-to-Exceed value of \$6,717,893.



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

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

**July 27, 2022**

**ACTION REQUIRED**

**AGENDA ITEM NO. X.B.**

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

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**TOPIC**

Bradley Lake Required Project Work Projects and Associated Financing

**DISCUSSION**

The Bradley Lake Project Management Committee (“BPMC”) has endorsed a plan to develop and finance a series of projects to increase the energy available to benefit the Bradley Lake Hydroelectric Project (“Project”) and its utility purchasers.

The BPMC began evaluating Project improvements over the past eighteen months. It reviewed a series of improvements and upgrades to the Project to be financed through the use of existing funds for essential and agreed-upon Required Project Work as defined in the Power Sales Agreement. Through the use of Project funds already being paid by the utility purchasers, the BPMC will be able to fund work that will benefit the Project and enhance the deliverability of the Project’s energy, optimizing its value without additional costs. See attached Purpose Statement.

**MOTION**

Move that the Chugach Electric Association, Inc. Board of Directors authorize the Chief Executive Officer to participate in the Bradley Lake Required Project Work Projects and associated financing proposed by the BPMC, obligating Chugach to its corresponding percentage of the estimated costs not to exceed the annual excess payment amount included in the Bradley Lake Hydroelectric Project budget.

# **APPROVAL OF THE FINANCING TRANSACTION FOR REQUIRED PROJECT WORK**

## **PURPOSE STATEMENT**

A Resolution has been prepared for the governing board of Chugach Electric Association, Inc. (“Chugach”), a utility-member of the Bradley Lake Project Management Committee (“BPMC”), in order to: 1) support the BPMC’s use of its Excess Payments to finance a series of Required Projects that will improve efficiency and upgrade the transmission system throughout the Bradley Lake Project (the “Project”); and 2) to approve a maximum amount of borrowing in order to finance the Proposed Transaction described below.

The BPMC<sup>1</sup> is responsible for the management, operation, maintenance, and improvement of the Project, subject to the non-delegable duties of the Alaska Energy Authority (the “Authority”). It receives its authority under the Bradley Lake Hydroelectric Project Agreement for the Sale and Purchase of Electric Power (“Power Sales Agreement”).

## **BACKGROUND**

### The BPMC Required Project Work Projects

The BPMC began evaluating Project improvements over the past eighteen months. It reviewed a series of improvements and upgrades to the Project to be financed through the use of existing funds for essential and agreed-upon Required Project Work<sup>2</sup>. Through the use of Project funds already being paid by the utilities purchasing energy produced by the Project (the “Purchasers”) the BPMC will be able to fund work that will benefit the Project and enhance the deliverability of the Project’s energy. This work will help to fully realize the benefits of the Project throughout the Railbelt Transmission System.

In 2021, the BPMC appointed a Special Committee to evaluate the Project improvements and develop a finance plan. The Special Committee has made recommendations to the BPMC regarding the improvements, whether they constitute Required Project Work under the BPMC’s Power Sales Agreement, and how to finance the proposed improvements. The projects identified by the Special Committee and the BPMC involve capital projects that will improve/enhance the critical transmission path from the Project to the Purchasers’ electric utility systems. After evaluating the list of projects, the BPMC requested that the State of Alaska - Department of Law

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<sup>1</sup>The BPMC is comprised of Chugach Electric Association, Inc. (“Chugach”), Homer Electric Association, Inc., and its single-member cooperative Alaska Electric and Energy Cooperative, Inc., each an electric cooperative organized under the laws of the State of Alaska (together “HEA”), Matanuska Electric Association, inc. (“MEA”), City of Seward d/b/a Seward Electric System (“Seward”), and the Alaska Energy Authority, an administrative agency of the State of Alaska.

<sup>2</sup> Required Work is defined in the Power Sales Agreement to mean “...repairs, maintenance, renewals, replacements, improvements or betterments required by federal or state law, a licensing or regulatory agency with jurisdiction over the Project, or this Agreement, or otherwise necessary to keep the Project in good and efficient operating condition, consistent with (1) sound economics for the Project and the Purchasers, and (2) national standards for the industry.” See PSA at Required Project Work, Section 1(hh).

(“DOL”) confirm whether the work identified by the BPMC can be considered Required Project Work as that term is defined in the Power Sales Agreement.<sup>3</sup>

Each of the following proposed Required Work Projects have now been reviewed by the Department of Law<sup>4</sup>:

1. AEA’s 2020 acquisition of the transmission lines, transmission capacity and substation between Soldotna, Sterling and Quartz Creek;
2. The upgrade to the Sterling to Quartz Creek Line, approved in the Fall of 2021;
3. The Bradley Junction to Soldotna Line upgrade, approved in 2022;
4. The upgrade of the Soldotna to Sterling Line, approved in 2022; and
5. The acquisition of Battery Energy Storage Systems for the three Load Balancing Areas of the Railbelt

The above listed transmission upgrades serve to relieve transmission constraints on the Project, and the placement of Battery Electric Storage Systems (“BESS”) in each of the three load balancing areas served by the Project addresses long term inherent instability in the Project (collectively the “Project List”<sup>5</sup>). The Project List has been determined to meet the definition of Required Project Work by the Special Committee and the BPMC. As the owner of the Project, the Alaska Energy Authority (“AEA”) requested that the recommended Required Work Projects be reviewed by the Department of Law. After the review by the Department of Law, the Project List was approved by the BPMC pursuant to BPMC Resolution No. 2022-04.

#### Independent Analysis Required

To be considered Required Project Work under the Project’s Power Sales Agreement, an independent economic and engineering analysis must be conducted showing that each project on the Project List is consistent with national standards and sound economics. AEA has sponsored the economic and engineering analysis, and it will be completed prior to the financing for the Proposed Transaction.

#### The Proposed Transaction and Excess Payments

The Proposed Transaction provides financing for AEA to continue improving the Project and provide funds for the Required Project Work. As outlined above, the BPMC proposes to apply Excess Payments to pay for the Required Project Work. The Excess Payments represent annual payments from the Purchasers initially pledged to pay for the original construction bonds, and now being pledged for the Required Project Work list. The estimated costs of the financing will not exceed the annual Excess Payment amounts currently in the Project Costs. The Proposed Transaction should eventually increase the amount of power available providing economically sound results for Chugach Electric Association, Inc.

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<sup>3</sup> The DOL memoranda reviewing and approving the Required Project Work included in the Project List pursuant to the PSA are attached to this resolution as Exhibit 1.

<sup>4</sup> This process – a review by the DOL was also used in the review and eventual approval of the SSQ Transactions, previously approved by the BPMC, each participating utility and AEA. BPMC Resolution No. 2020-05 authorized the financing necessary for the SSQ Transactions.

<sup>5</sup> Note. Although requested by the BPMC a study to route energy off the Kenai Peninsula has not been reviewed by DOL. The Project List is attached as Exhibit 2 and incorporated herein by this reference.

### Financing of the Proposed Transaction

The BPMC is responsible for selecting between alternative methods for funding Required Project Work that involves AEA. AEA has been working on financing that would apply the Excess Payment amounts to the financing for the Project List approved by the BPMC. AEA, the BPMC and the Special Committee are awaiting final terms and conditions for the proposed bond funding. The BPMC will provide its final approval upon the receipt of the approvals from the governing bodies of the individual BPMC Members, and the receipt of the approved independent economic and engineering analysis from AEA.

It is understood that in no event will the Proposed Transaction exceed the Excess Payment amounts as determined in the Power Sales Agreement for the Project.

## RESOLUTION

**WHEREAS**, Chugach Electric Association, Inc. (“Chugach”) is a Purchaser of the power generated by the Bradley Lake Hydroelectric Project (“Project”);

**WHEREAS**, Chugach is a member of the Bradley Lake Project Management Committee (“BPMC”) which manages the Project;

**WHEREAS**, on May 20, 2022, the BPMC adopted Resolution No. 2022-04 accepting the recommendations from its Special Committee that the Project List it prepared was comprised of Required Project Work. The Project List approved by the BPMC is attached to this Resolution, and incorporated as if fully set forth therein;

**WHEREAS**, the BPMC resolved that the Project List contains projects that are essential for the removal of the transmission constraints on the deliverability of energy generated by the Project and can be financed using the Excess Payment funds for the Required Project Work;

**WHEREAS**, each of the projects listed in the Project List have been reviewed by the Department of Law (“DOL”) at the request of Alaska Energy Authority (“AEA”) and the Purchasers, and the DOL has determined that the Project List constitutes Required Project Work consistent with the Power Sales Agreement (“PSA”);

**WHEREAS**, the BPMC supports the Project List and Proposed Transaction subject to the following: (1) final approval of an independent economic and engineering analysis; and (2) that the final Proposed Transaction does not exceed the amount of the Excess Payments;

**WHEREAS**, Chugach has reviewed and considered the Project List and the Resolution No 2202-04 approved by the BPMC;

**WHEREAS**, the BPMC is responsible for selection among alternative methods that involve AEA for funding Required Project Work;

**WHEREAS**, the BPMC has authorized entering into the Proposed Transaction subject to the total amount of the financing not exceeding the Excess Payment amount as defined in the PSA; and

**WHEREAS**, the Members of the BPMC would like an indication from their respective governing boards whether the Proposed Project List and the Proposed Transaction are acceptable to the individual utilities comprising the BPMC.

**NOW, THEREFORE, BE IT RESOLVED**, the governing board of Chugach has carefully reviewed and considered the cost and benefits of the Project List and Proposed Transaction;

**BE IT FURTHER RESOLVED**, Chugach supports the Proposed Transaction;

**BE IT FURTHER RESOLVED**, Chugach approves entering into the financing for the Proposed Transaction to be approved by the BPMC and AEA so long as (1) final approval of by independent economic and engineering analysis has been completed; (2) the BPMC approves the Proposed Transaction and the Required Project Work; and (3) that the final Proposed Transaction does not exceed the amount of the Excess Payments; and

**BE IT FURTHER RESOLVED**, the Chief Executive Officer of Chugach is authorized to do all things necessary to effectuate the intent of this Resolution and support the Proposed Transaction.

### **CERTIFICATION**

I, Samuel Cason, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 27th day of July 2022; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation on the 27th day of July 2022.

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Secretary

**EXHIBIT 1**

**DEPARTMENT OF LAW MEMORANDA**

# MEMORANDUM

## State of Alaska Department of Law

TO:	Curtis Thayer Executive Director Alaska Energy Authority	DATE:	November 10, 2021
		FILE NO.:	2021103317
FROM:	Stefan A. Saldanha Senior Assistant Attorney General Public Corporations and Governmental Affairs Section	TEL. NO.:	(907) 269-6612
		SUBJECT:	Bradley Lake Project - Whether the upgrade of the SQL meets the definition of “Required Project Work”

### CONFIDENTIAL COMMUNICATION

The participants in the Bradley Lake hydroelectric facility (“Bradley Lake Project”) have requested the Department of Law to review whether a series of upgrades and equipment purchases can be considered required project work under the project agreement. The proposed work is outlined in a letter from the Bradley Project Management Committee (“BPMC”), dated August 20, 2021, and for the purpose of this memorandum will be considered to be agreed upon by all participants. The main agreement governing the Bradley Lake Project is the Power Sales Agreement (“PSA”).

The BPMC has encouraged the Department of Law to break up the review of the list of requested upgrades and equipment purchases. This memorandum will be one of a series analyzing work requested by the participating utilities. In this memorandum, we review the upgrade of the Sterling to Quartz Creek transmission line (the line, “SQL” and the upgrade work, “SQL Upgrade”).<sup>1</sup>

This analysis is important for State financial reasons, because if found to be required project work as defined in the PSA (“Required Project Work”), future payments paid by the participating utilities to the State of Alaska under the PSA could be reduced by the costs of the work.

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<sup>1</sup> We have researched this question internally at the Department of Law, and reviewed historical documents concerning AEA and the Bradley Lake Project. However, we have not analyzed other aspects of this transaction, such as the political, financial, tax or accounting aspects.



**CONFIDENTIAL COMMUNICATION**

**1. Transmission Line Upgrade within the Bradley Lake Project**

Issue: Does the SQL Upgrade meet the requirements of the PSA to be considered Required Project Work?

Short Answer: The SQL Upgrade should be considered Required Project Work under the PSA. Additional analysis required by the PSA should also be done by the relevant experts with respect to how the SQL Upgrade is consistent with sound economics and national standards in the industry.

**2. Most recent DOL interpretation of Required Project Work**

The Department of Law most recently reviewed work on the Bradley Lake Project in May 2020.<sup>2</sup> That transaction involved AEA’s purchase of the SQ Line and related assets and rights (“SQ Acquisition”) to improve transmission of Bradley Lake power. It was structured as a purchase by AEA for the Bradley Lake Project from Homer Electric Association. We found that the SQ Acquisition would constitute Required Project Work.

The SQL Acquisition closed on December 17, 2020. It was financed through the issuance of \$17 million in bonds by AEA that were purchased by AIDEA in a private placement transaction. Because this was Required Project Work, all debt service will be deductible against payments owed to the State during the term of the bonds (19 years). This will result in a reduction of approximately \$23.9 million being paid to the State.

Our memorandum and related analysis came to the following conclusions that do not need to be re-analyzed here.

- Required Project Work appears to be a catch-all that combines several different types of projects, such as construction, equipment replacement or purchase of new equipment.
- AEA has the statutory powers to carry out the transaction because the SQL Acquisition was considered an addition or improvement of the existing Bradley Lake Project. However, considering the potential impact to State government finances, it is something that should be made widely known such as by communication with the legislature.

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<sup>2</sup> The memorandum, dated May 20, 2020, reviews the PSA and historical project work in more detail than this memorandum in analyzing the prior transaction.

**CONFIDENTIAL COMMUNICATION**

- No other historical projects were similar to the SQL Acquisition, and other historical analysis did not shed much light on the interpretation that should be used for future projects. This is reasonable because due to the original construction bond termination, the State will help to fund Required Project Work going forward in accordance with the PSA.
- With the approval of all Parties to the PSA, and studies or reports supporting the economics and industry standards, the SQL Acquisition can be seen as Required Project Work necessary to keep the Bradley Lake Project in good and efficient operating condition.

**3. Can the SQL Upgrade be considered as Required Project Work?**

**a. Description of SQL Upgrade**

The SQL Upgrade involves the replacement and upgrade of the current transmission line from Sterling to Quartz Creek on the Kenai Peninsula, a distance of approximately 39.3 miles. The SQL is part of the critical transmission path from Bradley Lake to ratepayers along the Railbelt.<sup>3</sup>

An upgrade of the line, which was built in the early 1990’s, is also important for grid stability and improvements. It will increase the line’s capacity, which is currently 115 kV. At the current capacity, there is a restriction on Bradley Lake power that may be transferred on the SQ Line. The Bradley Lake project is rated for 120 MW, but it rarely runs at this power level, because the transmission grid is not suitable. When it was first built in the early 1990’s, the electrical infrastructure in Southcentral Alaska was very different. This current medium-capacity line also incurs high line losses, which are estimated at 13,459 MWh per year, which can be valued at \$672,950 per year.

The upgrade would cost approximately \$53.3 million, or a \$1.4 million per mile. The high cost per mile is because it goes through a national wildlife refuge, is partially in an aquatic environment and is remote and subject to harsh Alaska weather. This would upgrade the line to 230kV, which with other upgrades to the grid would allow more utilization of Bradley Lake power. For example, Bradley Lake could be better used as a peaking electrical generator, displacing at times natural gas turbines and perhaps even lowering greenhouse gas emissions and costs. Line losses are estimated to be significantly reduced to 2,315 MWh per year, resulting in an approximate savings of \$557,000 per year.

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<sup>3</sup> The current importance of SQL to the Bradley Lake Project was outlined in the previous DOL memorandum, dated May 20, 2020.

**CONFIDENTIAL COMMUNICATION**

The overall time period for design and construction of a new line is expected to be 6-7 years. This breaks down to about 3-4 years in design and permitting, and 2-3 years of construction, which must be carefully planned due to weather and seasonal requirements of the Kenai National Wildlife Refuge. This large implementation project would require specialist staff, equipment and materials to be brought in from the lower 48. The newer higher capacity line will run along the existing easement, and would completely replace the existing transmission line.

These works would be overseen by the BPMC, and planning, design and construction and other rights and obligations would be done in accordance with the Bradley Lake agreements.

The corresponding bond issuances are estimated at approximately \$53.3 million for this project. The financing structure has not been determined yet, but could include multiple issuances of both short- and long-term financing. It may involve multiple tranches of AEA bonds on behalf of the Bradley Lake Project, which cost to the utilities (and ratepayers) is defrayed by the State of Alaska as part of the PSA.

**b. Statutory analysis**

AEA has broad statutory authority with respect to the Bradley Lake Project and in particular to comply with the terms of the PSA. However, AEA is no longer allowed to construct or acquire new power projects, such as hydroelectric facilities or interties, without legislative approval.<sup>4</sup> AEA also has the power to “improve, equip, operate and maintain power projects”, such as the Bradley Lake Project, which project has been approved by the legislature.<sup>5</sup> Additionally, AEA has the power to “enter into contracts with any person ... for the purchase, sale, exchange, transmission or use of any power from a project, or any right to the capacity of it.”<sup>6</sup>

Because this project will improve and maintain the assets of the Bradley Lake Project, the Department of Law concludes that the SQL Upgrade is within AEA’s statutory powers.

**c. Contractual language analysis**

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<sup>4</sup> SLA 1993, ch. 18, Sec. 10.

<sup>5</sup> AS 44.83.080(5).

<sup>6</sup> AS 44.84.080(11).

**CONFIDENTIAL COMMUNICATION**

As mentioned, the Required Project Work definition in the PSA combines several types of projects:

“Required Project Work” means repairs, maintenance, renewals, replacements, improvements or betterments required by federal or state law, a licensing or regulatory agency with jurisdiction over the Project, or this Agreement, or otherwise necessary to keep the Project in good and efficient operating condition, consistent with (1) sound economics for the Project and the Purchasers, and (2) national standards for the industry.<sup>7</sup>

As outlined above, the SQL Upgrade can be described as a renewal, replacement, improvement or betterment of the Bradley Lake Project. It should be considered as Required Project Work as defined in the PSA.

The utilities are confident that the SQL Upgrade is consistent with sound economics and will meet national standards for the industry. To that end, the utilities plan to perform a formal economic analysis and have a consultant opine on the consistency of the SQL Upgrade with national standards for the industry. This was also done prior to the SQL Acquisition.

Finally, the BPMC must approve any alternative methods of carrying out and funding Required Project Work, inherently protecting all participants’ rights. There may be alternative methods of carrying out and funding this project, so the BPMC may also review these specific alternatives prior to the agreement on the SQL Upgrade.

**d. Comparison with previous project works**

An earlier project replacing transmission equipment is most similar to the SQL Upgrade. As part of the Bradley Lake Project in 1993, AEA installed two static VAR compensation systems (SVCs), which control line voltages, to improve the transmission of Bradley Lake power. They are located in substations in Soldotna and Dave’s Creek on the Kenai Peninsula. Both substations are along the transmission path of Bradley Lake power.

On April 21, 2016, as the original SVCs were nearing the end of their life, the BPMC decided to replace them with a full system upgrade. The approximate cost of this work was \$7.2 million with a service life of at least 20 years. AEA determined that the SVC replacement was Required Project Work in accordance with the PSA.

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<sup>7</sup> Section 1(hh), p.7, PSA.

**CONFIDENTIAL COMMUNICATION**

There are several similarities between these two upgrade projects. Besides being related to power transmission, both are replacement and improvement projects to equipment that was already part of the Bradley Lake Project. It is clear that the SQL is critical for transmission of Bradley Lake power to the Railbelt. In terms of location, both the SVCs and the SQL Project are located similarly on the transmission path of Bradley Lake power.

In summary, the SQL Upgrade would not be a completely unique transaction for the Bradley Lake Project, and a similar project was thought to be Required Project Work.

**4. Conclusion**

The SQL Upgrade should be considered Required Project Work under the PSA as a replacement and improvement work for the Bradley Lake Project. With the approval of all Parties to the PSA, and opinions supporting the economics and compliance with industry standards, the SQL Upgrade can be seen as necessary to keep the Bradley Lake Project in good and efficient operating condition.

# MEMORANDUM

## State of Alaska Department of Law

TO:	Curtis Thayer Executive Director Alaska Energy Authority	DATE:	March 7, 2022
		FILE NO.:	2021103317
FROM:	Stefan A. Saldanha Senior Assistant Attorney General Public Corporations and Governmental Affairs Section	TEL. NO.:	(907) 269-6612
		SUBJECT:	Bradley Lake Project - Whether the upgrade of the BJS Line meets the definition of "Required Project Work"

### CONFIDENTIAL—DOCUMENT

The participants in the Bradley Lake hydroelectric facility ("Bradley Lake Project") have requested the Department of Law to review whether a series of proposed upgrades and other developments can be considered required project work under the project agreement. For the purpose of this memorandum, we will consider these proposed developments to be agreed upon by all participants. The main agreement governing the Bradley Lake Project is the Power Sales Agreement ("PSA").

The BPMC has encouraged the Department of Law to break up the review of the list of requested upgrades and other developments. In this memorandum, we review the upgrade of the Bradley Junction to Soldotna transmission line, whether as a new line or the replacement of the existing line (the line, "BJS" and the upgrade work, "BJS Upgrade").<sup>1</sup>

This analysis is important for State financial reasons, because if found to be required project work as defined in the PSA ("Required Project Work"), future payments paid by the participating utilities to the State of Alaska under the PSA could be reduced by the costs of the work.

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<sup>1</sup> We have researched this question internally at the Department of Law, and reviewed historical documents concerning AEA and the Bradley Lake Project. However, we have not analyzed other aspects of this transaction, such as the political, financial, tax or accounting aspects.

**CONFIDENTIAL - DOCUMENT**

**1. Transmission Line Upgrade within the Bradley Lake Project**

Issue: Does the BJS Upgrade meet the requirements of the PSA to be considered Required Project Work?

Short Answer: The BJS Upgrade should be considered Required Project Work under the PSA. Additional analysis required by the PSA should also be done by the relevant experts with respect to how the BJS Upgrade is consistent with sound economics and national standards in the industry.

**2. Most recent DOL interpretation of Required Project Work**

In 2020, the BPMC approved the purchase of certain transmission line assets for \$17 million and the upgrade of the main transmission line from Sterling to Quartz Creek (SQL) for \$53 million. Additionally, the BPMC asked the Department of Law whether the long-term repair and replacement program at the Bradley Lake Project costing \$64 million could be Required Project Work.

The Department of Law, in memoranda dated May 19, 2020,<sup>2</sup> November 10, 2021, and January 24, 2022 concluded that AEA had the legal authority to carry out these projects, and that they were authorized under the PSA’s Required Project Work provision.

Our memoranda and related analysis came to the following conclusions that do not need to be re-analyzed here.

- Required Project Work appears to be a catch-all that combines several different types of developments for the benefit of the Bradley Lake Project, such as repair, maintenance, renewal, replacement, improvements or betterments.
- AEA has the statutory powers to carry out developments improving, equipping, operating and maintaining the existing Bradley Lake Project. However, considering the potential impact to State government finances, determining Required Project Work is something that should be made widely known such as by communication with the legislature.

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<sup>2</sup> The memorandum, dated May 19, 2020, reviews the PSA and historical project work in more detail than this memorandum.

**CONFIDENTIAL - DOCUMENT**

- There is no requirement in the PSA that the Required Project Work be located in areas originally part of the Bradley Lake Project such as that identified in Exhibit C of the PSA, which describes briefly some of the assets.

**3. Can the BJS Upgrade be considered as Required Project Work?**

**a. Description of BJS Upgrade**

The participating utilities are now seeking to finance the upgrade of the transmission line from Bradley Junction to Soldotna on the Kenai Peninsula (BJS Line). The estimated cost of this upgrade is \$66 million.

The Bradley Lake Project already owns the roughly 20-mile transmission line from the powerhouse to Bradley Junction, which is a remote junction site. Bradley Junction is the connection of the Bradley Lake Project to the grid of Homer Electric Association (HEA). Two HEA lines branch off from this point, one that ends in Fritz Creek and the other is a main distribution line at 115 kV that runs 46.8 miles to Soldotna through wilderness, subject to a permit from the US Fish and Wildlife Service. At the Soldotna substation, there are multiple connections, but there is also a main distribution line at 115 kV heading 14.25 miles to Sterling. At Sterling, there is a connection to the SQ line, which is owned by the Project and is in the process of being upgraded. These lines are all primarily used for transmitting power from the Project to the four utilities north and east of the Project. However, the SS line does have some other uses within HEA service territory for supplying ratepayers located along this line.

The BJS line is within HEA service territory. It was built by HEA and has been maintained by HEA. The line was built by HEA for the Project. There is an existing agreement, the Agreement for Sale of Transmission Capability, dated December 8, 1987, recording the utilities obligations. It essentially provides for the construction of the new line and reserves capacity for the utilities and provides for payment obligations among the parties.

AEA was not an original signatory to this agreement because it did not contribute to construction costs. AEA has since become a party to the agreement due to AEA receiving certain transmission rights as part of the acquisition of the SQ Line.

The utilities plan for the upgrade of the BJS line is still in its infancy, because design and planning has not started. This process is likely to take several years. The



**CONFIDENTIAL - DOCUMENT**

tentative plan is to build a new 230kV express transmission line. The utilities have presented a preliminary agreement in the form of a letter of intent to AEA, dated February 16, 2022. In summary, the letter of intent provides that AEA on behalf of the Project would take ownership of the facilities added and increased capability as assets of the Project. HEA would retain its current rights in existing infrastructure and rights of way as provided in the Agreement for Sale of Transmission Capability as amended. Unlike the SQL, HEA has decided to retain ownership of existing assets, rather than sell its interests to the Project.

Like the SQL, it is noteworthy that the BJS line is also critical to the Project. It provides the transmission path to take power north of the Project and eventually off the Kenai Peninsula. While the line loss due to the state of the line has not been calculated for the BJS line, it is thought to be slightly less than the SQL, which is approximately \$672,950 per year. While the line losses are not eliminated with an upgrade, the newer, larger capacity lines at 230 kV have significantly less line losses.

**b. Statutory analysis**

AEA is no longer allowed to construct or acquire new power projects, such as hydroelectric facilities or interties, without legislative approval.<sup>3</sup> However, AEA has the power to “improve, equip, operate and maintain power projects”, such as the Bradley Lake Project, which has been approved by the legislature.<sup>4</sup> Additionally, AEA has the power to “enter into contracts with any person ... for the purchase, sale, exchange, transmission or use of any power from a project, or any right to the capacity of it.”<sup>5</sup>

Because this project will improve the assets of the Bradley Lake Project, the Department of Law concludes that the BJS Upgrade is within AEA’s statutory powers.

**c. Contractual language analysis**

As mentioned, the Required Project Work definition in the PSA combines several types of projects:

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<sup>3</sup> SLA 1993, ch. 18, Sec. 10.

<sup>4</sup> AS 44.83.080(5).

<sup>5</sup> AS 44.84.080(11).

**CONFIDENTIAL - DOCUMENT**

“Required Project Work” means repairs, maintenance, renewals, replacements, improvements or betterments required by federal or state law, a licensing or regulatory agency with jurisdiction over the Project, or this Agreement, or otherwise necessary to keep the Project in good and efficient operating condition, consistent with (1) sound economics for the Project and the Purchasers, and (2) national standards for the industry.<sup>6</sup>

The BJS Upgrade can be described as an improvement or betterment of the Bradley Lake Project because of its benefits to the transmission of Bradley Lake-generated power. Like the SQL, the utilities argue that major infrastructure assets such as the BJS line should become part of the project. This will allow them to be managed by the BPMC, costs will be mutualized and disputes should be minimized.

We argued that the purchase and the upgrade to the SQ line was Required Project Work because it was clearly an improvement to the Project as it is critical for the transmission of Project power. Similarly, an upgrade to the BJS line is also critical for the transmission of Project power. With an engineer’s and/or economist’s professional report, this work should be considered “necessary to keep the Project in good and efficient operating condition, consistent with (1) sound economics for the Project and the Purchasers, and (2) national standards for the industry.”

The utilities are confident that the BJS Upgrade is consistent with sound economics and will meet national standards for the industry. To that end, the utilities plan to perform a formal economic analysis and have a consultant opine on the consistency of the BJS Upgrade with national standards for the industry. This has been done with the other developments, such as the acquisition of the SQL.

Finally, the BPMC must approve any alternative methods of carrying out and funding Required Project Work, inherently protecting all participants’ rights. There may be alternative methods of carrying out and funding this project, so the BPMC may also review these specific alternatives prior to the agreement on the BJS Upgrade.

#### **4. Conclusion**

The BJS Upgrade should be considered Required Project Work under the PSA as an improvement work for the Bradley Lake Project. With the approval of all Parties to the PSA, and opinions supporting the economics and compliance with industry standards, the

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<sup>6</sup> Section 1(hh), p.7, PSA.

Curtis Thayer, Executive Director

March 7, 2022

Re: Whether the new work meets the definition of “Required Project Work” Page 6 of 6

**CONFIDENTIAL - DOCUMENT**

BJS Upgrade can be seen as necessary to keep the Bradley Lake Project in good and efficient operating condition.

# MEMORANDUM

## State of Alaska Department of Law

TO:	Curtis Thayer Executive Director Alaska Energy Authority	DATE:	April 27, 2022
		FILE NO.:	2021103317
FROM:	Stefan A. Saldanha Senior Assistant Attorney General Public Corporations and Governmental Affairs Section	TEL. NO.:	(907) 269-6612
		SUBJECT:	Bradley Lake Project - Whether the purchase of battery systems meets the definition of “Required Project Work”

### CONFIDENTIAL COMMUNICATION

The participants in the Bradley Lake hydroelectric facility (“Bradley Lake Project”) have requested the Department of Law to review whether a series of infrastructure upgrades and equipment purchases can be considered required project work under the governing agreement. In this memorandum, we review the purchase of battery energy storage systems (“BESS”).<sup>1</sup>

This analysis is important for State financial reasons, because if found to be required project work (“Required Project Work”) as defined in the Power Sales Agreement (“PSA”), future payments paid by the participating utilities to the State of Alaska under the PSA could be reduced or eliminated by the costs related to such development. However, since we have already approved as Required Project Work sufficient developments to expend all payments due to the State, there is also the question of prioritization and financing of Required Project Work and AEA’s involvement.

#### 1. Purchase of BESS by the Bradley Lake Project

Question A: Does the purchase of BESS meet the requirements of the PSA to be considered Required Project Work?

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<sup>1</sup> We have researched this question internally at the Department of Law, and reviewed historical documents concerning AEA and the Bradley Lake Project. However, we have not analyzed other aspects of this transaction, such as the political, financial, tax or accounting aspects.

**CONFIDENTIAL COMMUNICATION**

Short Answer A: The purchase of BESS should be considered Required Project Work under the PSA. Additional analysis required by the PSA should also be done by the relevant experts with respect to how this purchase is consistent with sound economics and national standards in the industry.

Question B: What are AEA’s rights with respect to prioritization or other determinations about Required Project Work?

Short Answer B: It should be noted that AEA has considerable rights under the PSA and the BPMC bylaws to determine the necessity, scheduling and the approaches to financing of Required Project Work. To the extent that AEA has preferences, AEA is able to make these known at the BPMC and may exert control over certain approval issues.

**2. Most recent DOL interpretations of Required Project Work**

The BPMC has recommended the following proposed developments and asked the Department of Law whether they constitute Required Project Work under the PSA:

1. The purchase of certain transmission line assets, including the Sterling to Quartz Creek (“SQ line”) from HEA;
2. The upgrade of the SQ line;
3. The long-term (34 years) repair and replacement program at the Bradley Lake Project; and
4. The upgrade of the Bradley Junction to Soldotna transmission line (“BJS line”).

The Department of Law, in memoranda dated May 19, 2020, November 10, 2021, January 24, 2022, and March 7, 2022 concluded that AEA had the legal authority to carry out these four developments, and that they were authorized under the PSA’s Required Project Work provision.

Our memoranda and related analysis came to the following conclusions that do not need to be re-analyzed here.

- Required Project Work appears to be a catch-all that combines several different types of projects, such as construction, maintenance, repair or purchase of new equipment whether to improve operations or to replace existing equipment.

**CONFIDENTIAL COMMUNICATION**

- AEA has the statutory powers to carry out transactions considered a replacement, repair or improvement of assets related to the Bradley Lake Project.
- Historically, the Bradley Lake Project has not carried out many large replacement or improvement developments, which make comparisons difficult. These upcoming developments are breaking new ground under the PSA.
- With the approval of all Parties to the PSA, and studies or reports supporting the economics and industry standards, large replacements and improvements to the Bradley Lake Project can be seen as Required Project Work necessary to keep it in good and efficient operating condition.
- The payments to the State under the PSA can be reduced or eliminated by annual debt service for Reduced Project Work.
- The location of the developments is not required to be within the historical boundaries as outlined in the PSA, so long as the development can be substantially linked to the Bradley Lake Project.

**3. Can the BESS purchase be considered as Required Project Work?**

**a. Description of BESS**

The utilities are now suggesting the purchase by the Bradley Lake Project of BESS. The ask is for three systems, estimated at a cost of \$115-145 million:

1. The HEA BESS, operating in Soldotna since January 19, 2022, and valued at \$45 million, with financing from commercial lenders;
2. The Anchorage BESS, estimated to cost \$60 million, and the procurement process has been started; and
3. A replacement or significant upgrade to Golden Valley Electric’s (GVEA) existing BESS, estimated to cost between \$10-40 million.

**CONFIDENTIAL COMMUNICATION**

BESS have many uses. GVEA on its website focuses on the impact of its battery on power outages.<sup>2</sup> In 2019, 49 outages were prevented.<sup>3</sup> HEA also features its battery on its website.<sup>4</sup> It focuses on the benefits of renewable energy integration and lowered greenhouse gas emissions during outages due to use of batteries, instead of firing up a diesel or natural gas-powered generator. Neither of the pages mention that the batteries could have uses with respect to the Bradley Lake Project.

While BESS have the uses as outlined above, the link to the Bradley Lake Project is highly technical. The utilities received a new power engineer’s report showing that the BESS will improve power oscillations that may be caused and/or exacerbated by the Bradley Lake Project. Such oscillations could cause damage to the power grid and the Bradley Lake powerhouse in a severe case. According to the utilities, as the Railbelt grid has evolved, these oscillations have increased in recent years. The report has been prepared by Electric Power Systems, Inc., based in Anchorage, and it is entitled Railbelt Oscillation Investigation and Mitigation Study, which is dated February 21, 2022 (“Engineer’s Report”). The Engineer’s Report analyzes historical data, in particular, data recorded during and after a sudden, large outage on June 3, 2021, and makes conclusions on whether the damaging oscillations were caused by the Bradley Lake Project and what might cause, dampen or resolve the oscillations when they might re-occur.

The Engineer’s Report analyzes the potential mitigation effects of the existing HEA battery, the Soldotna BESS, on the oscillations related to the Bradley Lake Project. It concludes the existing HEA battery to be sufficient to mitigate the impacts of the oscillations.

The addition of either the HVDC line or Soldotna BESS can provides (sp) a beneficial impact on the transient response of the system. In the base case without the HVDC line and the Soldotna BESS, the transient response of the system is unstable. In the subsequent cases where either the HVDC line, the Soldotna BESS, or both components are in-service, the transient response of the system is stable.<sup>5</sup>

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<sup>2</sup> See <https://gvea.com/battery-system/>.

<sup>3</sup> Id.

<sup>4</sup> See <https://www.homerelectric.com/my-cooperative/power-generation/battery-energy-storage-system-has-arrived/>

<sup>5</sup> Engineer’s Report, p.18.

**CONFIDENTIAL COMMUNICATION**

The report also mentions that an Anchorage-located BESS would also be helpful to mitigate the damaging oscillations.

We also note that the control of over frequency on the Kenai could be accomplished with the proposed Anchorage area BESS for loss of the Anchorage – Fairbanks intertie and some contingencies may require the combined capability of both BESS systems. For system reliability and performance, both BESS locations should be used to ensure adequate capability to prevent the severe oscillations. For the purposes of this study, references to the Soldotna BESS should also include the understanding that the Anchorage area BESS is also part of the proposed solution.<sup>6</sup>

However, nowhere in this report is the current or future upgrade to the GVEA BESS mentioned. When this point was raised by AEA, the utilities received a new report from their engineer. This addendum report is entitled, “Addendum to the Railbelt Oscillation Investigation and Mitigation Study” and dated March 28, 2022 (“Addendum”).<sup>7</sup> It focuses on the value of an upgraded GVEA BESS. It uses a hypothetical situation, where a very large load such as a mining operation in the GVEA service territory is suddenly disconnected from the grid. This would likely cause large damaging oscillations, but with batteries at Soldotna and Fairbanks, so long as properly optimized for this purpose, the grid and the Bradley Lake Project could be protected from the damaging oscillations. The Addendum concludes:

The additional of (sp) BESSs in Fairbanks and in Anchorage and/or the Kenai can stabilize the system and reduce the risk of the Bradley Lake plant going out of step. However, the BESSs logic must be revised such that each BESS resource contributes during the over-frequency condition and helps stabilize the overall Railbelt response.<sup>8</sup>

The BPMC recognizes the responsibility of the Bradley Lake Project for these oscillation incidents and to maintain operations in good repair. The Bradley Lake Project can be seen as responsible for correcting the instability issue on the Railbelt System caused or exacerbated by its facilities in the most economical manner and in accordance with prudent utility practice. Re-working the Bradley Lake powerhouse is not as

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<sup>6</sup> Id., p.12.

<sup>7</sup> Note that the Addendum was received by email on April 8, 2022.

<sup>8</sup> Addendum, p.1.



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economically reasonable or practical as purchasing BESS, primarily because of the high cost of shutting down power generation. The purchase of the existing BESS in Soldotna, the installation of one in Southcentral Alaska, and the upgrade or replacement of one in the Interior, appears to be necessary to keep the Bradley Lake Project in good and efficient operating condition and is supported by the Engineer’s Report and the Addendum.

The corresponding bond issuances are estimated at approximately \$115-145 million for the BESS purchase. The financing structure has not been determined yet. The financing needs for the battery development is likely to be combined with the other development work in process. It is likely that AEA issues one series of long-term bonds in the amount of \$200-300 million in the near future to take advantage of the current interest rates. These AEA bonds issued on behalf of the Bradley Lake Project should be cost effective, taking advantage of lower costs of a government issuer, the cost shifting allowed under the PSA, i.e. no repayment to the State since it is Required Project Work, and perhaps other federal subsidies and programs designed to incentivize new energy projects.

**b. Statutory analysis**

AEA has broad statutory authority with respect to the Bradley Lake Project and in particular to comply with the terms of the PSA. However, AEA is no longer allowed to construct or acquire new power projects, such as hydroelectric facilities or interties, without legislative approval.<sup>9</sup> AEA also has the power to “improve, equip, operate and maintain power projects,” such as the Bradley Lake Project, which has been approved by the legislature.<sup>10</sup> Additionally, AEA has the power to “enter into contracts with any person ... for the purchase, sale, exchange, transmission or use of any power from a project, or any right to the capacity of it.”<sup>11</sup>

Statutory changes in 1993 eliminated AEA’s power to construct and acquire new power projects, and AEA’s ongoing powers were strictly limited to the Energy Program for Alaska, namely Bradley Lake Project and the Alaska Intertie.<sup>12</sup> When a BESS is not used for the Bradley Lake Project, this could be considered an unauthorized power

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<sup>9</sup> SLA 1993, ch. 18, Sec. 10.

<sup>10</sup> AS 44.83.080(5).

<sup>11</sup> AS 44.84.080(11).

<sup>12</sup> Chap. 18 SLA 1993. Specifically, the words “construct, acquire, construction, acquisition” were deleted, and new power projects were made subject to legislative approval.

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project. In such characterization, AEA would not have the powers to acquire or manage it, except with legislative approval.

There is little evidence to support this argument. The Engineer’s report and Addendum supports the linkage of the BESS to the Bradley Lake Project using historical data and simulations. The utilities are in favor of managing the BESS for the Bradley Lake Project. It is uncertain how it will be managed among the utilities, other than such use and management will be beneficial to ratepayers and the public in general and will support AEA’s statutory purpose.

Note, however, that it is unlikely that AEA, as potential owner of the BESS, will be paid directly by utilities for non-Project uses of the BESS, such as for outage management. This is not in itself a problem for AEA. It is also permitted to “to make grants or loans to any person and enter into contracts or other transactions regarding the grants or loans.”<sup>13</sup> So AEA can grant use of the BESS to the participating utilities when not used by the Bradley Lake Project.

Based primarily on the Engineer’s Report and Addendum, the Department of Law concludes that the purchase of BESS for the Bradley Lake Project is within AEA’s statutory powers.

**c. Contractual language analysis**

As mentioned, the Required Project Work definition in the PSA combines several types of projects:

“Required Project Work” means repairs, maintenance, renewals, replacements, improvements or betterments required by federal or state law, a licensing or regulatory agency with jurisdiction over the Project, or this Agreement, or otherwise necessary to keep the Project in good and efficient operating condition, consistent with (1) sound economics for the Project and the Purchasers, and (2) national standards for the industry.<sup>14</sup>

As explained by the Engineer’s Report and Addendum, the purchase of BESS can be described as an improvement or betterment of the Bradley Lake Project. It should be considered as Required Project Work as defined in the PSA.

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<sup>13</sup> AS 44.83.080(16).

<sup>14</sup> Section 1(hh), p.7, PSA.

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The utilities are confident that the BESS purchase is consistent with sound economics and will meet national standards for the industry. To that end a formal economic analysis will be carried out, and a consultant or engineer will opine on the consistency of the BESS purchase with national standards for the industry. This is also being done prior to the other developments deemed Required Project Work.

Finally, the BPMC must approve any alternative methods of carrying out and funding Required Project Work, inherently protecting all participants’ rights. There may be alternative methods of carrying out and funding this purchase, so the BPMC may also review these specific alternatives.

### **d. Comparison with previous project works**

There are two earlier developments that the BESS purchase can be compared to, the 2016 decision to replace the static VAR compensation systems (SVCs) and the 2020 decision to purchase the SQ line and other transmission assets and rights.

In summary, the purchase of the BESS would not be a completely unique transaction for the Bradley Lake Project, and similar projects were thought to be Required Project Work.

### **i. SVCs**

As part of the Bradley Lake Project in 1993, AEA installed two static VAR compensation systems (SVCs), which control line voltages, to improve the transmission of Bradley Lake power. They are located in utility-owned substations in Soldotna and Dave’s Creek on the Kenai Peninsula. Both substations are along the transmission path of Bradley Lake power.

On April 21, 2016, as the original SVCs were nearing the end of their life, the BPMC decided to replace them with a full system upgrade. The approximate cost of this work was \$7.2 million with a service life of at least 20 years. AEA determined that the SVC replacement was Required Project Work in accordance with the PSA. However, for financial reasons, this expenditure was not financed using AEA bonding, and so did not impact payments to the State under the PSA.

There are several similarities with the purchase of BESS. Both are large technical equipment related to the power transmission of the Bradley Lake Project. Both are improvement projects to equipment benefitting the Bradley Lake Project. In terms of location, both the SVCs and BESS are located similarly on the transmission path of Bradley Lake power, and somewhat distant to the core part of the Bradley Lake Project,

## **CONFIDENTIAL COMMUNICATION**

comprising the powerhouse, the dam and the lake. In fact, one of the BESS and SVC are located in Soldotna.

The main difference is that the original SVC equipment was part of the Bradley Lake Project from the start, and SVCs can be thought of as early stage batteries with respect to managing power transmission. A BESS is fairly new technology, and BESS were not available at the start of the Bradley Lake Project in the early 1990’s.

### **ii. SQ Line Acquisition**

In 2020, the BPMC approved the purchase of certain assets (“SQL acquisition”) for \$17 million: the SQ line; transmission capacity from Soldotna to Sterling, and other agreements between the parties.

The Department of Law, in a May 19, 2020 memorandum, concluded that AEA had the legal authority to acquire the SQ line and related assets, concluding that the transaction was authorized under the PSA contract’s Required Project Work provision in order to improve delivery of power from the Bradley Lake Project. It was also concluded that AEA had the statutory authority to acquire the transmission line as an improvement to the Bradley Lake Project under AS 44.83.080(5) which grants AEA the authority “to improve, equip, operate, and maintain power projects.”<sup>15</sup>

There are several similarities with the purchase of BESS. Both are large infrastructure related to the power transmission of the Bradley Lake Project. Both are acquisition projects of infrastructure, benefitting the Bradley Lake Project as shown by expert opinions and the utilities. In terms of location, both the SQ line and BESS are located similarly on the transmission path of Bradley Lake power, and somewhat distant to the core part of the Bradley Lake Project.

The main difference is that the SQ acquisition is for traditional transmission assets wholly dedicated to the Bradley Lake Project and was important to transmission of project power from the start. As mentioned, BESS is fairly new technology, which was not contemplated at the start of the Bradley Lake Project, but now can be shown to be important to its efficiency.

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<sup>15</sup> There were also two technical opinions received approving the acquisition: O&D (Operations and Dispatch) Subcommittee of the BPMC, comprising engineers from the participating utilities, and an independent consultant, EES Consulting, approved the SQL acquisition with respect to compliance with national standards in the industry and declaring it sound economically.

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**4. AEA’s Role in Required Project Work**

The utilities have been busy planning to spend monies made available under the PSA. Once financed by AEA as Required Project Work, the costs of these developments will be subsidized because they will reduce payments to the State due under the PSA. However, there is a limit to the subsidy provided by the State to roughly \$12.45 million in debt service per year. To the extent that financing costs exceed this amount, a prioritization of developments is likely to occur to reduce cost and minimize any out of pocket amounts needed.

The PSA provides AEA with considerable rights to carry out and finance Required Project Work.<sup>16</sup> Additionally, the BPMC Bylaws require AEA approval, along with a majority of utility interest, to determine the scheduling and financing of such work.<sup>17</sup> The BPMC bylaws state the following:

5.10.5 The following matters shall require the affirmative vote of at least four representatives of the Purchasers whose percentage shares of Project capacity are greater than 51% plus the affirmative vote of the representative of the Authority.

...

(e) Evaluation of necessity for and scheduling of Required Project Work.

...

(f) Selection among alternative methods that involve the Authority for funding Required Project Work.

(emphasis added).

**5. Conclusion**

The BESS purchase should be considered Required Project Work under the PSA as an improvement work for the Bradley Lake Project. AEA has certain rights under the PSA and bylaws to determine necessity, scheduling and financing for Required Project

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<sup>16</sup> PSA, Sec. 4(c), p.9.

<sup>17</sup> Bylaws of BPMC, p.4, section 5.10.5(e), (h).

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Work, which AEA could use to help determine a priority of developments should financing be constrained.

With the approval of all Parties to the PSA, and opinions supporting the economics and compliance with industry standards, the purchase of BESS can be seen as necessary to keep the Bradley Lake Project in good and efficient operating condition.

# MEMORANDUM

## State of Alaska Department of Law

TO: Curtis Thayer  
Executive Director  
Alaska Energy Authority

DATE: May 19, 2022

FILE NO.: 2021103317

FROM: Stefan A. Saldanha  
Senior Assistant Attorney General  
Public Corporations and  
Governmental Affairs Section

TEL. NO.: (907) 269-6612

SUBJECT: Bradley Lake Project -  
Whether the upgrade of the  
SS Line meets the definition  
of “Required Project Work”

### CONFIDENTIAL—DOCUMENT

The participants in the Bradley Lake hydroelectric facility (“Bradley Lake Project”) have requested the Department of Law to review whether a series of proposed developments can be considered required project work under the Power Sales Agreement (“PSA”). For the purpose of this memorandum, we will consider these proposed developments to be agreed upon by all participants.

In this memorandum, we review the upgrade of the Soldotna to Sterling transmission line, whether as a new line or the replacement of the existing line (the line, “SS line” and the upgrade or replacement work, “SS Upgrade”).<sup>1</sup>

This analysis is important for State financial reasons, because if found to be required project work as defined in the PSA (“Required Project Work”), future payments paid by the participating utilities to the State of Alaska under the PSA could be reduced by the debt service payments related to the work.

#### 1. Transmission Line Upgrade within the Bradley Lake Project

Issue: Does the SS Upgrade meet the requirements of the PSA to be considered Required Project Work?

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<sup>1</sup> We have researched this question internally at the Department of Law, and reviewed historical documents concerning AEA and the Bradley Lake Project. However, we have not analyzed other aspects of this transaction, such as the political, financial, tax or accounting aspects.

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Short Answer: The SS Upgrade should be considered Required Project Work under the PSA. Additional analysis required by the PSA should also be done by the relevant experts regarding its economics and consistency with national standards in the industry.

**2. Recent DOL interpretations of Required Project Work**

The BPMC has begun work on the following developments and asked the Department of Law whether they constitute Required Project Work under the PSA:

1. The purchase of certain transmission line assets, including the Sterling to Quartz Creek line (SQL) from HEA;
2. The upgrade of the SQL;
3. The long-term repair and replacement program at the Project;
4. The upgrade of the Bradley Junction to Soldotna transmission line (BJS line); and
5. The purchase of three battery energy storage systems (BESS).

The Department of Law, in memoranda dated May 19, 2020, November 10, 2021, January 24, 2022, March 7, 2022 and April 27, 2022, concluded that these developments were considered Required Project Work under the PSA. In each case, it was also concluded that AEA had the statutory authority to improve the Bradley Lake Project under AS 44.83.080(5) which grants AEA the authority “to improve, equip, operate, and maintain power projects.”

Our memoranda came to the following relevant conclusions that do not need to be re-analyzed here.

- Required Project Work appears to be a catch-all that combines several different types of developments for the benefit of the Bradley Lake Project, such as repair, maintenance, renewal, replacement, improvements or betterments.
- There is no requirement in the PSA that the Required Project Work be located in areas originally part of the Bradley Lake Project such as that identified in Exhibit C of the PSA, which describes some of the project assets.
- A development may have non-Project uses and still be considered Required Project Work.



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**3. Can the SS Upgrade be considered Required Project Work?**

**a. Description of SS Upgrade**

The utilities are now seeking to finance the upgrade of the transmission line from Soldotna to Sterling on the Kenai Peninsula (SS Line). The estimated cost of this upgrade is \$14-15 million.

The Bradley Lake Project already owns two segments of the main transmission path northwards: the 20-mile transmission line from the powerhouse to Bradley Junction, and the 40-mile transmission line from Sterling to Quartz Creek. The Bradley Lake Project also already owns certain rights on the SS line, namely transmission capacity subject to HEA's native load and rights to require maintenance and upgrades to the line.

The utilities plan for the upgrade of the SS line is still unclear, because design and planning has not started. The tentative plan is to build a new 230kV transmission line. The utilities have presented a preliminary agreement in the form of a letter of intent to AEA, dated February 16, 2022. In summary, the letter of intent provides that AEA on behalf of the Project would take ownership of the facilities added and increased capability as assets of the Project. HEA would retain its current rights in existing infrastructure and rights of way.

While the line loss due to the state of the line has not been calculated for the SS line, it is thought to be less than the SQL, which is approximately \$672,950 per year. While the line losses are not eliminated with an upgrade, the larger capacity lines at 230 kV have significantly less line losses.

**b. Statutory analysis**

AEA is no longer allowed to construct or acquire new power projects, such as hydroelectric facilities or interties, without legislative approval.<sup>2</sup> However, AEA has the power to "improve, equip, operate and maintain power projects", such as the Bradley Lake Project, which has been approved by the legislature.<sup>3</sup> Additionally, AEA has the power to "enter into contracts with any person ... for the purchase, sale, exchange, transmission or use of any power from a project, or any right to the capacity of it."<sup>4</sup>

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<sup>2</sup> SLA 1993, ch. 18, Sec. 10.

<sup>3</sup> AS 44.83.080(5).

<sup>4</sup> AS 44.84.080(11).

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Because this project will significantly improve the Bradley Lake Project, we conclude that the SS Upgrade is within AEA's statutory powers.

**c. Contractual analysis**

As mentioned, the Required Project Work definition in the PSA combines several types of projects:

"Required Project Work" means repairs, maintenance, renewals, replacements, improvements or betterments required by federal or state law, a licensing or regulatory agency with jurisdiction over the Project, or this Agreement, or otherwise necessary to keep the Project in good and efficient operating condition, consistent with (1) sound economics for the Project and the Purchasers, and (2) national standards for the industry.<sup>5</sup>

The SS Upgrade can be described as an improvement or betterment of the Bradley Lake Project because of its benefits to the transmission of Bradley Lake-generated power. The utilities argue that major infrastructure assets such as the SS line should become part of the project. This will allow them to be managed by the BPMC, costs will be mutualized and disputes should be minimized.

Finally, the BPMC must approve any alternative methods of carrying out and funding Required Project Work, inherently protecting all participants' rights. There may be alternative methods of carrying out and funding this project, so the BPMC may also review these specific alternatives prior to the agreement on the SS Upgrade.

**d. Comparison with previous project works**

There are two earlier developments that the SS Upgrade can be compared to, the upgrade of the SQL and the BESS purchase.

We argued that the purchase and the upgrade to the SQL was Required Project Work because it was clearly an improvement to the Project as it is critical for the transmission of Project power. Similarly, an upgrade to the SS line is also critical for the transmission of Project power.

While reviewing the BESS purchase, we determined that non-Project uses do not by themselves limit the determination of whether a development is Required Project Work. There may also be non-Project uses for the upgraded SS line, such as transmission

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<sup>5</sup> Section 1(hh), p.7, PSA.

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of HEA's native load, but they do not take away from the significance of the line for the Project.

In summary, the SS Upgrade would not be a completely unique transaction for the Bradley Lake Project, and projects with similar characteristics were thought to be Required Project Work.

**4. Conclusion**

The Department of Law concludes that the SS Upgrade should be considered Required Project Work under the PSA as an improvement work for the Bradley Lake Project. With the approval of all Parties to the PSA, and opinions supporting the economics and compliance with industry standards, the SS Upgrade can be seen as necessary to keep the Bradley Lake Project in good and efficient operating condition.

**EXHIBIT 2**  
**REQUIRED PROJECT WORK LIST**

7/13/2022

[illegible]

# **BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE RESOLUTION NO. 22 - 04**

## **Development of Required Work Projects**

### **INTRODUCTION**

The Bradley Lake Project Management Committee ("BPMC") is responsible for the management, operation, maintenance, and improvement of the Bradley Lake Hydroelectric Project (the "Project"), subject to the non-delegable duties of the Alaska Energy Authority (the "Authority").

At its December 10, 2021 meeting, the BPMC approved Resolution No. 21-02 that endorsed a plan to finance and develop a series of projects to increase the energy available to benefit the Bradley Lake Hydroelectric Project (the "Project") and its utility purchasers ("Purchasers").

The BPMC established a Special Committee to assist in the development plans for financing, design and engineering at the Project. The Special Committee has provided its recommendations to the BPMC for these important steps. The plans allow the BPMC to leverage past investments in the Project and optimize its value without additional costs to Alaskans by applying existing payments to approved Required Project Work, as provided in the Power Sales Agreement (the "PSA").

The BPMC has received guidance from the Department of Law ("DOL") regarding the proposed projects to be funded as Required Project Work in the PSA, and awaits independent review from a consultant selected by the Authority.

### **PURPOSE OF BPMC RESOLUTION 22-04**

BPMC Resolution No. 22-04 identifies the authorized Required Work Projects that the BPMC intends to finance and complete at the Project. By funding Required Project Work, the BPMC seeks to minimize costs, stabilize rates for ratepayers, and optimize the benefits generated by the Project.

## **BPMC RESOLUTION NO. 22-04**

**WHEREAS**, the Bradley Lake Project Management Committee ("BPMC") receives its authority under the Bradley Lake Hydroelectric Project Agreement for the Sale and Purchase of Electric Power ("Power Sales Agreement").

**WHEREAS**, the BPMC is responsible for the management, operation, maintenance, and improvement of the Bradley Lake Hydroelectric Project (the "Project"), subject to the non-delegable duties of the Alaska Energy Authority (the "Authority").

**WHEREAS**, the Project is the largest lowest cost renewable, carbon free energy generating facility on the System.

**WHEREAS**, the BPMC has set forth its intent to provide for improvements and upgrades to the transmission path for energy generated by the Project in BPMC Resolution No. 21-02.

**WHEREAS**, the Special Committee of the BPMC appointed for the purpose of examining ways to upgrade and improve the deliverability of Project Power has made recommendations for the removal of the transmission constraints on the Project for consideration by the BPMC.

**WHEREAS**, Exhibit A is attached to this Resolution and incorporated herein by this reference and contains a list and representative map of the proposed Required Project Work recommended by the Special Committee that will serve to optimize the value of the Project and result in increased availability of the Railbelt Electric System's largest renewable, carbon-free energy resource for all Purchasers;

**WHEREAS**, the projects listed in Exhibit A are essential for the removal of the transmission constraints on the deliverability of energy generated by the Project and can be financed through the use of excess payment funds for agreed-upon Required Project Work.

**WHEREAS**, each of the Required Work Projects listed in Exhibit A have been reviewed by the Department of Law at the request of the Authority and the Purchasers.

**WHEREAS**, the Department of Law has determined that each of the listed projects in the first tranche listed in Exhibit A and the associated map constitutes Required Project Work subject to an independent analysis demonstrating that each Required Work Project is consistent with sound economics and national industry standards.

**WHEREAS**, the Authority has selected an expert to review the Required Work Projects in Exhibit A, and the BPMC is awaiting the determination on each proposed Required Work Project.

**NOW, THEREFORE, BE IT RESOLVED THAT**, the aforementioned comments and Recitals are incorporated and made part of this Resolution No. 22-04;

**BE IT ALSO RESOLVED THAT**, Resolution 21-02 is incorporated into this Resolution 22-04 as if fully set forth;

**BE IT ALSO RESOLVED THAT**, the BPMC accepts the recommendations from the Special Committee regarding the Required Project Work to be financed and completed as listed in Exhibit A;


**BE IT ALSO RESOLVED THAT**, the BPMC approves the projects listed in Exhibit A, and directs its Executive Director of Railbelt Regional Coordination to work with the BPMC and the Special Committee of the BPMC to immediately begin the process of expediting work on the essential improvements and upgrades detailed in Exhibit A to benefit the Project's transmission system and enhance the deliverability of energy produced by the Project; and

**BE IT ALSO RESOLVED THAT**, the Special Committee will continue to report its progress to the BPMC as needed.

DATED at Anchorage Alaska, this 20<sup>TH</sup> day of May, 2022.

  
Chair, Anthony M. Izzo

Attest:

  
Secretary, Curtis Thayer



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

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

**July 27, 2022**

**ACTION REQUIRED**

**AGENDA ITEM NO. X.C.**

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

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**TOPIC**

CEO Employment Agreement

**DISCUSSION**

On June 22, 2022, the Board of Directors approved a resolution authorizing a three-member committee to negotiate an employment agreement with the individual selected by the Board to serve as the Association's next Chief Executive Officer. The Board met to discuss the terms and conditions of the new agreement on July 13, 2022. The committee has finalized the employment agreement for the Board's consideration at tonight's meeting.

**MOTION**

Move that the Board of Directors authorize the Board Chair to make, execute, and deliver, in the name and on behalf of the Association, an executive employment agreement with the individual selected by the Board to serve as the Association's next CEO on terms and conditions similar to those discussed in executive session.