



**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

September 28, 2022

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER (4:00 p.m.)
 - A. *Pledge of Allegiance*
 - B. *Roll Call*
 - C. *Safety Minute – “Cold Water Safety” (Freeman)*
 - D. *Guest Speaker: Anchorage Greenhouse Gas Inventory Results (Shaina Kilcoyne)*
- II. APPROVAL OF THE AGENDA* (4:10 p.m.)
- III. PERSONS TO BE HEARD (4:15 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*
- V. CONSENT AGENDA* (4:35 p.m.)
 - A. *Board Calendar*
 - 1. *Excused Absence for Director Wiggin – September 28, 2022, Regular Board Meeting*
 - B. *Training and Conferences*
 - C. *Minutes*
 - 1. *August 29-30, 2022, Regular Board of Directors’ Meeting (Cacy)*
 - D. *Director Expenses*
 - E. *Board Policy 303 - Financial Management (Highers)*

* *Denotes Action Items*

** *Denotes Possible Action Items*

9/26/2022 1:55:12 PM

- VI. CEO REPORTS AND CORRESPONDENCE (4:40 p.m.)
 - A. *Enterprise Resource Planning (ERP) Project Update (McCarty) (4:40 p.m.)*
 - B. *July 2022 Financial Statements and Variance Report (Griffin/Highers) (4:45 p.m.)*
 - C. *3rd Quarter 2022 Railbelt Bill Comparison (Kornmuller) (4:55 p.m.)*
 - D. *Board Policy Scheduled Tasks/Reports (Board/Staff) (5:05 p.m.)*
- VII. UNFINISHED BUSINESS (none)
- VIII. NEW BUSINESS* (scheduled) (5:10 p.m.)
 - A. *Approval of Board Policy 401 Delegation of Authority and Relationship Between the Board of Directors and the CEO (recommended revision to III.M.)* (Board)*
- IX. EXECUTIVE SESSION* (scheduled) (5:15 p.m.)
 - A. *Power Pool Agreement (White/Clarkson/D. Thompson/Miller) (5:15 p.m.)*
 - B. *Battery Energy Storage System (Laughlin) (5:35 p.m.)*
 - C. *Decarbonization Program Update (D. Highers) (5:50 p.m.)*
 - D. *Renewable Energy Plan Update (Skaling/Miller) (6:05 p.m.)*
 - E. *Bradley Lake Project Management Committee Structure (Miller) (6:25 p.m.)*
- X. NEW BUSINESS (none)
- XI. DIRECTOR COMMENTS (6:45 p.m.)
- XII. ADJOURNMENT* (7:00 p.m.)

* *Denotes Action Items*

** *Denotes Possible Action Items*

COLD WATER CAN KILL YOU

A scenic view of a rocky coastline with blue water and a clear sky. The text is overlaid on the top half of the image.

*In 1 minute.....***COLD SHOCK**

*In 10 minutes...***INCAPACITATION**

*In 1 hour.....***HYPOTHERMIA**

COLD WATER SAFETY

Regular Board of Directors' Meeting
September 28, 2022

SOME FACTS



Even strong swimmers will lose muscle control in about 10 minutes.

Body heat can be lost 25 times faster in cold water than in cold air.

Wearing a life jacket significantly increases chances of survival.

SAFETY TIPS



Wear

Always wear a life jacket.

Stay

Stay calm. Be prepared to overcome the initial shock. Work to regain control of your breathing. Do not attempt any other actions until your breathing is under control.

Evaluate

Evaluate your options. You will have about 30 minutes before you lose the motor skills to swim. Research suggests that most people can swim 800-1500 meters in cold water.

Do not Panic

Do not panic. You have at least 30 minutes to get out of the water.

Keep

Keep as much of your body out of the water as possible. If you can, pull yourself out of the water onto a floating object.

Conserve

If you can't climb out of the water, conserve body heat by staying as still as possible and reducing the body area exposed to the water.

Huddle

In the case of two or more people wearing life-jackets, huddle together to conserve body heat and increase your visibility for rescuers.



With support from:



Anchorage Greenhouse Gas Inventory Results: 2015 and 2020

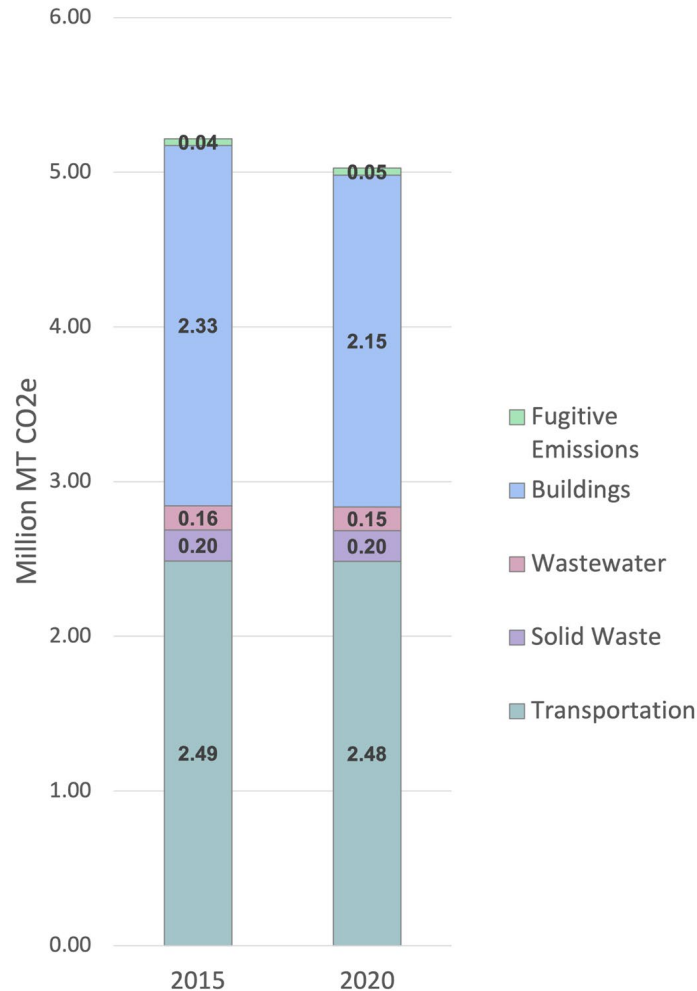
September 28, 2022

Agenda

- Project and team overview / How does this fit in with the Anchorage Climate Action Plan?
- Working with the Thriving Earth Exchange
- Inventory Review
- Alaska Greenhouse Gas Inventory update
- Anchorage Inventory Takeaways
- Questions

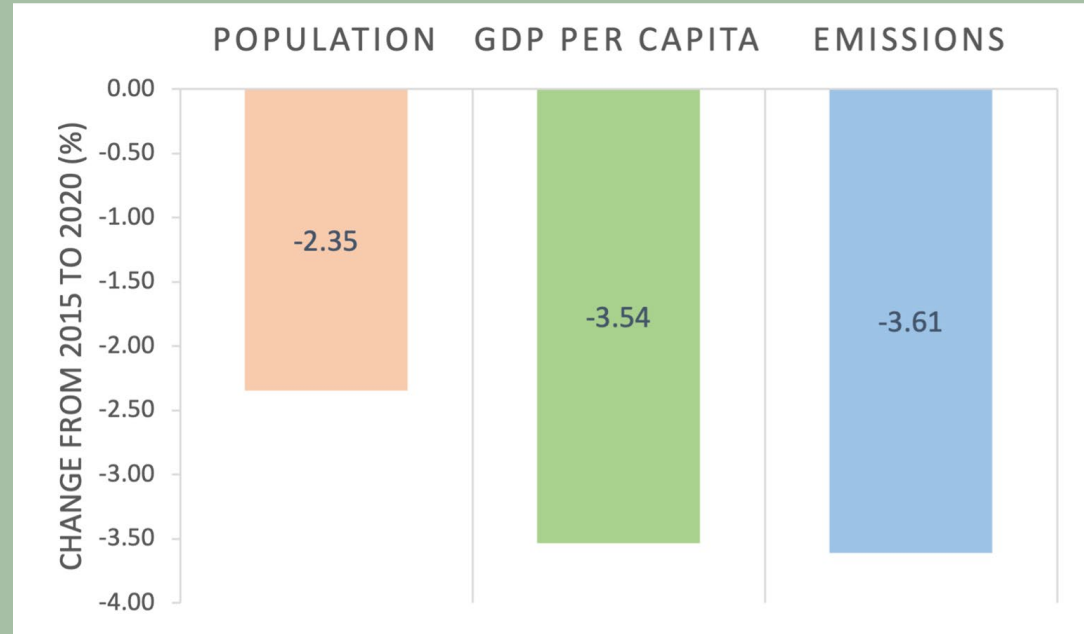
Presentors

- Community Lead: Shaina Kilcoyne, Municipality of Anchorage (formerly)
- Community Scientist: Haley Crim, CLEAR Environmental
- Community Science Fellow: Abra Atwood, University of Southern California PhD Candidate in Earth Sciences



Citywide emissions decreased by 3.61% between 2015 and 2020.

Emissions
reductions
tracked
demographic
changes.



An Inventory is a Snapshot

2020 was colder than
2015:



Building energy use

2020 includes pandemic
influence:



Car and rail
transportation

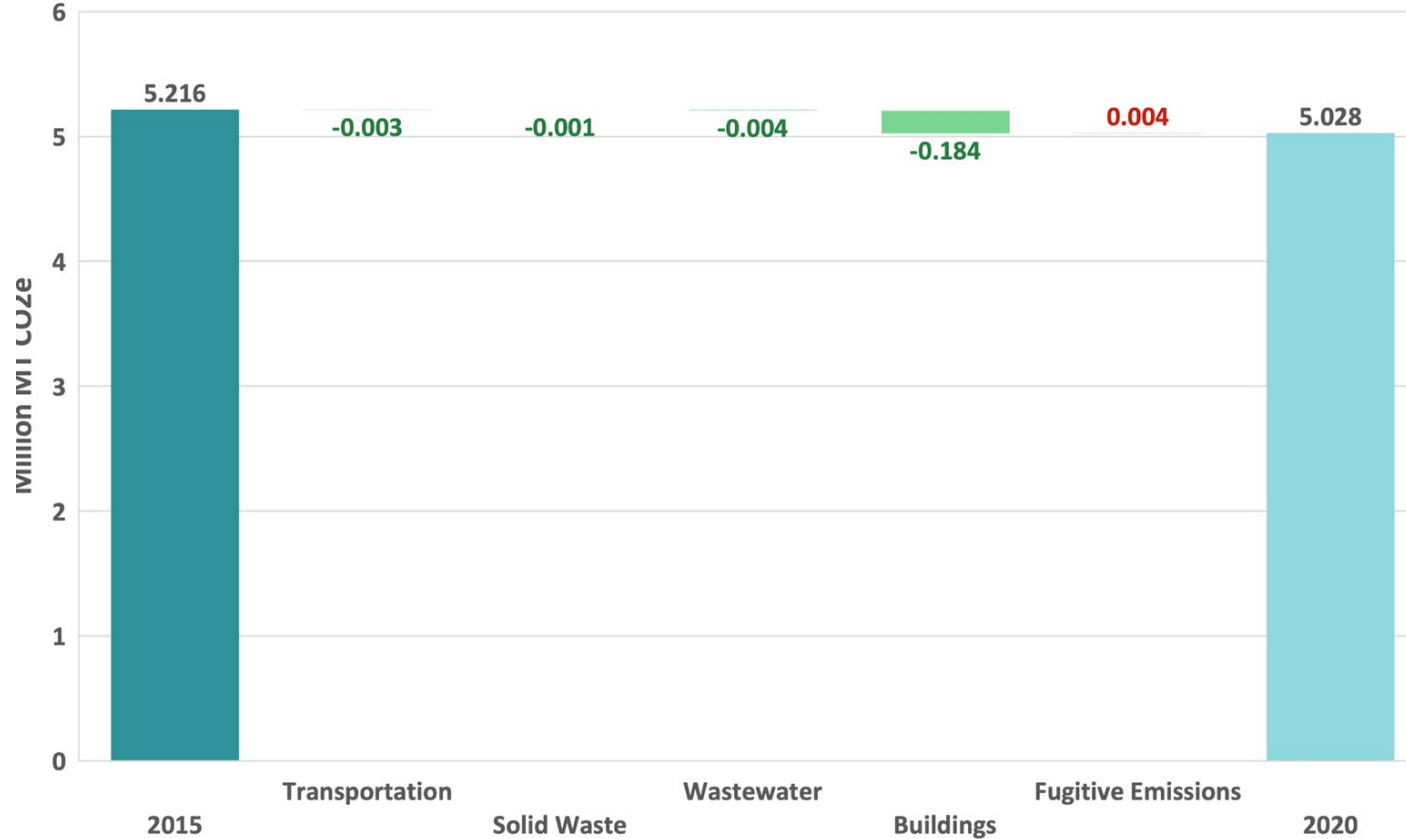


Tourism

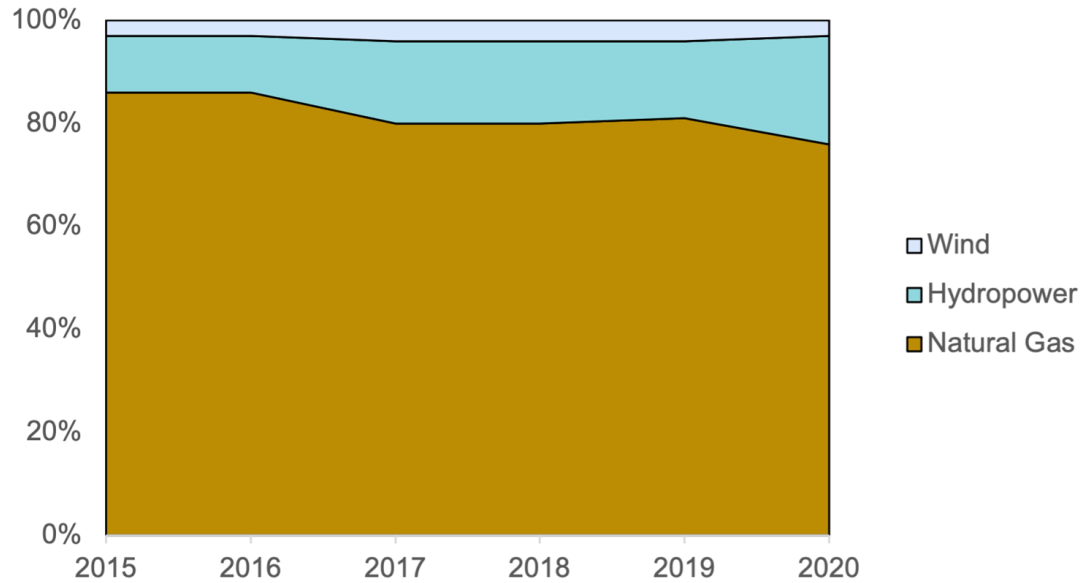


Commercial building
use

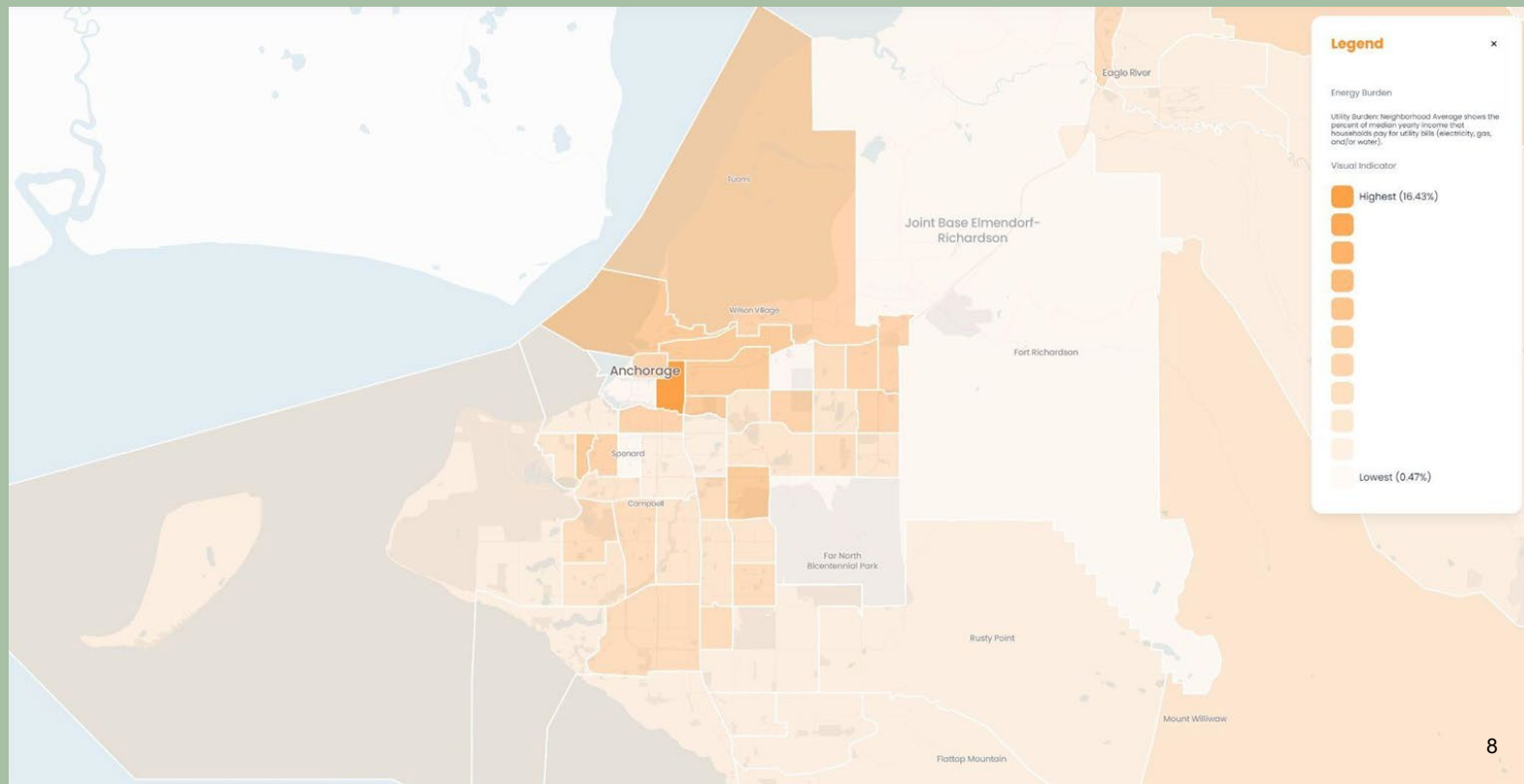
Emission Level Changes from 2015 to 2020

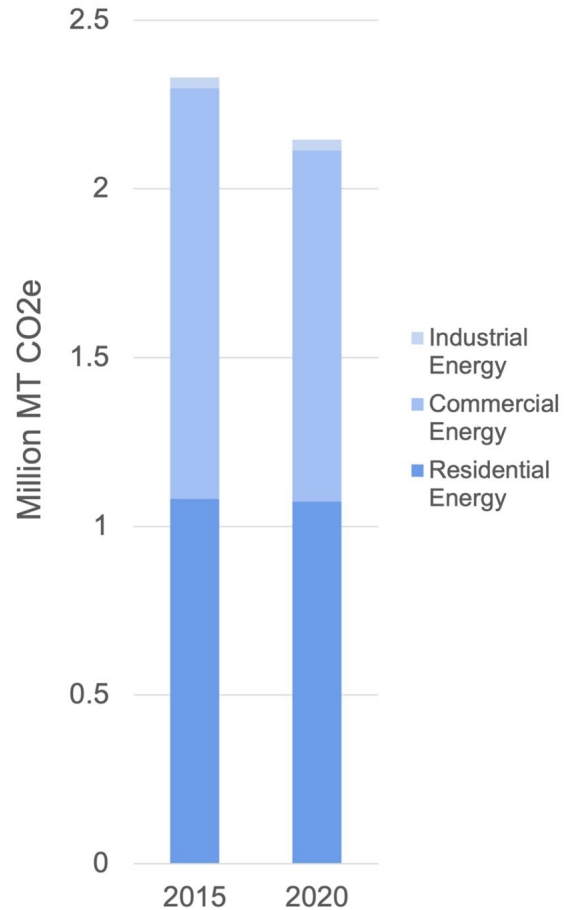


CHUGACH ELECTRIC FUEL MIX

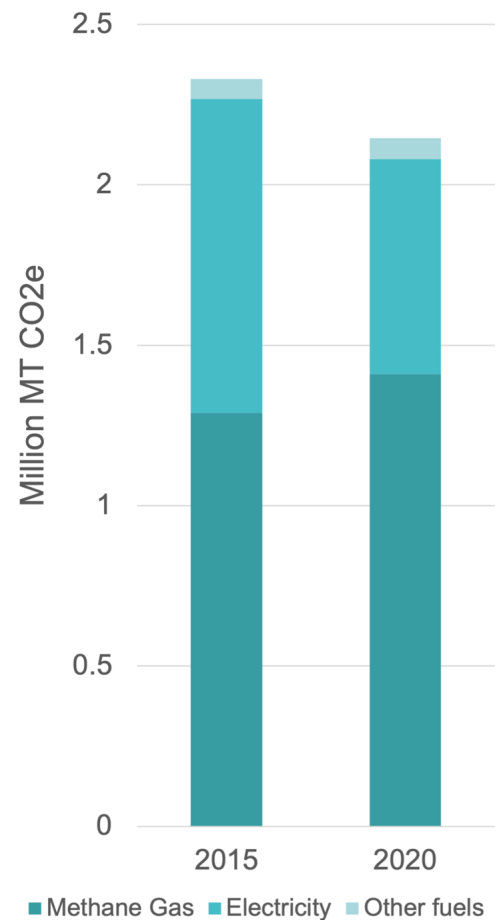
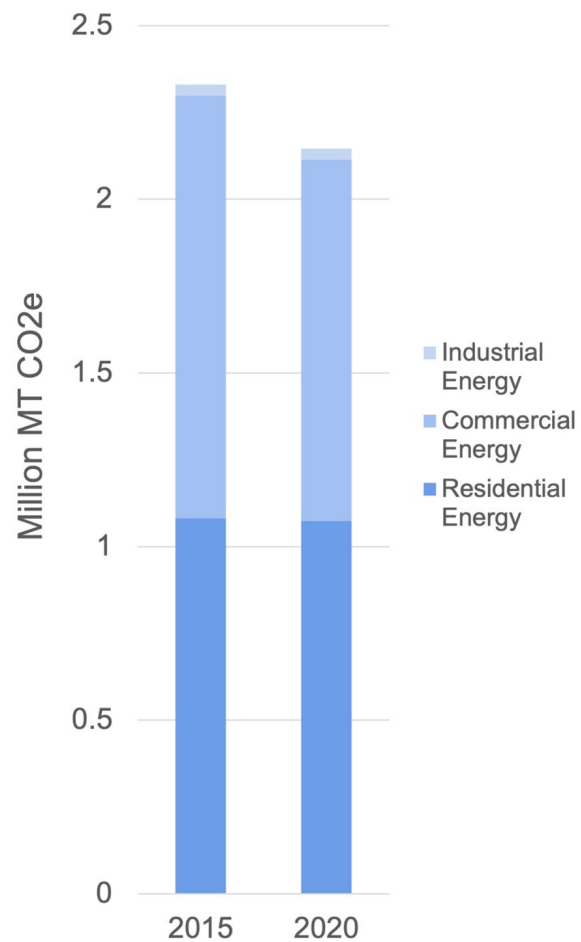


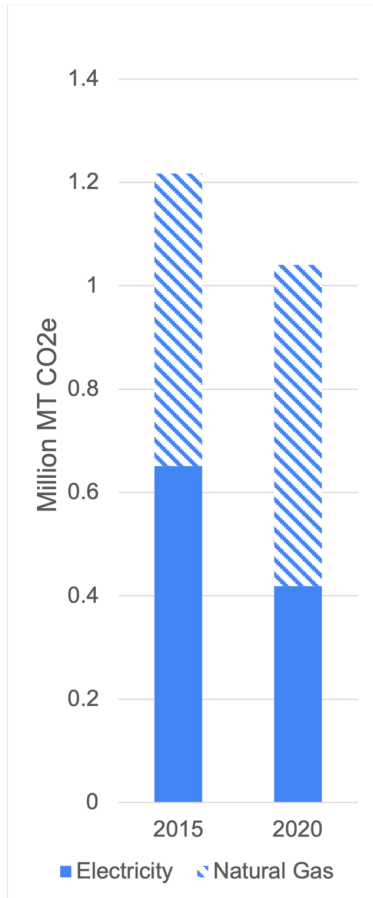
Energy Burden





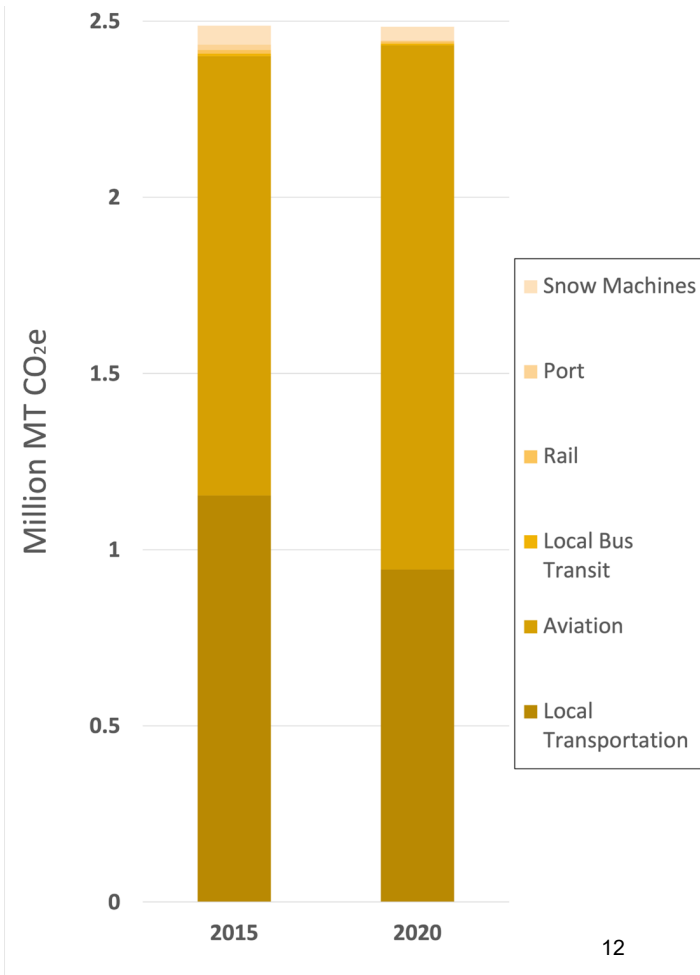
Stationary Energy

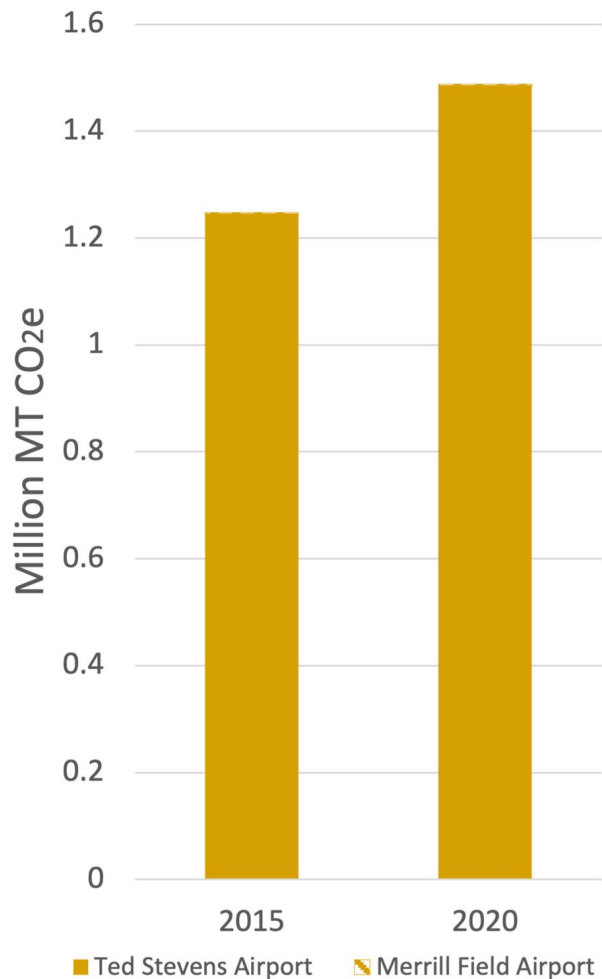




14.5%
reduction in
commercial
building
emissions.

Transportation





19.25%
increase in air
traffic
emissions.

What does this mean?

Anchorage needs to
accelerate action!



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ANCHORAGE, ALASKA**

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* Denotes Action Items

** Denotes Possible Action Items

September 2022

September 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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4	5	6	7	8	9	10
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October 2022						
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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	17
18	19	20 4:00pm REAP Public Policy Committee (Via Zoom) - CCBOD	21	22	23	24
25	26 9:30am Review Board Packet (Board Room CR) - CCBOD	Region IX Meeting (Portland, OR)			30	Oct 1
			4:00pm Regular Board of Directors Meeting (Board Room CR) - Arden Quezon			

October 2022

October 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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November 2022						
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27	28	29	30			

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sep 25	26	27	28	29	30	Oct 1
2	3	4	5 5:00pm Member Advisory Council (MAC) Meeting (BoardroomCR) - Arden Quezon	6	7	8
9	10	11 10:30am BPMC Structure Discussion (Board Room CR) - 11:00am Pre-Eklutna Meeting (Board Room CR) - CCBOD 12:00pm United Way Meeting (Board Room CR) - Board	12	13	14	15
16	17 2:00pm Review Operations Committee Meeting Packet (Board Room CR) - Arden Quezon	18	19 10:00am Eklutna Hydro owners / Native Village of Eklutna leadership meeting (CIRI) 4:00pm Operations Committee Meeting (Board Room CR) - Arden Quezon	20	21 9:30am Review Board Packet (Board Room CR) - Arden Quezon	22
23	24	25	26 4:00pm Regular Board of Directors Meeting (Board Room CR) - Arden Quezon	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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December 2022						
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SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Oct 30	31	Nov 1	2	3	4 10:00am Review Audit & Finance Meeting Packet (Board Room CR) - Arden Quezon	5
6	7	8	9 4:00pm Audit & Finance Committee Meeting (Budget & CIP) (Board Room CR) - Arden Quezon	10	11 9:30am Review Board Packet (Board Room CR) - Arden Quezon	12
13	14	15	16 4:00pm Regular Board of Directors Meeting (Board Room CR) - Arden Quezon	17	18	19
20	21	22	23	24 Thanksgiving Holiday - Connie Owens	25	26
27	28 10:00am Review Audit & Finance Meeting Packet (Board Room CR) - Arden Quezon	29	30 4:00pm Audit & Finance Committee Meeting (Board Room CR) - Arden Quezon	Dec 1	2	3

December 2022

December 2022						
Su	Mo	Tu	We	Th	Fr	Sa
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January 2023						
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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) - Arden Quezon	6	7 APA Open House and December Meeting Series (Details to Fo 4:00pm Operations Committee Meeting (Board Room CR) - Arden Quezon	8	9 9:30am Review Board Packet (Board Room CR) - Arden Quezon	10
11	12	13	14 4:00pm Regular Board of Directors Meeting (Board Room CR) - Arden Quezon	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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February 2023						
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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 10:00am Review Governance Meeting Packet (Board Room CR) - Arden Quezon	7
8	9	10	11 4:00pm Governance Committee Meeting (Board Room CR) - Arden Quezon	12	13	14
15	16	17	18	19	20 9:30am Review Board Packet (Board Room CR) - Arden Quezon	21
22	23	24	25 4:00pm Regular Board of Directors Meeting (Board Room CR) - Arden Quezon	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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March 2023						
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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							April 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
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5	6	7	8	9	10	11	2	3	4	5	6	7	8
12	13	14	15	16	17	18	9	10	11	12	13	14	15
19	20	21	22	23	24	25	16	17	18	19	20	21	22
26	27	28	29	30	31		23	24	25	26	27	28	29
							30						

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

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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23	24	25	26	27	28	29
30						

May 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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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 followed by Operations Committee Meeting (Board Room CR) - CCBOD	13 4:00pm Candidate Forum (Board Room CR) - CCBOD	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	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 4:00pm FW: Audit & Finance Committee Meeting (Board Room CR) - Arden Quezon	Jun 1	2	3

June 2023

June 2023							July 2023						
Su	Mo	Tu	We	Th	Fr	Sa	Su	Mo	Tu	We	Th	Fr	Sa
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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

July 2023

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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Jun 25	26	27	28	29	30	Jul 1
2	3	4 Independence Day	5	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)	22
23	24	25	26 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	27	28	29
30	31	Aug 1	2	3	4	5

August 2023

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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
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September 2023						
Su	Mo	Tu	We	Th	Fr	Sa
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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
Jul 30	31	Aug 1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18 9:30am Review Board Packet (CEO's Office)	19
20	21	22	23 4:00pm Regular Board of Directors Meeting (Board Room CR) - CCBOD	24	25	26
27	28	29	30 4:00pm FW: Audit & Finance Committee Meeting (Board Room CR) - Arden Quezon	31	Sep 1	2

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

August 29 – 30, 2022
Monday - Tuesday
8:30 a.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 8:35 a.m. at the Megan Room, Anchorage, Alaska.

A. Pledge of Allegiance

B. Roll Call

Board Members Present:

Bettina Chastain, Chair

Mark Wiggin, Vice Chair

Sam Cason, Secretary (*in-person and via teleconference*)

Harold Hollis, Treasurer

Erin Whitney, Director

Rachel Morse, Director

Sisi Cooper, Director

Guests and Staff Attendance

Present:

Arthur Miller

Sherri Highers

Andrew Laughlin

Matt Clarkson

Arden Quezon

Julie Hasquet

Ashton Doyle

Dustin Highers

Kate Ayers

Andrew White

Bart Armfield, Consultant

Kurt Strunk, NERA

Justin Freeman,

Coffman Engineers

Mike Keyser, NRCO

Mackenzie Banbury,

Yuit Communications

Chris Arend, Chris Arend

Photography

Via Teleconference:

Colleen Fisk, REAP

C. Safety Minute

Sherri Highers, Chief Financial Officer, discussed "*Emergency Exits*".

D. Energy Factoid: Chugach Generation (Laughlin)

Andrew Laughlin, Chief Operating Officer, discussed Chugach Generation and responded to questions from the Board.

II. APPROVAL OF 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. CONSENT AGENDA

- A. *Board Calendar*
 - 1. *Excused Absence for Chair Chastain – August 10, 2022, Operations Committee Meeting*
- B. *Training Conferences*
- C. *Minutes*
 - 1. *July 27, 2022 Regular Board of Directors' Meeting (Doyle)*
- D. *Director Expenses*
- E. *Change the Association's Registered Agent (Board)*

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

V. EXECUTIVE SESSION

- A. *2022 – 2026 Strategic Plan Overview and Session Objectives (S. Highers/Miller)*
- B. *Decarbonization Goal(s) (Ayers)*
- C. *Transition to Renewable Generation and Decarbonization (D. Highers)*
 - 1. *Electric Utility Industry Transition Overview (Keyser)*
 - 2. *Alaska Potential (J. Freeman)*
 - 3. *Panel Discussion (Keyser/Freeman)*
 - 4. *Decarbonization Program Strategy (D. Highers)*

At 8:55 a.m., Director Cason moved and Director Cooper seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1), the Board of Directors go into executive session to discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The motion passed unanimously.

VI. RECESS

The meeting recessed at 5:30 p.m.

VII. RECONVENE MEETING

The meeting reconvened on August 30, 2022 at 8:35 a.m. at the Megan Room, Anchorage, Alaska.

Director Cason joined via teleconference.

VIII. CEO REPORTS AND CORRESPONDENCE

- A. *Enterprise Resource Planning Project Update (S. Highers)*

Sherri Highers, Chief Financial Officer, updated the Board on the ERP Project Update and stated that Arthur Miller, Chief Executive Officer (CEO), executed the Cayenta contract. Ms. Highers then responded to questions from the Board.

- B. *NRECA Compendium of Resolutions (Miller)*
Arthur Miller, CEO, discussed the NRECA Compendium of Resolutions and responded to questions from the Board.
- C. *Board Policy Scheduled Tasks/Reports (Board/Staff)*
The Board Policy Scheduled Tasks/Reports was provided in the meeting packet.

IX. DIRECTOR REPORTS

- A. *Alaska Power Association (APA) Report*
Director Hollis reported on the APA Annual meeting and provided an update on APA and the AK CARES Act, upcoming activities, events, and responded to questions from the Board.
- B. *Renewable Energy Alaska Project (REAP) Report*
Director Wiggin introduced Colleen Fisk, Education Director for REAP, who reported on current REAP meetings and responded to questions from the Board.
- C. *Board Committee Reports (Audit and Finance, Operations & Governance)*
Director Hollis reported on the Audit and Finance Committee meetings and stated that the next meeting is scheduled for November 9, 2022.

Director Wiggin reported on the August 10 and 23, 2022, Operations Committee meetings and stated that the next committee meeting is scheduled for October 19, 2022.

Director Cason stated that he had nothing to report and that the next Governance Committee meeting is scheduled for September 14, 2022.

- D. *Other Meeting Reports*
None.

X. UNFINISHED

None.

XI. EXECUTIVE SESSION

- A. *Renewable Portfolio Standard (Ayers)*
- B. *Natural Gas Supply (Armfield/White)*
- C. *Purchase of Seward Electric System (K. Strunk)*
- D. *Board Feedback on Strategic Plan and Next Steps (Board/Staff)*

At 8:55 a.m. Director Hollis moved and Director Wiggin seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (4) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and 2) discuss with its attorneys legal matters, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

Director Cason arrived during executive session, time was not noted.

Director Cason joined via teleconference.

The meeting reconvened in open session at 3:45 p.m.

XII. NEW BUSINESS

- A. *Response to City of Seward's Request for Proposal on the Sale of Seward Electric System (Board/Miller)*

Director Hollis moved and Vice Chair Wiggin seconded the motion that the Board of Directors approve the attached resolution authorizing the Chief Executive Officer to submit a non-binding, conditional proposal to acquire the assets of SES from Seward on terms and conditions similar to those discussed in executive session. The Chief Executive Officer shall bring any negotiated binding definitive agreement back to the Board of Directors for final approval prior to execution. The motion passed unanimously.

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

XIII. DIRECTOR COMMENTS

Director comments were made at this time.

XIV. ADJOURNMENT

At 4:10 p.m., Director Wiggin moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.

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

Samuel Cason, Secretary

Date Approved: September 28, 2022

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 28, 2022

ACTION REQUIRED

AGENDA ITEM NO. V.D.

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

TOPIC

Director Expenses

DISCUSSION

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

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 28, 2022

ACTION REQUIRED

AGENDA ITEM NO. V.E.

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

TOPIC

Board Policy 303 – Financial Management

DISCUSSION

At the September 14, 2022, Governance Committee meeting, the Committee reviewed, discussed and approved moving the requirement in Board Policy 303 Financial Management to report functional financial data on a quarterly basis to an appropriate board policy describing other ratemaking requirements. See attached changes to Board Policy 303 Financial Management.

MOTION

(Consent Agenda)

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 303

FINANCIAL MANAGEMENT

I. OBJECTIVE

To outline policies ensuring responsible management of the financial resources of the Association; including general and specific guidelines and risk management for effective administration of the Association's finances, an operative system of internal controls committed to the prevention, deterrence and detection of fraud and to meet indenture and debt agreement covenants.

II. CONTENT

A. Accounting Policies and Practices. The Chief Executive Officer shall:

1. Create timely, accurate monthly financial and operating reports including explanations of budget variances, the monitoring of costs associated with major construction projects and progress toward strategic and business goals.
2. Monitor and evaluate financial plans that guide the development of equity and debt portfolio management.
3. Assure efficient use of the Association's debt and equity while achieving required service reliability levels and to meet indenture and debt agreement covenants.
4. Assure compliance with regulatory and contractual obligations, indenture requirements, debt agreements, laws and other regulations.

B. Responsibility Accounting and Conformity with Generally Accepted Accounting Principles (GAAP)

1. The accounting system utilized by the Association shall be based on GAAP and conform to the Uniform System of Accounts required and approved by regulatory bodies and lending agencies. Requirements by any other organization or agency shall be subordinated to those requirements.

2. A responsibility accounting system shall be established and maintained in all appropriate areas, designed to reflect deviation from plans and budgets, including both construction projects and operating activities. An inventory of work orders of completed construction projects will be compiled and maintained for review and approval by senior management.

C. Internal Controls

Internal accounting procedures and practices shall be established and maintained in accordance with principles for adequate management of the Association's financial resources and for effective internal controls committed to the prevention, deterrence and detection of fraud while achieving the organization's objectives. In addition, policies and procedures shall be established governing the use and access to the Association's computer network, including its electronic communications systems, business networks, SCADA, and plant controls network.

Management, through Board oversight, will establish and maintain the following internal control components:

1. An organizational environment in which integrity and values control behavior and promote ethical conduct.
2. Development and execution of policies and procedures adequate to control Association activities, address risks and ensure execution of management directives.
3. Information and communication systems sufficient to capture and transmit important Association information as required for decision-making, customer service and business operations.
4. Regular monitoring of internal control system operations to assure compliance with policies and procedures:
 - a. Internal controls shall be routinely reviewed and tested and all key controls shall be tested no less than bi-annually.
 - b. A third party security audit of the Association's computer networks shall be conducted annually.
 - c. Results of all testing, modification of controls and any significant changes to internal control process narratives shall be provided to the Chief Executive Officer and Chief Financial Officer quarterly to attest to the evaluation of internal controls over financial reporting.

D. Audit Committee

1. Oversight over financial reporting process and internal controls over financial reporting (ICFR).
2. Oversight over establishment and maintenance by management of programs and internal controls designed to prevent, deter and detect fraud.

E. Other Financial Responsibilities**1. Rates and Margins**

Rates for electric service will be established in accordance with applicable statutes, regulations and conditions, consistent with financial forecast directives and approved by Board resolution.

2. Sources of Funds and Working Capital

- a. A blend of debt and equity is used in accordance with management's long-term planning. Funding of construction, preliminary project costs and asset acquisition may be obtained from any available and appropriate sources.
- b. Fixed rate and variable rate financing may be obtained from appropriate sources to fund construction and asset acquisition. Short-term maturities may be selected within long-term commitments contingent upon prevailing interest rates at the time of draw.
- c. Long-term debt will be structured as provided for in the Trust Indenture. Guarantees and/or credit enhancements from any available source may be utilized as necessary.
- d. Leveraged lease financing may be considered as an alternative to long-term debt when appropriate and will be approved by the Board of Directors.
- e. Interest rate risk mitigation methods may be utilized in accordance with Board Policy 307, Interest Rate Risk Management Policy .
- f. Working capital shall be provided from margins, temporary investments and short-term borrowings when cost effective.
 - i. Preliminary costs for projects not supported by debt issuances will be included with working capital requirements.

- ii. Short-term cash requirements may be met through the sale of commercial paper in accordance with applicable law and regulations and not to exceed Chugach's commercial paper backstop facility.

3. Short-Term Investment Practices

- a. The purchase or sale of governmental securities, governmentally guaranteed or insured securities, selected bond mutual funds and other securities or short-term bank investments, such as certificates of deposit and repurchase agreements, are authorized as appropriate by the Chief Executive Officer.
- b. All Association investments not specifically authorized in 3.a. above shall be subject to the approval of the Board.
- c. The Board of Directors shall receive periodic reports that show the status of all long and short-term investments, including the rate of return and current market value.

4. Financial Reports

A report reflecting the financial condition and results of operations of the Association shall be prepared and presented to the Board on a monthly basis or as otherwise indicated below. This financial report shall include:

- a. Revenue and expense statements for the month, year-to-date and prior year, with comparisons to budgets;
- b. A balance sheet update to reflect current financial results as of each month;
- c. Selected financial ratios;
- d. Graphic illustration of operating results; and
- ~~e. Functional financial data (quarterly); and~~
- ~~f.e.~~ Statement of cash flows (quarterly).

5. Credit Ratings

Management shall take into consideration credit rating recommendations and concerns when making financial management decisions.

6. Risk Management

To prudently manage the Association's financial health, the Chief Executive Officer shall ensure the oversight of management's identification, assessment, and prioritization of risks followed by a coordinated and economical application of resources is utilized to effectively mitigate those risks.

7. Check Authorizations, Electronic Payments and Credit Cards

The Board shall authorize by resolution, specific Board members and management to be signatories authorized to act on behalf of the Association in transactions with Chugach's banking institution. This authorization shall include signing of checks and payment by electronic means. All checks will contain two authorized signatories. A signature stamp for checks below \$5,000 and the issuance of a credit card to members of the Board and to employees for bona fide business purposes may be authorized by the Chief Executive Officer.

III. RESPONSIBILITY

It shall be the responsibility of the Board Chair to see that the foregoing Board functions are effectively carried out.

The Chief Executive Officer shall be accountable for the management and administration of all financial activities and programs prescribed in this Policy. The Chief Executive Officer may delegate specific responsibilities as deemed appropriate.

Date Approved: ~~November 28, 2018~~ September 28, 2022

Attested: _____

|

~~-Stuart Parks-Samuel Cason~~
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

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Date Approved: September 28, 2022

Attested: _____
Samuel Cason
Secretary of the Board

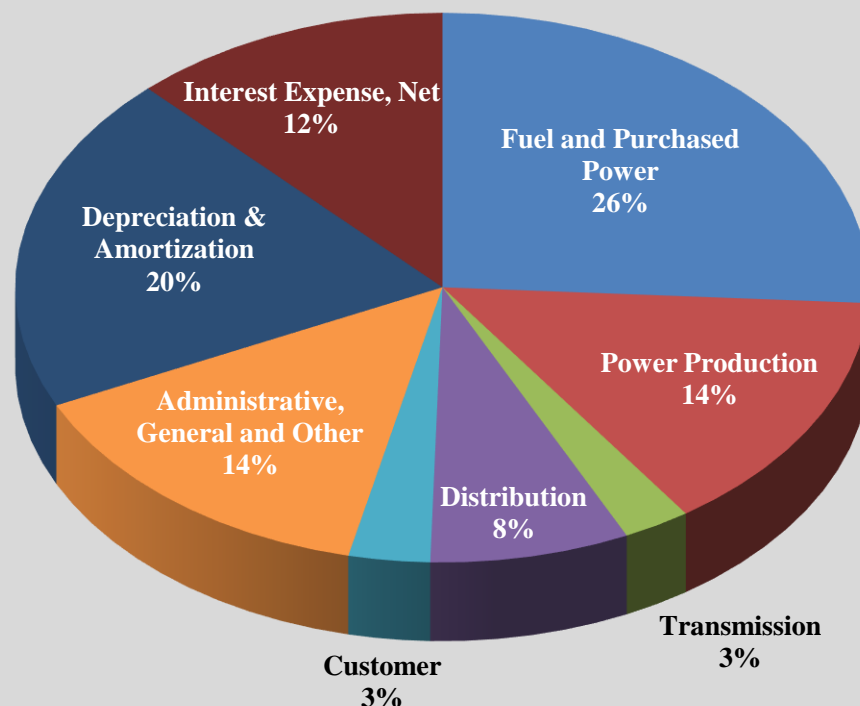
COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2022 MTD ACTUAL TO BUDGET

CATEGORY	ACTUAL	BUDGET ¹	VARIANCE
Operating Revenue & Patronage Capital	\$ 25,579,997	\$ 27,030,250	\$ (1,450,253)
Fuel and Purchased Power	6,905,117	8,329,748	(1,424,631)
Power Production	3,848,853	2,997,343	851,510
Transmission	678,814	944,785	(265,971)
Distribution	2,010,195	2,333,318	(323,123)
Customer	820,377	930,314	(109,937)
Administrative, General and Other	3,836,631	4,329,891	(493,260)
Depreciation & Amortization	5,316,662	5,108,808	207,854
Interest Expense, Net	3,226,962	3,181,862	45,100
Total Cost of Electric Service	\$ 26,643,611	\$ 28,156,069	\$ (1,512,458)
Patronage Capital & Operating Margins	\$ (1,063,614)	\$ (1,125,819)	\$ 62,205
Non-Operating Margins - Interest	55,448	24,262	31,186
Allowance for Funds Used During Construction	6,452	23,898	(17,446)
Non-Operating Margins - Other	25,164	(12,098)	37,262
Patronage Capital or Margins	\$ (976,550)	\$ (1,089,757)	\$ 113,207
Adj. Patronage Capital or Margins²	\$ (237,306)	\$ (350,513)	\$ 113,207

¹ Amended budget

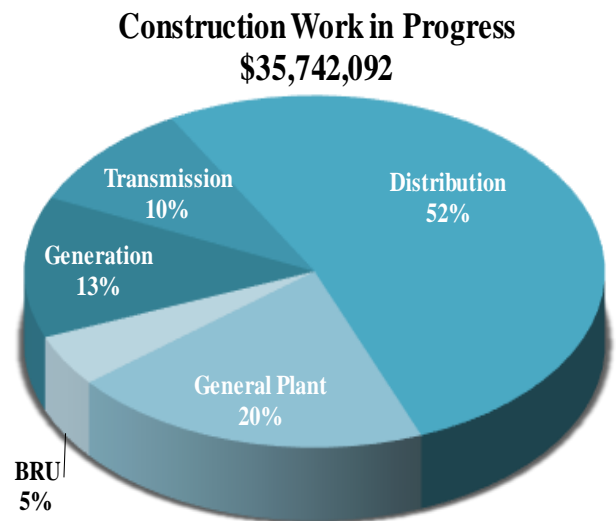
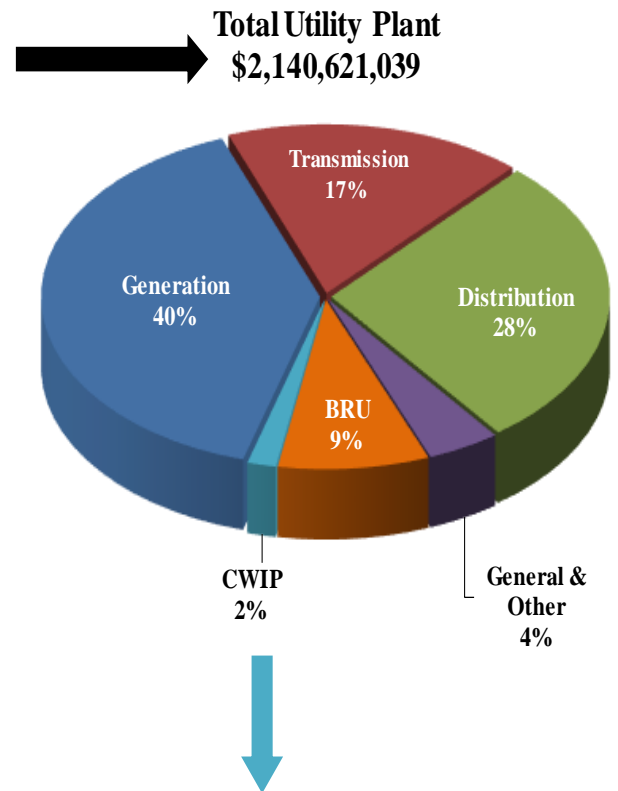
² Results if adjusted by secondary regulatory asset & Eklutna PPA

Total Cost of Electric Service (MTD Actual)



BALANCE SHEET

ASSETS & OTHER DEBITS	7/31/2022	12/31/2021
Electric Plant in Service	2,104,878,947	2,085,567,712
Construction Work in Progress	35,742,092	34,253,304
Total Utility Plant	\$ 2,140,621,039	\$ 2,119,821,016
Accum. Prov. for Depreciation/Amortization	(677,502,883)	(640,729,478)
Net Utility Plant	\$ 1,463,118,156	\$ 1,479,091,538
Nonutility Property - Net	76,889	76,889
Financing & Operating Lease Right-of-Use Assets	4,132,936	4,126,967
Investment in Assoc. Organizations	6,996,666	7,280,936
Special Funds	41,175,394	43,016,636
Restricted Cash Equivalents & Other	64,310	64,310
Long-term Prepayments	0	291,846
Total Other Property & Investments	\$ 52,446,195	\$ 54,857,584
Cash & Restricted Cash	24,684,290	37,590,723
Special Deposits and Marketable Securities	58,300	58,300
Accounts Receivable - Net	40,469,029	47,186,182
Materials and Supplies, Fuel Stock	61,971,989	59,371,225
Prepayments	8,107,342	4,917,095
Other Current & Accrued Assets	7,815,024	942,497
Total Current & Accrued Assets	\$ 143,105,974	\$ 150,066,022
Deferred Debits	109,946,725	112,348,138
Total Assets & Other Debits	\$ 1,768,617,050	\$ 1,796,363,282
LIABILITIES & OTHER CREDITS	7/31/2022	12/31/2021
Memberships	1,970,881	1,949,262
Pat. Capital, Margins & Equities	206,889,182	204,051,676
Total Margins & Equities	\$ 208,860,063	\$ 206,000,938
Long-Term Debt - Bonds	1,139,549,996	1,173,366,663
Long-Term Debt - Other	19,950,000	23,028,000
Unamortized Debt Issuance Costs	(6,009,636)	(6,072,373)
Operating Lease Liabilities	3,669,887	3,835,282
Finance Lease Liabilities	201,856	13,667
Total Long-Term Debt	\$ 1,157,362,103	\$ 1,194,171,239
Notes Payable	73,178,870	64,473,838
Accounts Payable	17,608,588	14,878,065
Consumer Deposits	5,003,688	5,663,067
Other Current & Accrued Liabilities	59,402,131	52,236,502
Total Current & Accrued Liabilities	\$ 155,193,277	\$ 137,251,472
Deferred Compensation	1,513,363	2,115,229
Other Liabilities, Non-Current	984,454	741,387
Deferred Liabilities	15,055,998	24,724,119
BRU Regulatory Liability	101,627,341	107,364,906
Cost of Removal Obligation	128,020,451	123,993,992
Total Liabilities & Other Credits	\$ 1,768,617,050	\$ 1,796,363,282



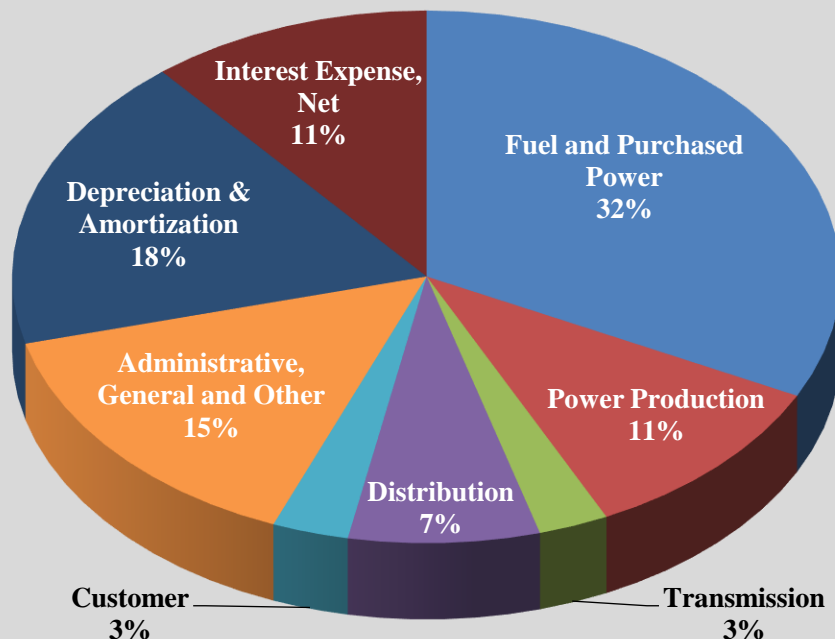
COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2022 YTD ACTUAL TO BUDGET

CATEGORY	ACTUAL	BUDGET ¹	VARIANCE
Operating Revenue & Patronage Capital	\$ 208,557,992	\$ 201,196,289	\$ 7,361,703
Fuel and Purchased Power	66,668,677	62,375,200	4,293,477
Power Production	21,573,207	21,453,884	119,323
Transmission	5,619,922	6,690,860	(1,070,938)
Distribution	15,338,126	16,434,105	(1,095,979)
Customer	6,122,996	6,653,084	(530,088)
Administrative, General and Other	30,713,424	30,700,893	12,531
Depreciation & Amortization	37,141,658	35,743,885	1,397,773
Interest Expense, Net	22,681,400	22,552,748	128,652
Total Cost of Electric Service	\$ 205,859,410	\$ 202,604,659	\$ 3,254,751
Patronage Capital & Operating Margins	\$ 2,698,582	\$ (1,408,370)	\$ 4,106,952
Non-Operating Margins - Interest	246,132	169,834	76,298
Allowance for Funds Used During Construction	47,623	159,600	(111,977)
Non-Operating Margins - Other	(47,962)	(84,690)	36,728
Patronage Capital or Margins	\$ 2,944,375	\$ (1,163,626)	\$ 4,108,001
Adj. Patronage Capital or Margins²	\$ 8,119,081	\$ 4,011,081	\$ 4,108,000
MFI/I	1.12	0.95	
TIER	1.12	0.95	

¹Amended budget

²Results if adjusted by secondary regulatory asset & Eklutna PPA

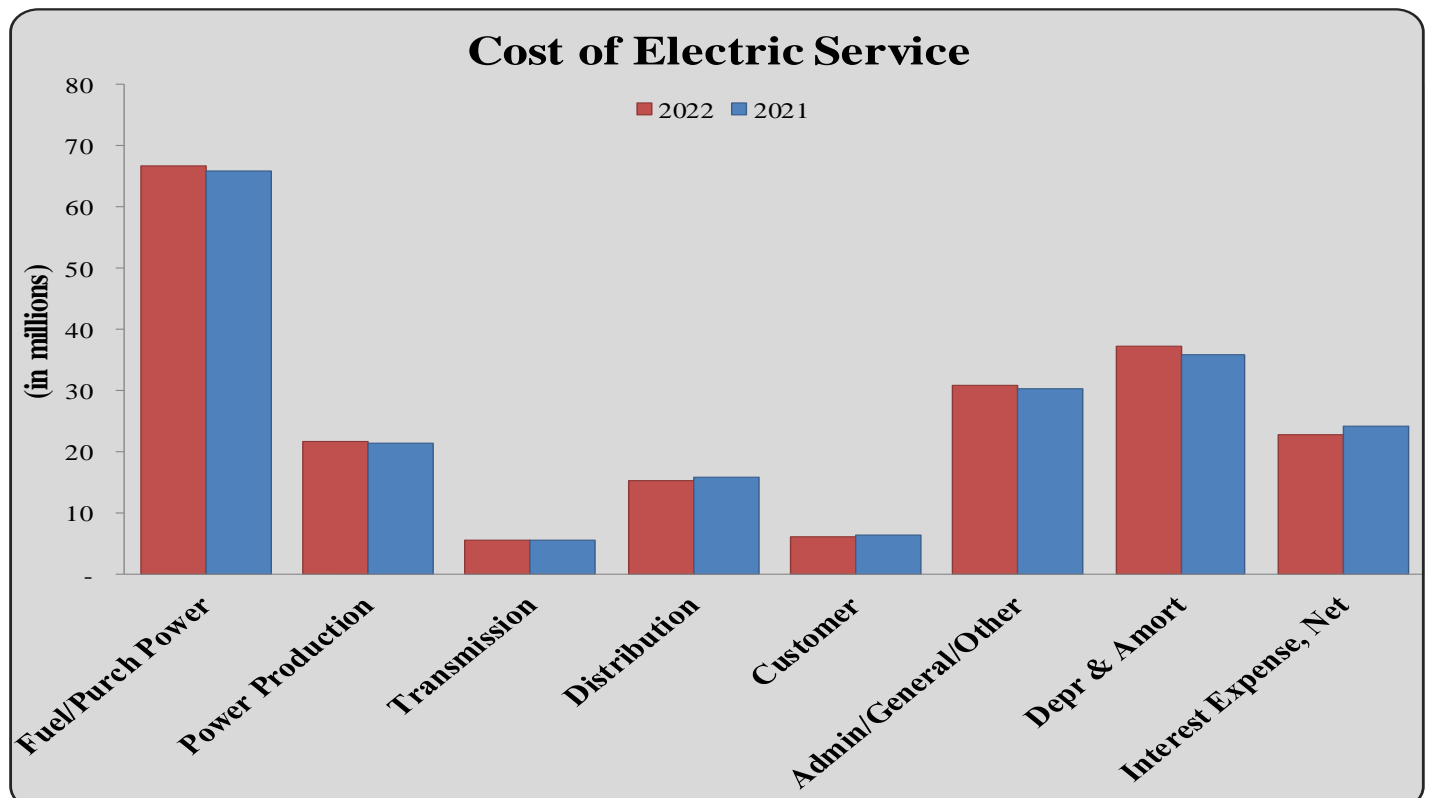
Total Cost of Electric Service (YTD Actual)

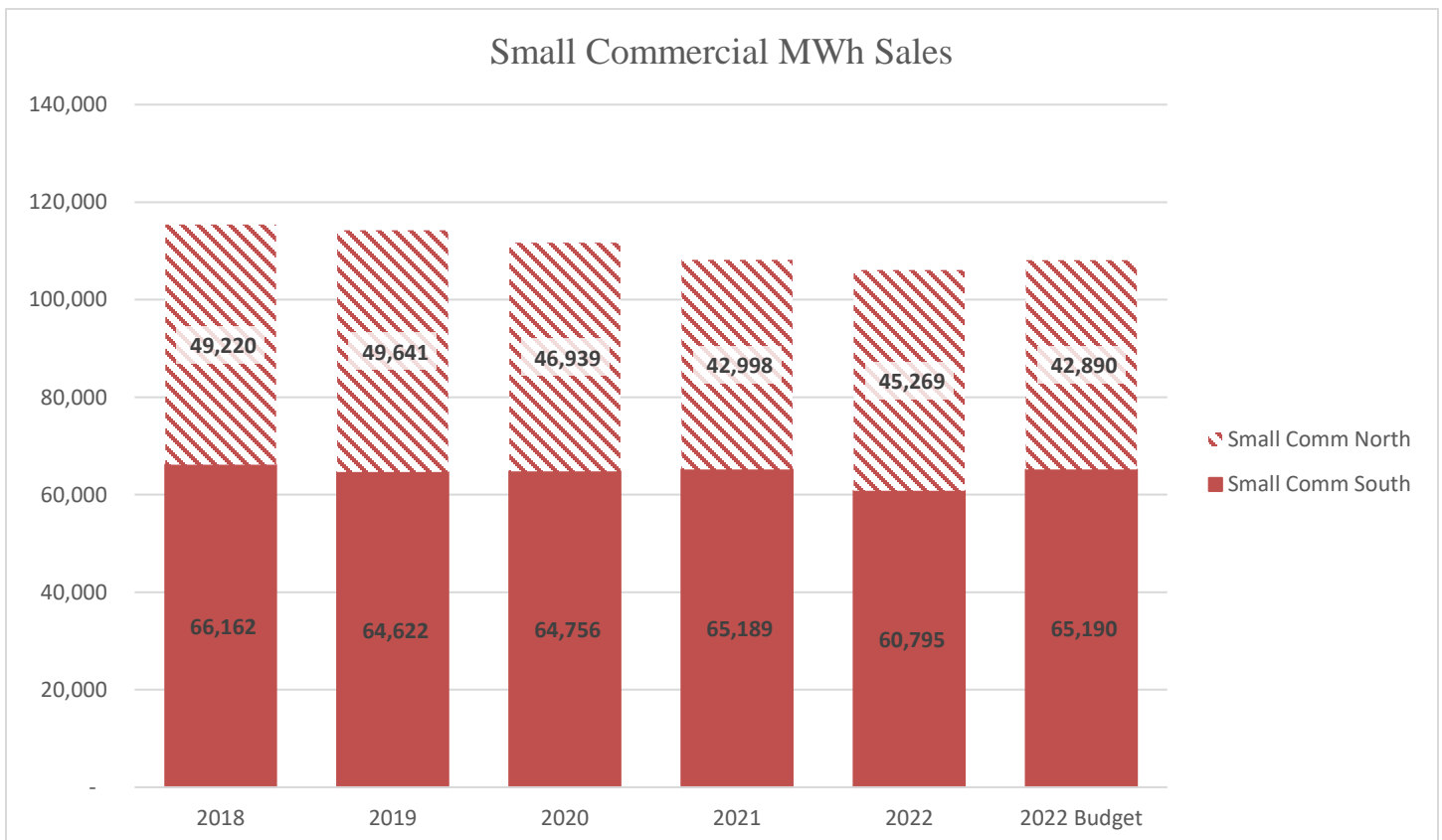
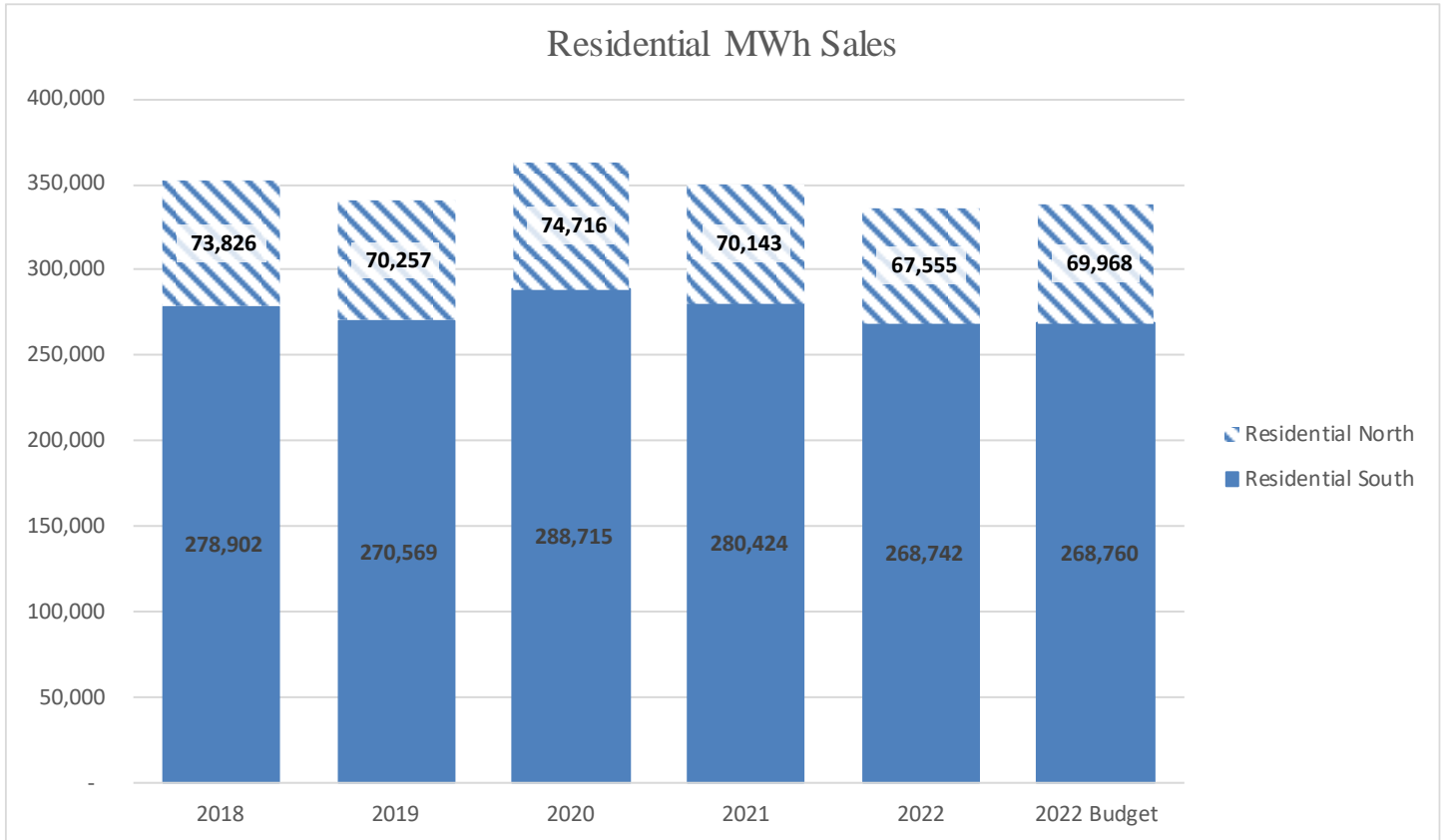


COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YEAR

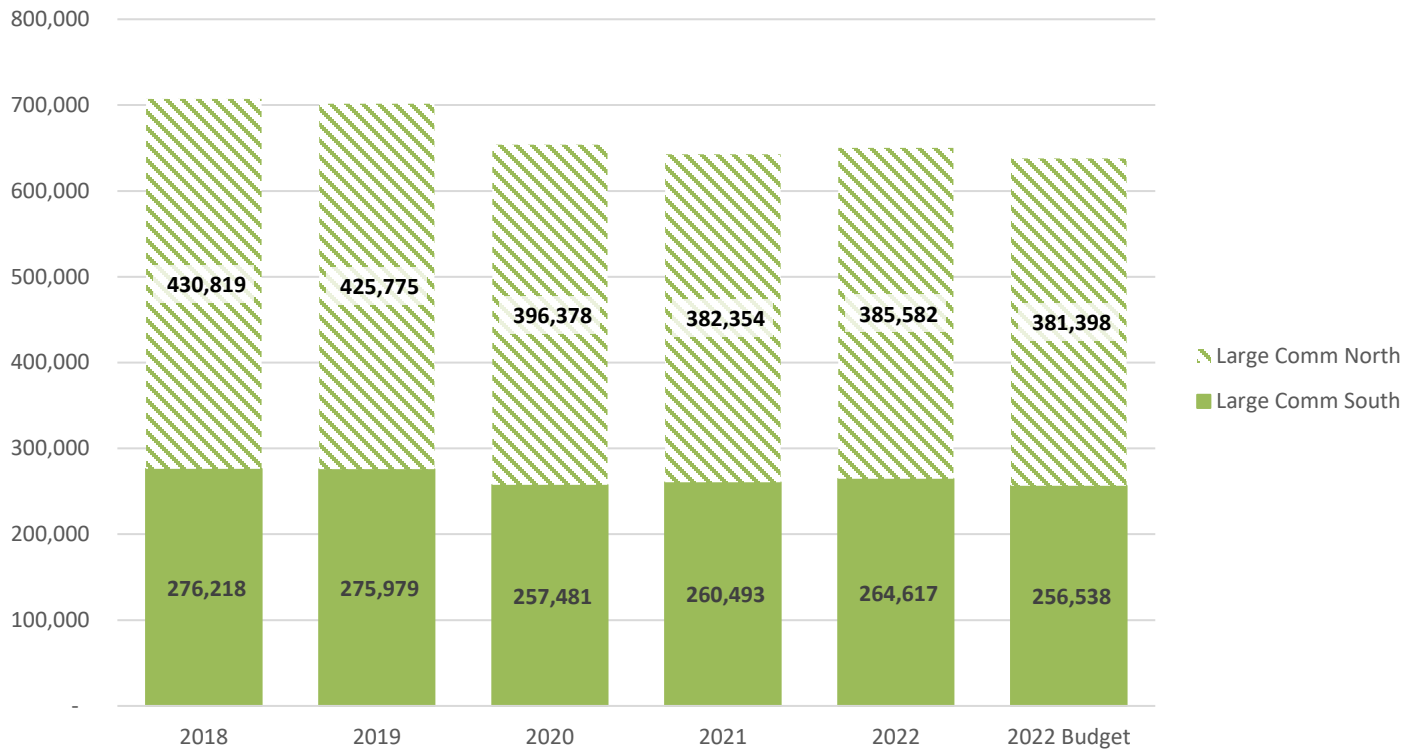
CATEGORY	2022 YTD ACTUAL	2021 YTD ACTUAL
Operating Revenue & Patronage Capital	\$ 208,557,992	\$ 206,997,689
Fuel and Purchased Power	66,668,677	65,804,661
Power Production	21,573,207	21,454,623
Transmission	5,619,922	5,582,280
Distribution	15,338,126	15,711,777
Customer	6,122,996	6,352,004
Administrative, General and Other	30,713,424	30,407,885
Depreciation & Amortization	37,141,658	35,960,393
Interest Expense, Net	22,681,400	24,266,008
Total Cost of Electric Service	\$ 205,859,410	\$ 205,539,631
Patronage Capital & Operating Margins	\$ 2,698,582	\$ 1,458,058
Non-Operating Margins - Interest	246,132	170,669
Allowance for Funds Used During Construction	47,623	67,251
Non-Operating Margins - Other	(47,962)	8,342
Patronage Capital or Margins	\$ 2,944,375	\$ 1,704,320
Adj. Patronage Capital or Margins¹	\$ 8,119,081	N/A
MFI/I	1.12	1.07
TIER	1.12	1.07

¹ Results if adjusted by secondary regulatory asset & Eklutna PPA

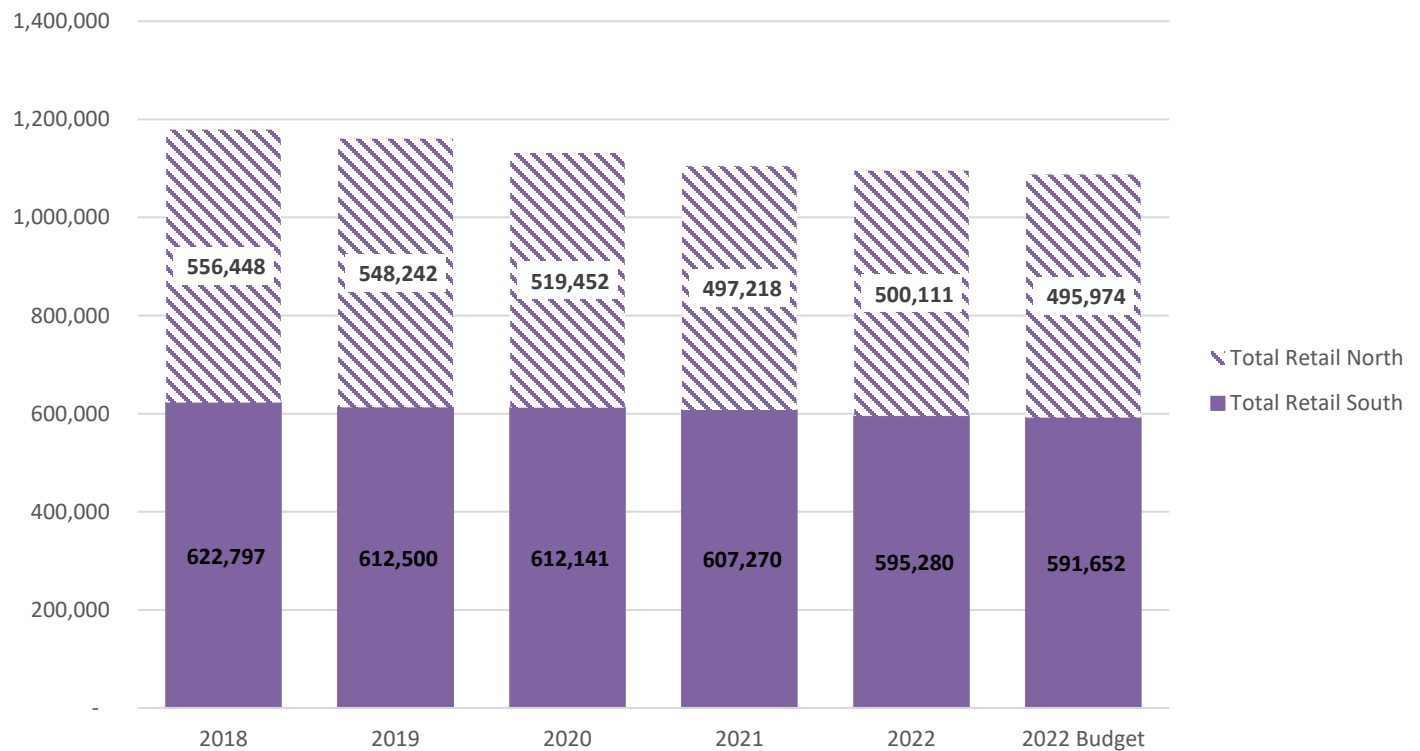


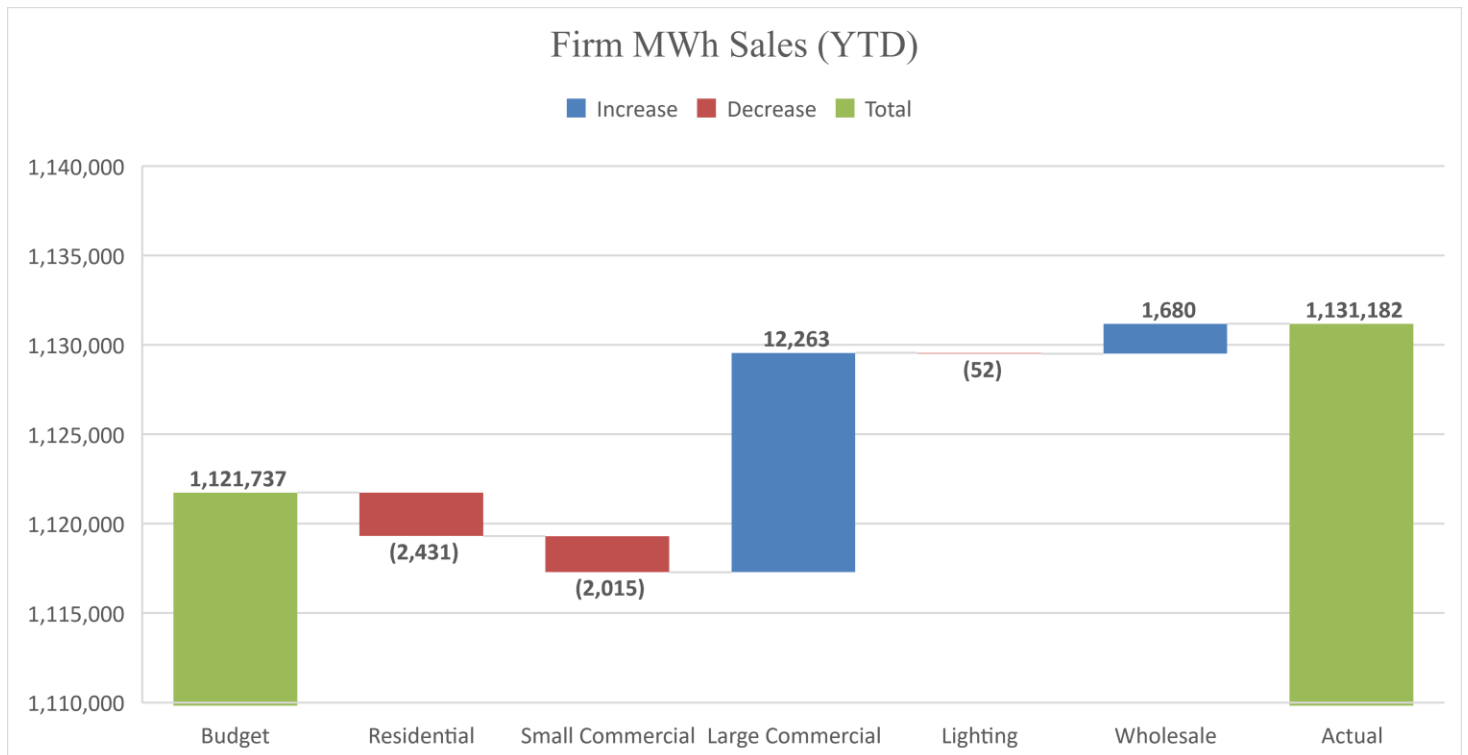
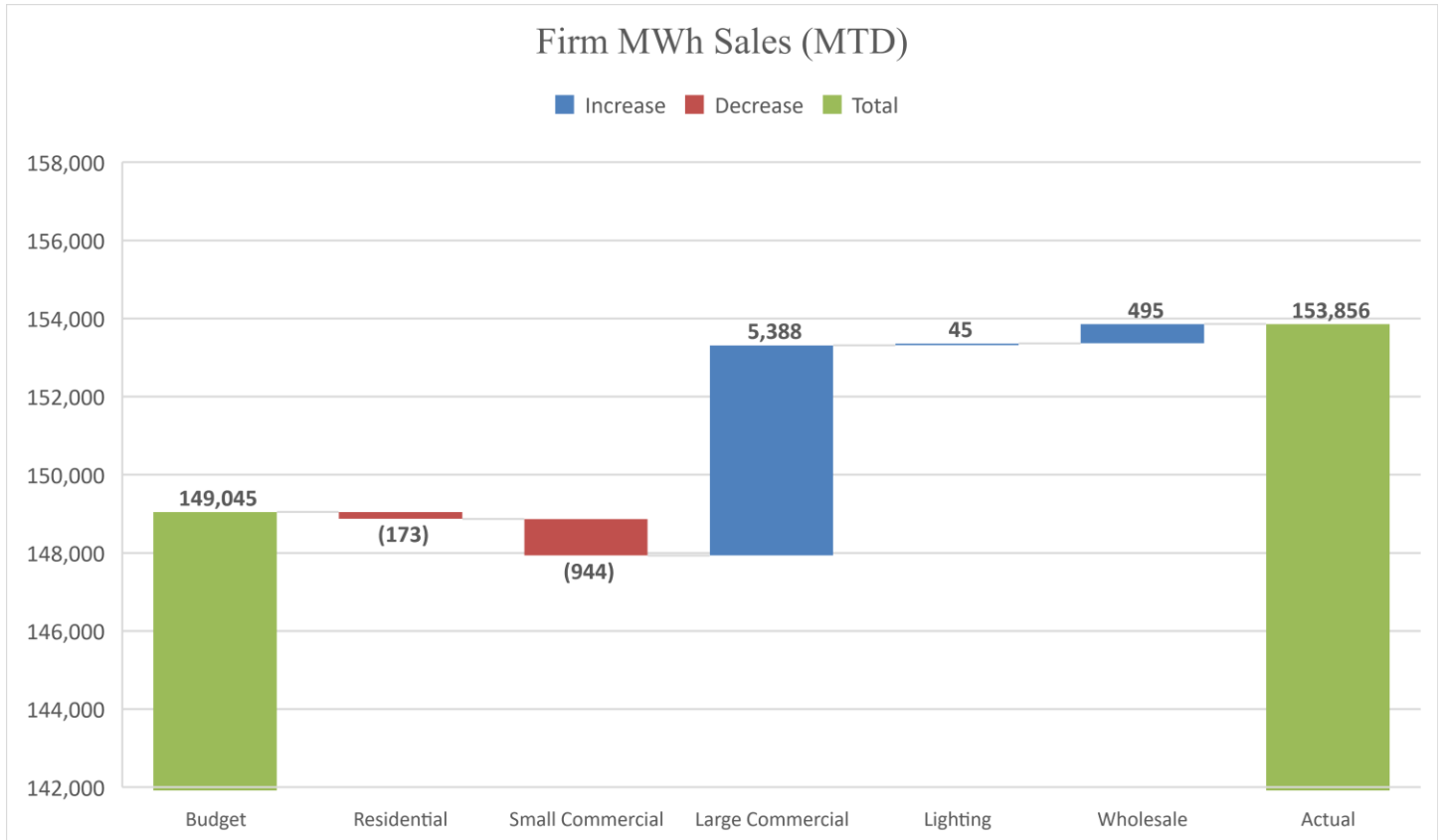


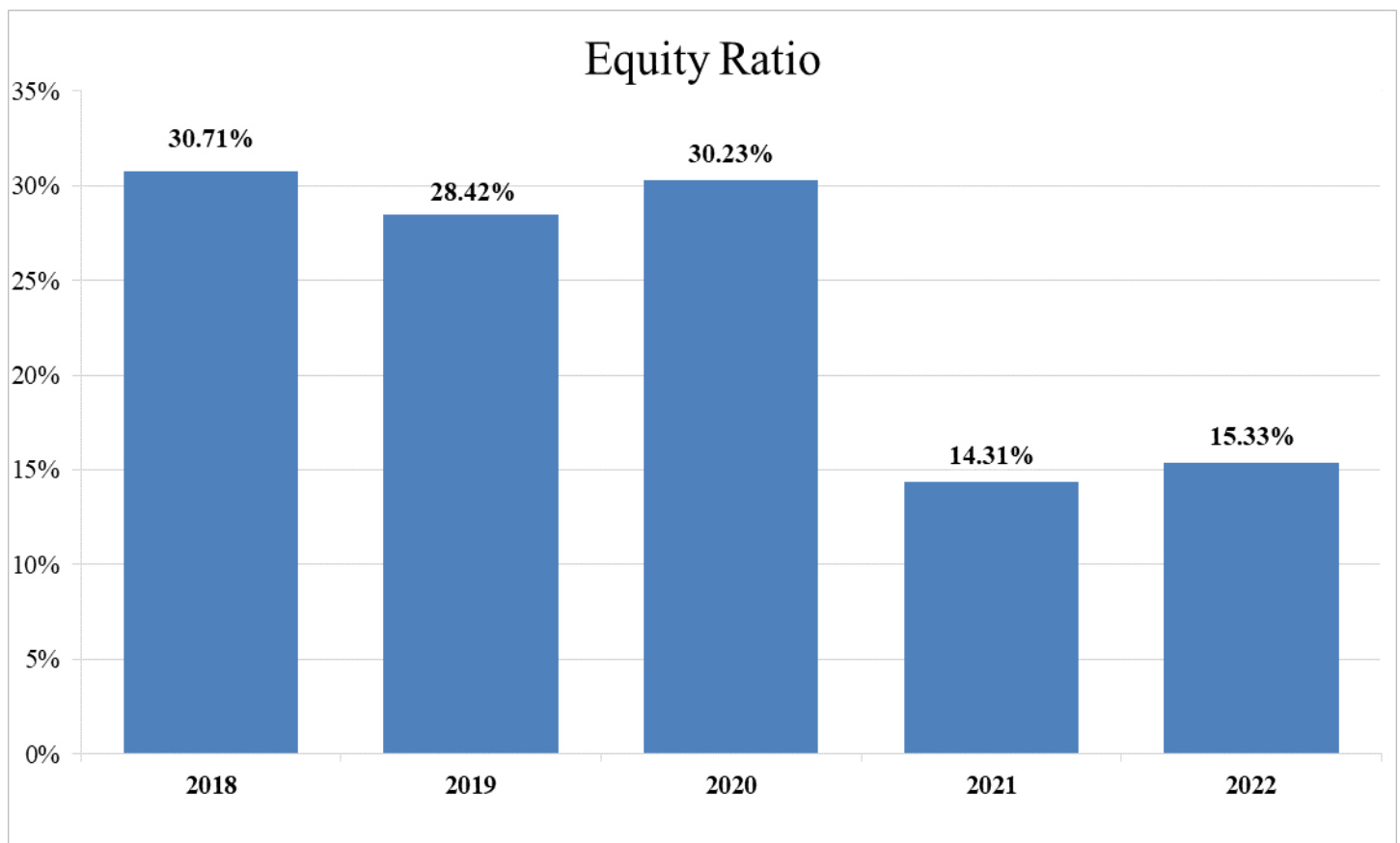
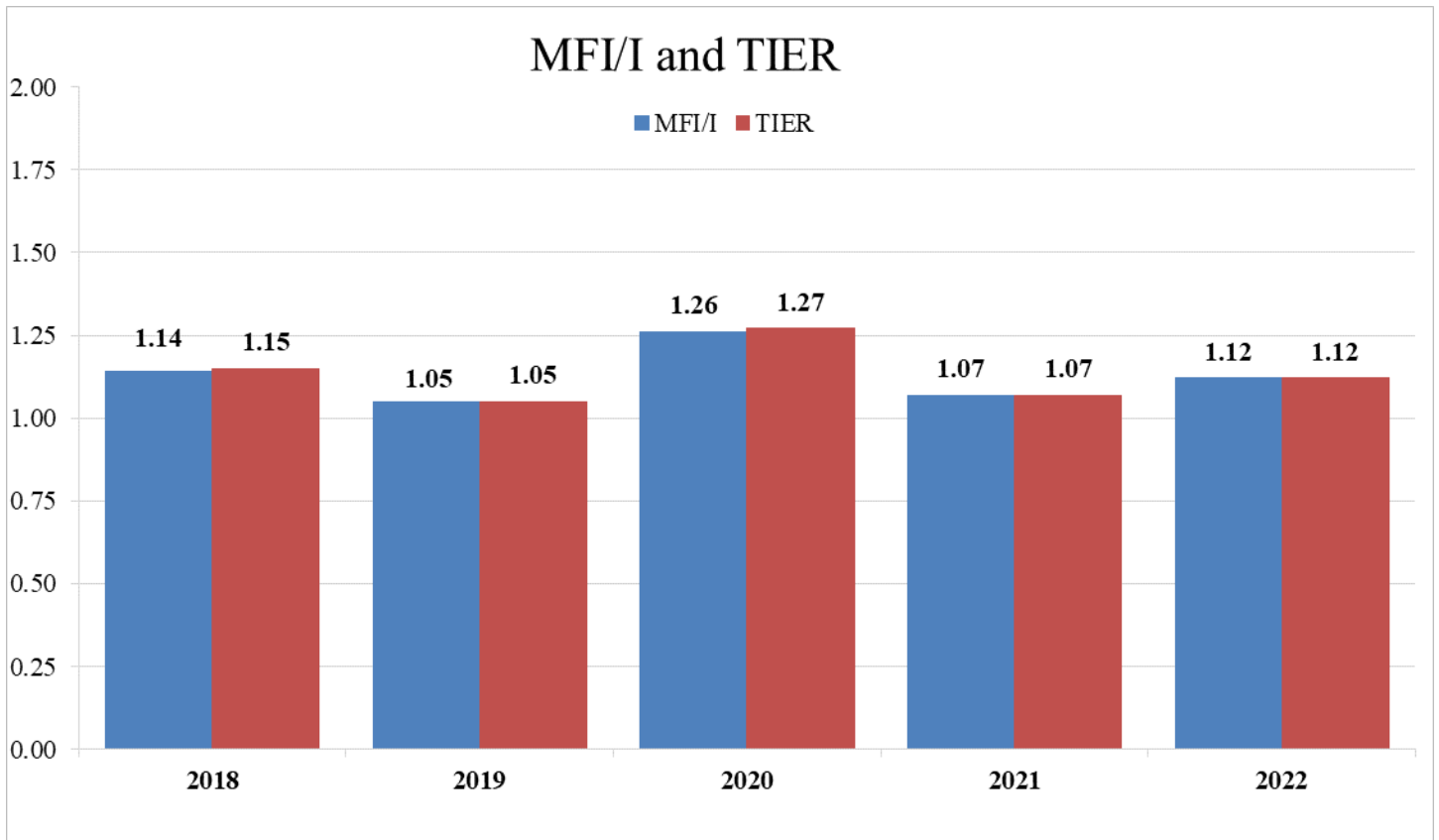
Large Commercial MWh Sales



Total Retail MWh Sales







ENERGY SALES (kWh)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Retail Energy Sales	1,095,390,576	1,087,625,581
Wholesale Energy Sales	<u>35,790,283</u>	<u>34,110,674</u>
Total Firm Energy Sales	1,131,180,859	1,121,736,255
Economy Energy/Capacity	134,969,000	81,192,375
Power Pool Sales	<u>90,000,000</u>	<u>93,000,000</u>
Total Energy Sales	1,356,149,859	1,295,928,630

Firm energy sales totaled 1,131,180,859 kWh, which was a 0.8% 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 4.9% and 66.2%, 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 90,000,000 kWh, which was under budget by 3.2%.

ENERGY REVENUE (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Retail Revenue	\$ 186.6	\$ 186.8
Wholesale Revenue	<u>3.0</u>	<u>3.4</u>
Total Firm Revenue	189.6	190.2
Economy Energy/Capacity Revenue	13.5	7.0
Power Pool Revenue	0.9	1.0
Other Operating Revenue	<u>4.6</u>	<u>3.0</u>
Total Revenue	\$ 208.6	\$ 201.2

While revenue from firm sales was on par with budget at \$189.6 million compared to \$190.2 million, lower residential and small commercial revenue was offset by higher large commercial revenue. Economy energy and capacity revenue was over budget by 91.7% due to higher than anticipated sales to GVEA as well as unanticipated sales to HEA. Power pool revenue with MEA was slightly below budget at \$928 thousand compared to a budget of \$977 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 \$4.6 million compared to \$3.0 million in the budget, due primarily to higher revenue from gas exchange and wheeling from GVEA.

FUEL AND PURCHASED POWER (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Fuel	\$ 54.4	\$ 50.0
Purchased Power	<u>12.3</u>	<u>12.4</u>
Total	\$ 66.7	\$ 62.4

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$54.4 million compared to \$50.0 million in the budget. This unfavorable variance was due primarily to higher than anticipated BRU operating costs and additional fuel to meet customer demand.

Fuel purchased or withdrawn from inventory for production was 4,861,789 Mcf at an average effective price of \$8.53 per Mcf compared to 4,614,867 Mcf budgeted at an average effective price of \$8.49 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 \$12.3 million compared to \$12.4 million in the budget. This favorable variance was caused primarily by lower energy purchases and lower system control and dispatch labor.

Energy purchased was 103,349 MWh at an average effective price of 7.14 cents per kWh compared to 132,705 MWh budgeted at an average effective price of 6.58 cents per kWh.

POWER PRODUCTION (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Power Production	\$ 21.6	\$ 21.5

Power production expense was \$21.6 million compared to \$21.5 million in the budget. Higher warehouse costs allocated to this financial category, the amortization of acquired ML&P regulatory assets, and higher maintenance expense at SPP, was largely 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	\$ 5.6	\$ 6.7

Transmission operations and maintenance expense was \$5.6 million compared to \$6.7 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	\$ 15.3	\$ 16.4

Distribution operations and maintenance expense was \$15.3 million compared to \$16.4 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	\$ 6.1	\$ 6.7

Consumer accounts and customer information expense was \$6.1 million compared to \$6.7 million in the budget. This favorable variance was due primarily to lower labor costs.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Administrative, General and Other	\$ 30.7	\$ 30.7

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 were on par with budget.

SUMMARY

Depreciation, interest, and interest during construction expense totaled \$59.8 million compared to \$58.3 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 \$205.9 million compared to \$202.6 million in the budget.

Non-operating margins include allowance for funds used during construction (AFUDC), capital credit and patronage capital allocations, extraordinary items, and interest and dividend income. Non-operating margins totaled \$245.8 thousand compared to \$244.7 thousand in the budget due primarily to lower AFUDC, which was largely offset by higher non-operating interest income.

The net result of revenue and expenses was margins of \$2.9 million compared to a projected loss of \$1.2 million in the budget. This resulted in an MFI/I of 1.12, a TIER of 1.12, and an equity-to-total capitalization ratio of 15.33%. The current forecast projects year-end margins of \$8.4 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
Operating Revenue and Patronage Capital	\$353,756,696	\$345,060,581	\$208,557,992	353,584,733 ^{1,2}
Fuel and Purchased Power Expense	105,281,462	102,741,756	66,668,677	109,045,908 ¹
Power Production Expense	36,526,615	36,526,615	21,573,207	36,331,752 ^{1,2}
Transmission Expense	11,473,532	11,473,532	5,619,922	11,390,450 ¹
Distribution Expense	28,908,401	28,908,401	15,338,126	28,642,384 ^{1,2}
Customer Expense	11,510,953	11,510,953	6,122,996	11,222,584 ¹
Administrative, General & Other	52,462,820	46,129,486	30,713,424	47,110,323 ^{1,2}
Depreciation and Amortization Expense	61,413,835	61,413,835	37,141,658	63,633,835 ²
Interest Expense, Net	38,424,734	38,424,735	22,681,400	38,553,386 ¹
Total Cost of Electric Service	\$346,002,352	\$337,129,313	\$205,859,410	345,930,622
Patronage Capital & Operating Margins	\$ 7,754,344	\$ 7,931,268	\$ 2,698,582	7,654,111
Non-Operating Margins - Interest	291,144	291,144	246,132	367,442 ¹
Allowance for Funds Used During Construction	301,074	301,074	47,623	189,097 ¹
Non-Operating Margins - Other	(145,180)	(145,180)	(47,962)	(108,452) ¹
Patronage Capital or Margins	\$ 8,201,382	\$ 8,378,306	\$ 2,944,375	8,102,198
MFI/I	1.20	1.20	1.12	1.20
TIER	1.20	1.21	1.12	1.20

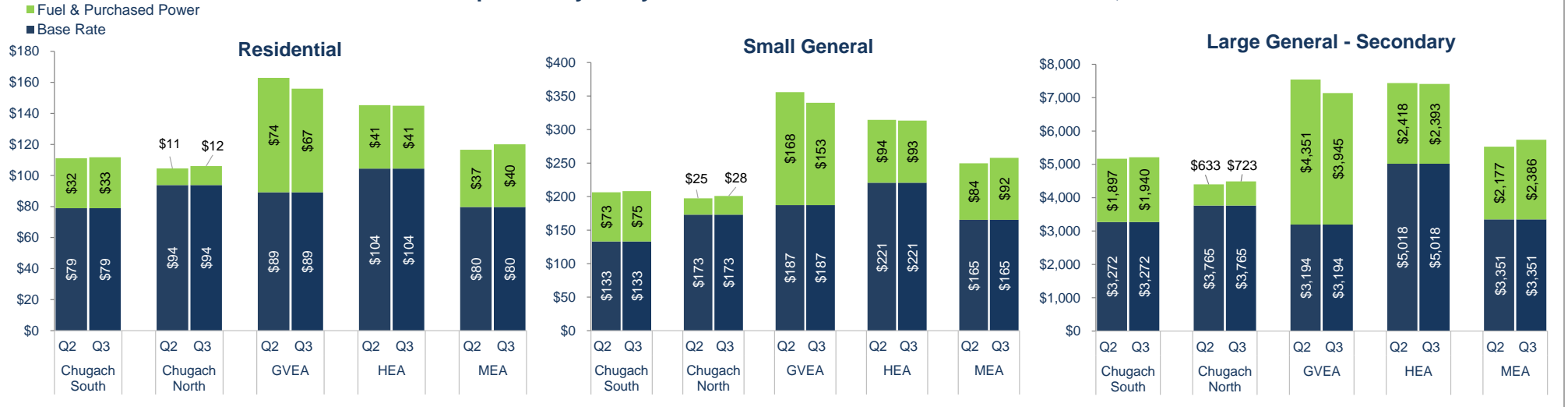
¹ Forecast based on 7 month actual and 5 month budget

² Forecast has been adjusted to reflect anticipated changes

Railbelt Electric Utility Bill Comparison

Q3 - 2022

Bill Comparison by Utility and Rate Class: 2nd Quarter vs. 3rd Quarter, 2022

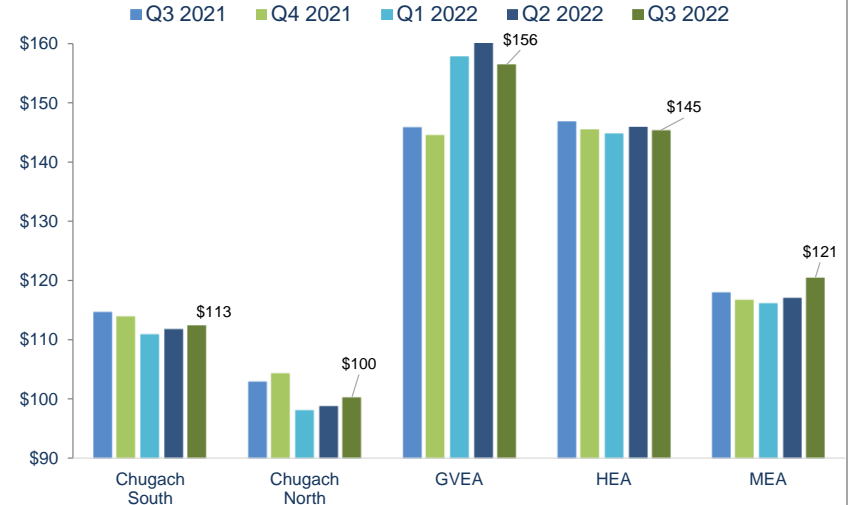


Bill Comparison by Utility and Rate Class: 3rd Quarter 2022 Total Bill

Chugach

	South	North	GVEA	HEA	MEA
Residential (525 kWh)	\$113	\$100	\$156	\$145	\$121
Cost Per kWh	\$0.214	\$0.191	\$0.298	\$0.277	\$0.230
% Change from Prior Quarter	0.6%	1.5%	(4.2%)	(0.3%)	3.0%
% Variance from Chugach South Bill	--	(10.8%)	39.1%	29.2%	7.2%
Small General (1,200 kWh)	\$210	\$188	\$341	\$314	\$259
Cost Per kWh	\$0.175	\$0.157	\$0.284	\$0.262	\$0.216
% Change from Prior Quarter	0.7%	1.9%	(4.4%)	(0.4%)	3.2%
% Variance from Chugach South Bill	--	(10.4%)	62.6%	49.9%	23.4%
Large General -Secondary (31,000 kWh / 79 kW)	\$5,255	\$4,152	\$7,167	\$7,439	\$5,764
Cost Per kWh	\$0.170	\$0.134	\$0.231	\$0.240	\$0.186
% Change from Prior Quarter	0.8%	2.2%	(5.4%)	(0.4%)	3.7%
% Variance from Chugach South Bill	--	(21.0%)	36.4%	41.6%	9.7%

Railbelt Average Residential Bill



CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 28, 2022

ACTION REQUIRED

AGENDA ITEM NO. VIII.A.

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

TOPIC

Board Policy 401 – Delegations of Authority from the Board of Directors to the Chief Executive Officer

DISCUSSION

At the September 14, 2022, Governance Committee meeting, the Committee recommended the removal of unbundled financial statements from Board Policy 303 – Financial Management. As part of the discussion, the Governance Committee recommended that this information instead be included in a separate Board Policy tied to base rate adjustments. Chugach is recommending Section III.M of Board Policy 401 – Delegations of Authority from the Board of Directors to the Chief Executive Officer, be updated to include the following language:

Provide unbundled financial results (generation, transmission, distribution) at the time base rates are adjusted.

MOTION

Move that the Board of Directors approve the amendment of Board Policy 401 - Delegations of Authority from the Board of Directors to the Chief Executive Officer, to require that unbundled financial results (generation, transmission, distribution) be provided at the time base rates are adjusted, as identified on the attached amended Board Policy 401.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 401

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

I. OBJECTIVE

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

II. CONTENT

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

III. DELEGATED AUTHORITY

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

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

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

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

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

IV. EXERCISE OF DELEGATED AREAS OF RESPONSIBILITY

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

V. WORKING WITH THE BOARD

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

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

VI. LIMITATIONS

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

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

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

VII. RESPONSIBILITY

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

Date Approved: ~~July 21, 2021~~ September 28, 2022

Attested: _____

~~James Henderson~~ Samuel Cason
Secretary of the Board

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- Z. Maintain an ongoing systematic succession planning process, as well as a succession plan for key staff and share the appropriate level of information with the Board annually;

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

IV. EXERCISE OF DELEGATED AREAS OF RESPONSIBILITY

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

V. WORKING WITH THE BOARD

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

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

VI. LIMITATIONS

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

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

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

VII. RESPONSIBILITY

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

Date Approved: September 28, 2022

Attested: _____
Samuel Cason
Secretary of the Board