

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

REGULAR BOARD OF DIRECTORS' MEETING

AGENDA

Bettina Chastain, Chair
Susan Reeves, Vice Chair
Rachel Morse, Treasurer
Stuart Parks, Secretary

Harry T. Crawford Jr., Director
Jim Henderson, Director
Harold Hollis, Director

September 27, 2018

5:00 p.m.

Chugach Boardroom

- I. CALL TO ORDER
 - A. *Pledge of Allegiance*
 - B. *Roll Call*
 - C. *Safety Minute – “Preventable Falls” (Freeman)*
- II. APPROVAL OF THE AGENDA*
- III. PERSONS TO BE HEARD
 - A. *Member Comments*
- IV. CONSENT AGENDA*
 - A. *Board Calendar*
 - B. *Training and Conferences*
 - 1. *Director Winter School, November 30 – December 5, 2018, Nashville, TN (Deadline for conference and hotel registration is October 29, 2018)*
 - C. *Minutes*
 - 1. *August 29, 2018, Regular Board of Directors Meeting (Portades)*
 - 2. *August 29-30, 2018, Special Board of Directors’ Meeting (Quezon-Vicente)*
 - D. *Director Expenses*
- V. CEO REPORTS AND CORRESPONDENCE
 - A. *July 2018 Financial Statements and Variance Report (Harris/Curran)*
 - B. *3rd Quarter 2018 Railbelt Bill Comparison (Skaling/Miller)*
 - C. *Member Appreciation Day and National Drive Electric Week (Ayers/Miller)*
- VI. DIRECTOR REPORTS
 - A. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
 - B. *Renewable Energy Alaska Project (REAP) Report*

- C. *Board Committee Reports (Audit and Finance, Operations, & Governance)*
 - D. *Other Meeting Reports*
- VII. UNFINISHED BUSINESS* (*scheduled*)
- A. *2018 Salary Plan Revision* (Andrews)*
- VIII. NEW BUSINESS* (*scheduled*)
- A. *Procurement Approval for Quartz Creek kV Rebuild Project* (Laughlin/Hickey)*
- IX. EXECUTIVE SESSION* (*scheduled*)
- A. *2nd Quarter Fire Island Wind Report*
 - B. *3rd Quarter 2018 Business Development and Sustainability Report*
 - C. *USO-Transco Update*
 - D. *ML&P Acquisition Update*
 - 1. *IMO Update – Synergies and Facilities*
 - 2. *Update of Economic Analysis*
 - 3. *Update of Asset Purchase Agreement, Term Sheets and Ancillary Agreements*
 - 4. *MEA MOU*
 - 5. *Draft Board Resolution – Asset Purchase Agreement*
 - 6. *Labor Transition Agreements*
 - E. *On-Going Strategic Matters*
 - 1. *Initiatives Under Consideration*
 - 2. *Outstanding Risks to the Association*
- X. NEW BUSINESS** (*continued*)
- A. *ML&P Acquisition – Term Sheets with Municipality of Anchorage** (Miller)*
 - B. *IMO Day 1 Facilities Contract** (Fouts)*
 - C. *TRANSCO Term Sheet** (Hickey)*
- XI. DIRECTOR COMMENTS
- XII. ADJOURNMENT*

* *Denotes Action Items*

** *Denotes Possible Action Items*

Slips Trips and Falls



FACTS



25,000

SLIP, TRIP & FALL
ACCIDENTS occur **DAILY**
in the US*

SLIPS, TRIPS & FALLS
on the same level are the
2nd **LEADING**
CAUSE OF
INJURY**

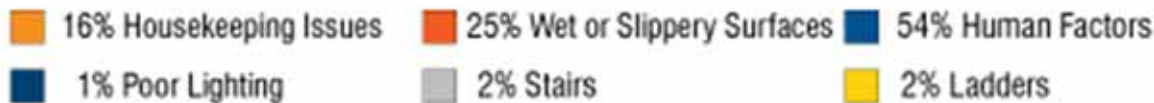
Approximately 70 percent of slips, trips, and falls occur on level walking surfaces.

Causes

Most Frequent Factors in Slip, Trip & Fall Incidents



Human Factors



Common CAUSES

Slips



- Slippery materials (water, ice, snow, oils, powders, granular solids)
- Slippery surfaces (polished tile or stone, smooth painted concrete or metal)
- Inappropriate footwear for the surface

Trips



- Uneven walking surfaces
- Unexpected or unseen steps, platforms or thresholds
- Wrinkled carpeting, or loose rugs or mats
- Obstructions such as an open bottom file cabinet drawer
- Exposed or loose cables, wires or cords
- Clutter on the floor or stairs

WHAT CAN I DO TO PREVENT SLIPS, TRIPS, AND FALLS?

WORK AREA



- Wear appropriate slip-resistant shoes
- Slow down to negotiate turns, corners, obstacles, and areas of limited visibility
- Keep workspace and walkways clean, clear, and well lit for you and your visitors

WET FLOORS



- Clean up wet areas and spills immediately
- Make sure signs warn others of the danger of wet surfaces when mopping
- Use caution in areas where wet floors are likely: entrances, rest rooms, and mopped floors

PARKING LOT AND GROUNDS



- Stay alert for uneven surfaces
- Watch for curbs and potholes when moving between vehicles
- Assume there is ice if the temperature is close to freezing; slow down and take short strides

STAIRS



- Take only one step at a time
- Keep one hand free to grasp the handrail
- Limit your load and make sure your vision is not obstructed

CORDS



- Do not allow electrical cords or other objects to extend across a walkway
- Tie up any cords that might pose a trip hazard
- Tape down or secure cords temporarily located in traffic areas

LADDERS



- Stand on a ladder instead of a chair, table, bucket, or box
- Use the correct ladder for the job
- Never step on the top platform of any ladder, including a stepladder

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* *Denotes Action Items*

** *Denotes Possible Action Items*

September 2018

August 2018							October 2018							
S	M	T	W	T	F	S	S	M	T	W	T	F	S	
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19	20	21	22	23	24	25	21	22	23	24	25	26	27	
26	27	28	29	30	31		28	29	30	31				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday				
26	<ul style="list-style-type: none"> 10:00AM Mtg w/Chastain/Reeves (Review Board Meeting Packet & Strategic Planning Material) (LDT's Office) 11:30AM Mtg w/Chastain/Reeves/Clarkson - BP 202 Procedures for Board of Directors Meetings (BoardroomCR) 2:00PM Mtg w/Henderson & Clarkson (iPad Issue and Director Conflict) (Clarkson's Office) 	27	<ul style="list-style-type: none"> 9:00AM Teleconference w/ Morse & Clarkson (444-8764 (Rachel's Cell)) 	28	<ul style="list-style-type: none"> 8:30AM Annual Report - Board Photo (All) (BoardroomCR or Outside - Weather Dependant) 9:00AM Regular Board of Directors' Meeting Immediately Following the Annual Report - Senior S... 12:00PM Strategic Planning w/Board (Anchorage - The Megan...) 6:00PM Strategic Planning w/Board - Dinner (All) (TBD) 	29	<ul style="list-style-type: none"> 10:00AM Strategic Planning w/Board (0431196) (Anchorage - The Megan Room (6591 A St. Anchorage, AK 99518)) 	30	31	1
2	Labor Day ♦ United	3	4	5	<ul style="list-style-type: none"> 9:30AM ARCTEC Board Meeting (Crawford & Henderson) (APA Office) 4:00PM Governance Committee (Reeves, Morse, Henderson, Crawford) (BoardroomCR) 	6	7	8		
9	10	11	12	<ul style="list-style-type: none"> 4:00PM Operations Committee Meeting (Parks, Reeves, Crawford, Chastain, Hollis) (BoardroomCR) 	13	14	15			
16	17	18	19	20	<ul style="list-style-type: none"> 7:30AM Bi-Weekly Update on ML&P Acquisition Efforts (Chastain/Parks) (BoardRoomCR) 	21	22			
23	<ul style="list-style-type: none"> 10:00AM Mtg w/Bettina - Review Board Packets (LDT's Office) 4:00PM Special Board of Directors Meeting (All) (BoardroomCR) 	2018 NRECA Region 9 Meeting (9/... ♦ Dena'ana Convention ...			<ul style="list-style-type: none"> 9:00AM RCA Public Meeting - I-15-001 (701 W 8th Avenue, Suite 300) 5:00PM Regular Board of Directors Meeting (All) (BoardroomCR) 	<ul style="list-style-type: none"> 12:00PM Enterprise & Utility Oversight Committee Meeting (Mayor's Conference Room at City Hall - Assembly Conference Room #155) 	28	29		
2018 NACD Global Board Leaders' Summ... ♦ Washington DC					<ul style="list-style-type: none"> 10:00AM Member Appreciation Day (Information) (Lobby) 					
30	1	2	3	4	5	6				

October 2018

September 2018						
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November 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
<p>2018 NACD Global Board Leaders' Summ... ♦ Washington DC</p> <p>30</p>	<p>1</p>	<p>2</p>	<p>3</p>	<p>4</p>	<p>5</p> <p>● 10:00AM - 2:00PM Member Appreciation Day (Information) (Lobby)</p>	<p>6</p>
<p>7</p>	<p>8</p>	<p>● 4:00PM - 7:00PM Operations Committee Meeting (BoardroomCR)</p>	<p>● 5:00PM - 7:00PM REAP Energy Speaker Series - "Tidal & Hydrokinetic Energy" (Anchorage Museum - 625 C Street)</p>	<p>11</p>	<p>12</p>	<p>13</p>
<p>14</p>	<p>15</p>	<p>Introduction to Regi... ♦ Portland, OR</p>	<p>17</p>	<p>18</p>	<p>19</p>	<p>20</p>
<p>21</p>	<p>22</p>	<p>23</p>	<p>● 4:00PM - 7:00PM Regular Board of Directors Meeting (All) (BoardroomCR)</p> <p>● 5:00PM - 7:00PM REAP Energy Speaker Series - "Net Zero Buildings in the North" (Anchorage Museum - 625 C Street)</p>	<p>25</p>	<p>26</p>	<p>27</p>
<p>28</p>	<p>29</p>	<p>30</p>	<p>31</p>	<p>1</p>	<p>2</p>	<p>3</p>

November 2018

October 2018						
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December 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	31	1	2	3
	<ul style="list-style-type: none"> 4:00PM - 7:00PM Audit and Finance Committee Meeting (Budget Meeting) (Moorse, Reeves, Chastain, Henderson, Hollis) (BoardroomCR) 	<ul style="list-style-type: none"> 4:00PM - 7:00PM Audit and Finance Committee Meeting (Morse, Reeves, Chastain, Henderson, Hollis) (BoardroomCR) 	<ul style="list-style-type: none"> 5:00PM - 7:00PM REAP Energy Speaker Series - "Residential Solar" (Anchorage Museum - 625 C Street) 		<ul style="list-style-type: none"> 9:00AM - 10:00AM Bi-Weekly Update on ML&P Acquisition Efforts (Chastain/Parks) (BoardRoomCR) 	
4	5	6	7	8	9	10
11	12	13	14	15	16	17
				Thanksgiving Holid.	Thanksgiving Holid.	
18	19	20	21	22	23	24
		<ul style="list-style-type: none"> 11:00AM - 2:00PM Special Board of Directors Meeting - Chugach Legislative Reception (Embassy Suites) 4:00PM - 7:00PM Operations Committee Meeting (Parks, Reeves, Crawford, Chastain, Hollis) (BoardroomCR) 	<ul style="list-style-type: none"> 4:00PM - 7:00PM Regular Board of Directors' Meeting (All) (BoardroomCR) 5:00PM - 7:00PM REAP Energy Speaker Series - "Carbon Pricing Solutions" (Anchorage Museum - 625 C Street) 		NRECA Winter School f... ♦ Nashville, TN	
25	26	27	28	29	30	1

December 2018

November 2018						
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January 2019						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		<ul style="list-style-type: none"> 11:00AM Special Board of Directors Meeting - Chugach Legislative Reception (Embassy Suites) 4:00PM Operations Committee Meeting (Parks, Reeves, Crawford, Chastain, Hollis) (BoardroomCR) 	<ul style="list-style-type: none"> 4:00PM Regular Board of Directors Meeting (All) (BoardroomCR) 5:00PM REAP Energy Speaker Series - "Carbon Pricing Solutions" (Anchorage Museum - 625 C Street) 		NRECA Winter School f... ♦ Nashville, TN	
25	26	27	28	29	30	1
NRECA Winter School for Directors ♦ Nashville, TN ♦ CCBOD					<ul style="list-style-type: none"> 9:00AM Bi-Weekly Update on ML&P Acquisition Efforts (Chastain/Parks) (BoardRoomCR) 	
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9	10	11	12	13	14	15
16	<ul style="list-style-type: none"> 4:00PM Operations Committee Meeting (Parks, Reeves, Crawford, Chastain, Hollis) (BoardroomCR) 		<ul style="list-style-type: none"> 4:00PM Regular Board of Directors Meeting (All) (BoardroomCR) 			22
23	Christmas Eve Holi	Christmas Day Holi				
24						
25						
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27						
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30	New Year's Eve Holi	New Year's Day Holi				
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January 2019

December 2018						
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February 2019						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
		New Year's Day Holi				
30	31	1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	4:00PM - 7:00PM Regular Board of Directors Meeting (All) (Boardroom)	24	25	26
27	28	29	30	31	1	2

February 2019

January 2019						
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March 2019						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
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24	25	26	27	28	1	2

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

March 2019

February 2019						
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April 2019						
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21	22	23	24	25	26	27
28	29	30				

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			● 4:00PM - 7:00PM Regular Board of Directors Meeting (All) (Boardroom)			
24	25	26	27	28	1	2
				NRECA - Director Education - 3/7-3/10 - An... ♦ Orlando, FL		
3	4	5	6	7	8	9
NRECA - Director Education - 3/7-3/10 - An... ♦ Orlando, FL						
NRECA Annual Meeting (3/10 - 3/13) ♦ Orlando, FL ♦ Connie Owens						
10	11	12	13	14	15	16
	● 4:00PM - 7:00PM Audit and Finance Committee Followed by a Special Board of Directors Meeting (Morse, Reeves, Chastain, Henderson, Hollis) (BoardroomCR)	Tentative: Board Trip to Juneau (3/19-3/21) (All)				
17	18	19	20	21	22	23
			● 4:00PM - 7:00PM Regular Board of Directors Meeting (All) (BoardroomCR)			● 6:00PM - 10:00PM Chugach Spring Party (All) (O'Malley's on the Green)
24	25	26	27	28	29	30
		Strategic Planning w/Board ♦ Anchorage, AK ♦ Connie Owens				
31	1	2	3	4	5	6

April 2019

March 2019						
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31						

May 2019						
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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
		Strategic Planning w/Board ♦ Anchorage, AK ♦ Connie Owens				
31	1	2	3	4	5	6
7	8	9	10	11	12	13
		Gettysburg Leadership Experience ♦ Gettysburg, PA				
				<ul style="list-style-type: none"> 4:00PM - 5:00PM Community Meeting - Board of Directors Candidate Forum (All) (TrainingRoom) 		
14	15	16	17	18	19	20
			<ul style="list-style-type: none"> 4:00PM - 7:00PM Regular Board of Directors Meeting (All) (BoardroomCR) 			
21	22	23	24	25	26	27
28	29	30	1	2	3	4

May 2019

April 2019						
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28	29	30				

June 2019						
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23	24	25	26	27	28	29
30						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
28	29	30	1	2	3	4
5	6	7	● 4:00PM - 7:00PM Audit and Finance Followed by Regular Board of Directors Meeting (All) (BoardroomCR)	9	10	11
12	13	14	15	16	17	18
19	20	● 6:00PM - 9:00PM Annual Meeting (All) (Dena'ina Center)	● 4:00PM - 7:00PM Regular Board of Directors Meeting (All) (BoardroomCR)	23	24	25
26	Memorial Day ♦ Ur	28	29	30	31	1

June 2019

May 2019						
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July 2019						
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21	22	23	24	25	26	27
28	29	30	31			

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
26	27	28	29	30	31	1
					Summer School for Di... ♦ Williamsburg, VA	
2	3	4	5	6	7	8
Summer School for Directotrs (6/7 - 6/12) ♦ Williamsburg, VA						
● 1:00PM - 5:00PM Chugach Picnic (Alaska Zoo)			● 4:00PM - 7:00PM Yearly - Internal Controls Workshop (BoardroomCR)			
9	10	11	12	13	14	15
16	17	18	19	20	21	22
			● 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)			
23	24	25	26	27	28	29
				Independence Day		
30	1	2	3	4	5	6

July 2019

June 2019						
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9	10	11	12	13	14	15
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August 2019						
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25	26	27	28	29	30	31

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
				Independence Day		
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7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)	25	26	27
28	29	30	31	1	Summer School for Di... ♦ Branson, MO	
					2	3

August 2019

July 2019						
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September 2019						
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22	23	24	25	26	27	28
29	30					

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					Summer School for Di... ♦ Branson, MO	
28	29	30	31	1	2	3
Summer School for Directors - 8/2 - 8/7 ♦ Branson, MO			4:00PM - 7:00PM Audit and Finance Committee Meeting (BoardroomCR)			
4	5	6	7	8	9	10
11	12	13	14	15	16	17
			4:00PM - 4:30PM Regular Board of Directors Meeting (BoardroomCR)			
18	19	20	21	22	23	24
			Strategic Planning (8/28-8/30) ♦ Anchorage, AK			
25	26	27	28	29	30	31

Winter School for Directors

Nashville, TN November 30 - December 5, 2018

As boards are challenged to address multiple large-scale issues, NRECA's Winter School for Directors is designed to ensure that board leaders develop the knowledge and skills required to meet these challenges successfully.

JOIN US

2018 Winter School for Directors

To help ensure that board leaders develop the knowledge and skills required to meet the challenges of today's increasingly complex utility marketplace, NRECA offers a variety of courses at Winter School for Directors.

This six-day program offers co-op directors:

- The essential knowledge and skills necessary to succeed on the board
- All required courses to earn the Credentialed Cooperative Director (CCD) certificate
- The opportunity to advance beyond the CCD level toward the Board Leadership Certificate (BLC)
- Earn continuing education credits that can be applied toward maintaining their Director Gold credential.

Also of Interest

- [Summer School for Directors \(East | West\)](#)
- [Director Certificate Programs](#)

Looking to **earn credit**?

Earn your Credentialed Cooperative Director (CCD) certificate or your Board Leadership Certificate (BLC). If you've already earned your CCD and BLC credentials, you can earn the credits you need to achieve Director Gold status.

Questions about Program?

Janet Bowers

703-907-5622

janet.bowers@nreca.coop

Questions about Anything Else ?

Member Contact Center

1-877-766-3226

member-support@cooperative.com

Questions about Registration?

Accounts Receivable Department

703-907-6875

AccountsReceivable@nreca.coop

Cancellation and Refund Policy →

Photography/Image Agreement →

Conferences & Meetings Policies →

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

August 29, 2018
Wednesday
9:00 AM

REGULAR BOARD OF DIRECTORS' MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

Chair Chastain called the Regular Board of Directors' Meeting to order at 9:00 a.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Pledge of Allegiance

Chair Chastain led the Board in the Pledge of Allegiance.

B. Roll Call

Board Members Present:

Bettina Chastain, Chair
Susan Reeves, Vice Chair
Stuart Parks, Secretary
Rachel Morse, Treasurer
Jim Henderson, Director
Harry Crawford, Director
Harold Hollis, Director

Guests and Staff in Attendance:

Lee Thibert	Mark Fouts	Sean Skaling
Connie Owens	Julie Hasquet	Jean Kornmuller
Tyler Andrews	Tom Schulman	Josh Resnick
Sherri Highers	Taylor Crocker	Josh Travis
Paul Risse	Andrew Laughlin	James Mullican
Arthur Miller	Teresa Kurka	Kate Ayers
Brian Hickey	Phil Steyer	Katie Millen
Matthew Clarkson		

C. Safety Minute

Taylor Crocker, Sr. Safety Specialist discussed "*Common Causes of Workplace Accidents*" and responded to questions from the Board.

II. APPROVAL OF THE AGENDA

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

III. PERSONS TO BE HEARD

- A. *Member Comments*
None

IV. CONSENT AGENDA

- A. *Board Calendar*
- B. *Training and Conferences*
 - 1. *Director Winter School, November 30 – December 5, 2018, Nashville, TN (Deadline for conference and hotel registration is October 29, 2018)*
- C. *Minutes*
 - 1. *July 25, 2018, Regular Board of Directors' Meeting (Portades)*
- D. *Director Expenses*

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

V. CEO REPORTS AND CORRESPONDENCE

- A. *Marketing of Battery-Operated Tools (Skaling/Miller)*
Arthur Miller, VP, Regulatory and External Affairs discussed the Marketing of Battery-Operated Tools and responded to questions from the Board.
- B. *2nd Quarter 2018 Key Metrics Dashboard (Thibert)*
The 2nd Quarter 2018 Key Metrics Dashboard was provided in the meeting packet.

VI. DIRECTOR REPORTS

- A. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
Lee Thibert, CEO, reported on the July 27, 2018, ARCTEC meeting. Further discussion on ARCTEC will be deferred to Executive Session.
- B. *Renewable Energy Alaska Project (REAP) Report*
Director Morse reported on the July 31, 2018, REAP Board meeting.
- C. *Board Committee Reports (Audit and Finance, Operations & Governance)*
Director Morse reported on the August 8, 2018, Audit and Finance Committee meeting.

Director Parks stated that there were no Operations Committee meetings to report.

Director Reeves stated that there were no Governance Committee meetings to report. She also stated that with the amount of work needed, she would like for the Governance Committee to re-convene soon.

- D. *Alaska Power Association (APA) Annual Meeting Report*
Chair Chastain and Directors Morse, Crawford, Henderson and Reeves reported on the August 22-24, 2018 APA Annual Meeting.

E. Other Meeting Reports

VII. UNFINISHED BUSINESS

None

VIII. NEW BUSINESS

- A. *Simplified Rate Filing – June 2018 Test Year* (Kornmuller/Miller)*
Jean Kornmuller, Manager, Regulatory Affairs discussed the Simplified Rate Filing – June 2018 Test Year and responded to questions from the Board.

Director Reeves moved and Director Crawford seconded the motion that the Board of Directors approve the Resolution authorizing Chugach to file with the Commission, a June 2018 Test Year SRF requesting approval to increase demand and energy rates by 2.7 percent to Chugach retail and 1.5 percent to the wholesale class of Seward Electric System for rates effective November 1, 2018. The motion passed unanimously.

- B. *NRECA Resolutions (Board)*
Phil Steyer, Director, Government Relations discussed the NRECA Resolutions and responded to questions from the Board.

Matthew Clarkson, General Counsel, recommended that any personal interest disclosures regarding the selection of a placement agent for the ML&P acquisition be made before the Board goes into Executive Session to discuss those matters. Each Board member should make any necessary disclosure(s) and a vote should proceed with one director at a time, so that the non-interested directors can resolve each individual disclosure.

- A. Director Morse disclosed that she has a personal brokerage account and retirement services with Bank of America Merrill Lynch. Director Morse responded to questions from the Board. The Board voted unanimously that there is no disqualifying conflict.
- B. Director Henderson disclosed that he has a personal brokerage account with Bank of America Merrill Lynch. Director Henderson responded to questions from the Board. The Board voted unanimously that there is no disqualifying conflict.
- C. Director Hollis disclosed that his wife is a financial advisor with Bank of America Merrill Lynch. Director Hollis responded to questions from the Board. The Board voted unanimously that there is no disqualifying conflict.

IX. EXECUTIVE SESSION* (scheduled)

- A. *Update on Regulatory Asset*
B. *USO-Transco Update*
C. *Update on Power Pooling*
D. *Gas Supply Update*

- E. *On-Going Strategic Matters*
 - 1. *Initiatives Under Consideration*
 - 2. *Outstanding Risks to the Association*
- F. *ML&P – Financing for Potential Acquisition*
- G. *Discussion Total Compensation Strategy Plan*
- H. *2018 Salary Plan Revision*
- I. *Update on Sale of Utility – SES*

At 9:48 a.m., Director Parks moved and Director Morse seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1) and (3) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 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.

The meeting reconvened in open session at 11:38 a.m.

X. NEW BUSINESS

- A. *ML&P – Financing for Potential Acquisition* (S. Highers)*

Director Reeves moved and Director Henderson seconded the motion that the Board of Directors authorize the Chief Executive Officer to execute and deliver on behalf of the Company (“Chugach Electric Association, Inc.”) engagement letters for the potential acquisition financing with one or more placement agents as deemed necessary or appropriate (including Bank of America Merrill Lynch, Wells Fargo Securities and KeyBank Capital Markets, Inc.) as discussed in executive session. The motion passed unanimously.

- B. *Railbelt Reliability Council Memorandum of Understanding** (Hickey)*

Director Morse moved and Director Parks seconded the motion that the Board of Directors reaffirm its January 26, 2017 resolution regarding the Unified System Operator (USO) and Transmission-only Utility (Transco) Business Plan Development. In doing so, the Board reaffirms its desire to ensure the development of these organizations, and the subsequent realization of the economic benefits associated with a non-discriminatory open access transmission system and Railbelt-wide economic dispatch.

The Board of Directors authorizes the Chief Executive Officer to sign the Railbelt Utility Managers (RUM) negotiated Railbelt Reliability Council Memorandum of Understanding and proceed with Transco negotiations subject to the current draft Transco Term Sheet and conditions substantially the same as discussed in executive session. The motion passed unanimously.

- C. *2018 Salary Plan Revision* (Andrews)*

Director Reeves moved and Director Crawford seconded the motion to table the 2018 Salary Plan Revision and further discussion until after the recess. The motion passed unanimously.

At 11:42 a.m., Director Reeves moved and Director Morse seconded the motion that the Board of Directors recess until 12:15 p.m. at the Megan Room, 6591 A Street, Anchorage, Alaska. The motion passed unanimously.

The meeting resumed at 12:18 p.m., at the Megan Room, 6591 A Street, Anchorage, Alaska.

At 12:18 p.m., Director Morse moved and Director Reeves seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1) and (3) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 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.

The meeting reconvened in open session at 1:17 p.m.

XI. DIRECTOR COMMENTS

No Director comments were made.

XII. ADJOURNMENT

At 1:17 p.m., Director Reeves moved and Director Morse seconded the motion to adjourn. The motion passed unanimously.

Stuart Parks, Secretary

Date Approved: September 27, 2018

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

August 29-30, 2018
Wednesday-Thursday
Immediately Following the Regular Board of Directors' Meeting

SPECIAL BOARD OF DIRECTORS' MEETING

Recording Secretary: Arden Quezon-Vicente

I. CALL TO ORDER

Chair Chastain called the Special Board of Directors Meeting to order at 1:25 p.m. at the Megan Room, Anchorage, Alaska.

A. Roll Call

Board Members Present:

Bettina Chastain, Chair
Susan Reeves, Vice Chair
Rachel Morse, Treasurer
Stuart Parks, Secretary
Jim Henderson, Director
Harry Crawford Jr., Director
Harold Hollis, Director

Guests and Staff in Attendance:

Lee Thibert	Arthur Miller	Brian Hoefler, SLR
Sherri Highers	Mark Fouts	Bret Berglund, SLR
Tyler Andrews	Jim Bertrand, Stinson	Nicole Bhoj, Bank of
Julie Hasquet	Leonard Street, LLP	America Merrill Lynch
Brian Hickey	Kurt Strunk, NERA	Brad Walker, Bank of
Paul Risse	Kelly Haggerty, Pritchett	America Merrill Lynch
Tyler Andrews	Dan Walker, Walker Assoc.	Scott Dolgoff, Bank of
Mike Brodie	(teleconference)	America Merrill Lynch
Connie Owens	Maria Keffer, SLR	(teleconference)

II. SAFETY MINUTE

Tyler Andrews, Vice President, Employee Services and Communication, discussed "Exits".

III. APPROVAL OF THE AGENDA

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

IV. EXECUTIVE SESSION

1. Integration Management Office (IMO) Activities and Plans

2. *ML&P Acquisition – Deal Agreements*
 - a. *Transaction Overview*
 - b. *Economic Analysis*
 - c. *Term Sheet and Asset Purchase Agreement*
 - d. *Reference Documents - ML&P Acquisition – Deal Agreements*
3. *Labor Transition Agreements*

At 1:27 p.m., Director Morse moved and Director Reeves seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1) and (3) the Board of Directors go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 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.

V. RECESS

At 4:33 p.m., Director Morse moved and Director Reeves seconded the motion to recess. The motion passed unanimously.

VI. RECONVENE WORKSHOP

The meeting reconvened on September 30, 2018 at 10:05 a.m., the Megan Room, Anchorage, Alaska.

X. EXECUTIVE SESSION *(continued)*

- A. *Strategic Planning*
 1. *Due Diligence*
 - a. *Environmental*
 - b. *Physical Assets*
 2. *Financing*
 3. *Wrap-Up Discussion*

The meeting reconvened in open session at 2:15 p.m.

XI. DIRECTOR COMMENTS

No Director Comments.

XII. ADJOURNMENT

At 2:16 p.m., Director Morse moved and Director Parks seconded the motion to adjourn. The motion passed unanimously.

Stuart Parks, Secretary

Date Approved: September 27, 2018

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 27, 2018

ACTION REQUIRED

AGENDA ITEM NO. IV.D.

- Information Only
 - Motion
 - Resolution
 - Executive Session
 - Other
-

TOPIC

Director Expenses

DISCUSSION

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

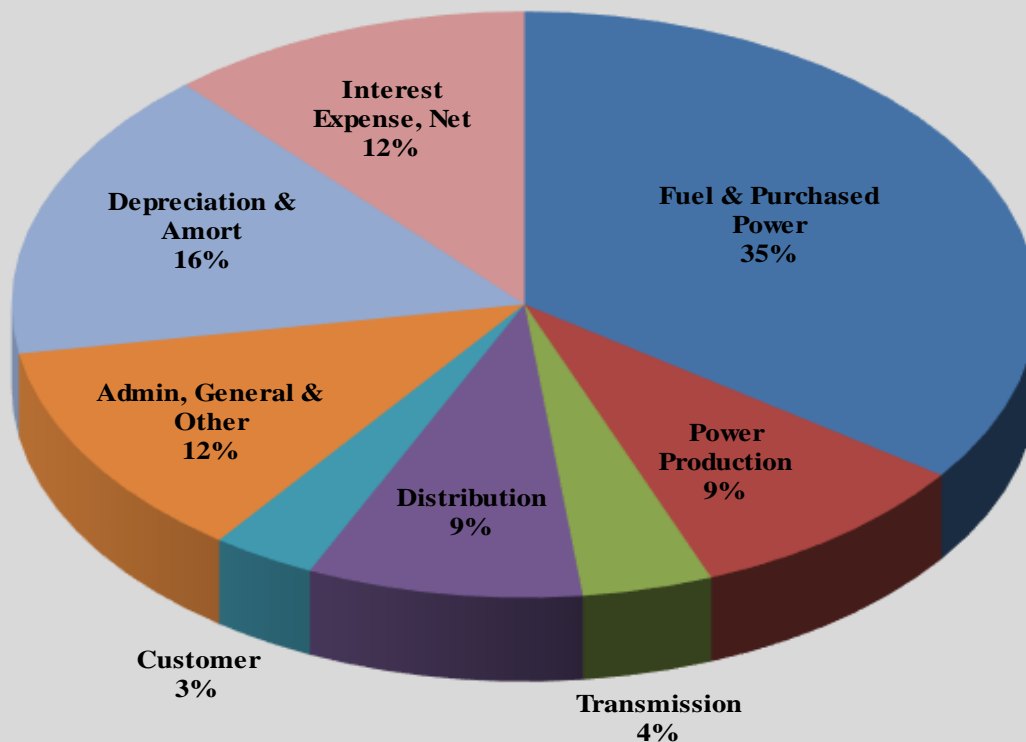
MOTION

(Consent Agenda)

STATEMENT OF OPERATIONS

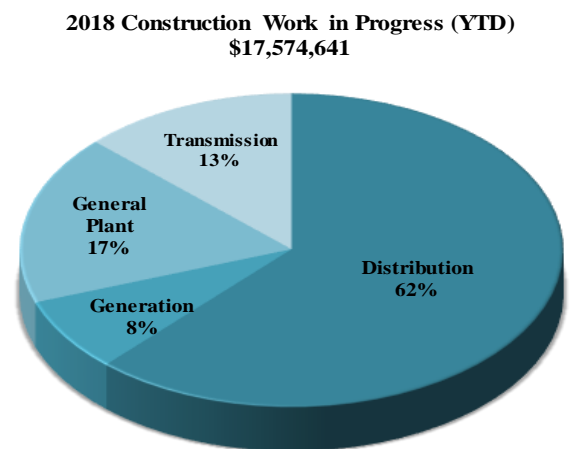
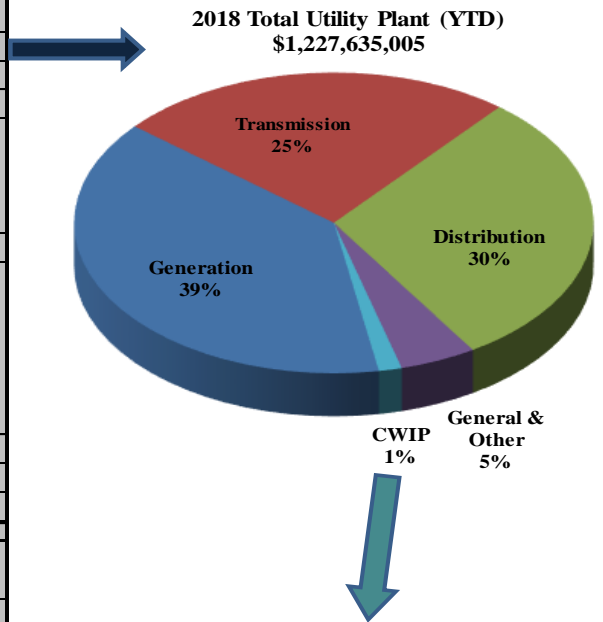
CATEGORY	2018 MTD ACTUAL	2018 MTD BUDGET	2018 MTD VARIANCE
Operating Revenue and Patronage Capital	\$ 15,118,754	\$ 15,926,814	\$ (808,060)
Fuel and Purchased Power Expense	5,471,686	6,282,875	(811,189)
Power Production Expense	1,439,108	1,650,068	(210,960)
Transmission Expense	644,791	624,962	19,829
Distribution Expense	1,362,070	1,272,708	89,362
Customer Expense	513,107	624,626	(111,519)
Administrative, General and Other	1,907,172	1,826,997	80,175
Depreciation & Amortization Expense	2,537,928	2,693,498	(155,570)
Interest Expense, Net	1,804,864	1,784,979	19,885
Total Cost of Electric Service	\$ 15,680,726	\$ 16,760,713	\$ (1,079,987)
Patronage Capital & Operating Margins	\$ (561,972)	\$ (833,899)	\$ 271,927
Non-Operating Margins - Interest	55,978	52,630	3,348
Allowance for Funds Used During Construction	10,816	12,952	(2,136)
Non-Operating Margins - Other	16,714	-	16,714
Patronage Capital or Margins	\$ (478,464)	\$ (768,317)	\$ 289,853

Total Cost of Electric Service (MTD Actual)



BALANCE SHEET

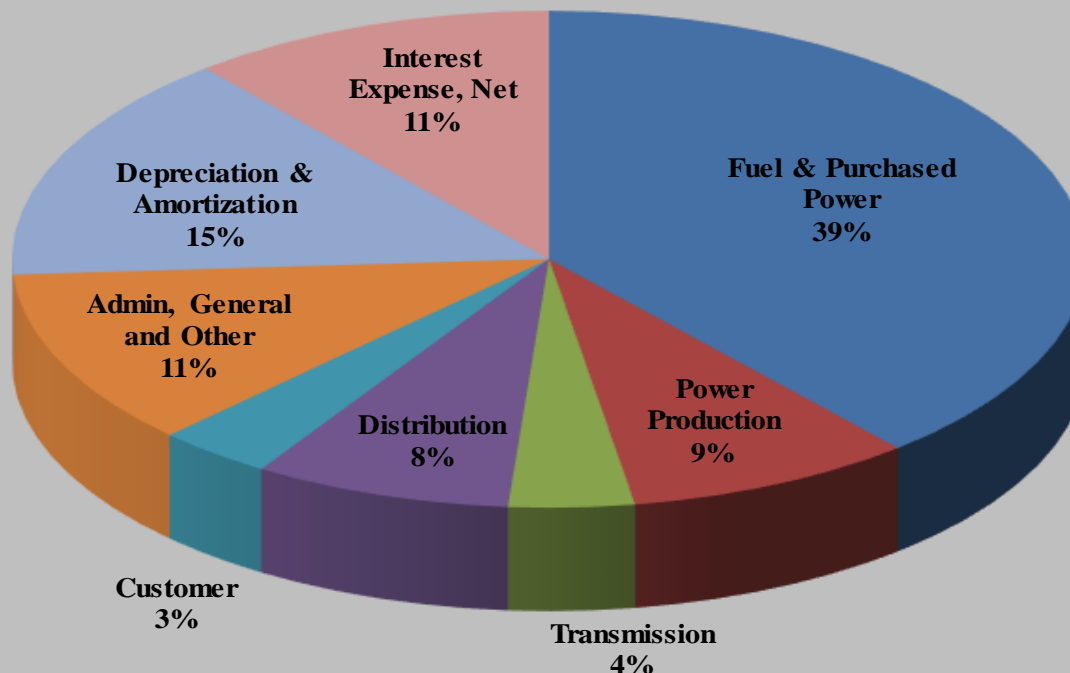
ASSETS & OTHER DEBITS	07/31/2018	12/31/17
Electric Plant in Service	1,210,060,364	1,205,092,224
Construction Work in Progress	17,574,641	17,952,573
Total Utility Plant	\$ 1,227,635,005	\$ 1,223,044,797
Accum. Prov. for Depreciation/Amortization	(521,678,430)	(515,496,312)
Net Utility Plant	\$ 705,956,575	\$ 707,548,485
Nonutility Property - Net	76,889	76,889
Investment in Assoc. Organizations	8,566,395	8,980,410
Special Funds	1,844,977	1,466,010
Restricted Cash & Other Investments	749,353	1,028,758
Total Other Property & Investments	\$ 11,237,614	\$ 11,552,067
Cash, Marketable Securities & Other	13,370,614	16,906,531
Special Deposits/Restricted Cash	614,262	741,670
Accounts Receivable - Net	25,129,822	35,680,680
Materials and Supplies, Fuel Stock	25,749,551	22,193,089
Prepayments	3,407,848	4,953,170
Other Current & Accrued Assets	914,993	5,178,987
Total Current & Accrued Assets	\$ 69,187,090	\$ 85,654,127
Deferred Debits	34,405,240	32,764,065
Total Assets & Other Debits	\$ 820,786,519	\$ 837,518,744
LIABILITIES & OTHER CREDITS	07/31/2018	12/31/17
Memberships	1,735,617	1,719,154
Pat. Capital, Margins & Equities	189,149,724	187,582,140
Total Margins & Equities	\$ 190,885,341	\$ 189,301,294
Long-Term Debt - Bonds	398,416,664	421,833,331
Long-Term Debt - Other	34,770,000	37,164,000
Unamortized Debt Issuance Costs	(2,526,271)	(2,669,485)
Total Long-Term Debt	\$ 430,660,393	\$ 456,327,846
Notes Payable	77,608,667	76,608,667
Accounts Payable	10,324,160	7,420,279
Consumer Deposits	5,063,216	5,335,896
Other Current & Accrued Liabilities	32,014,157	30,002,352
Total Current & Accrued Liabilities	\$ 125,010,200	\$ 119,367,194
Deferred Compensation	1,318,295	1,229,294
Other Liabilities, Non-Current	740,906	531,630
Deferred Liabilities	1,217,213	1,249,390
Patronage Capital Payable	8,798,076	8,798,077
Cost of Removal Obligation	62,156,095	60,714,019
Total Liabilities & Other Credits	\$ 820,786,519	\$ 837,518,744



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

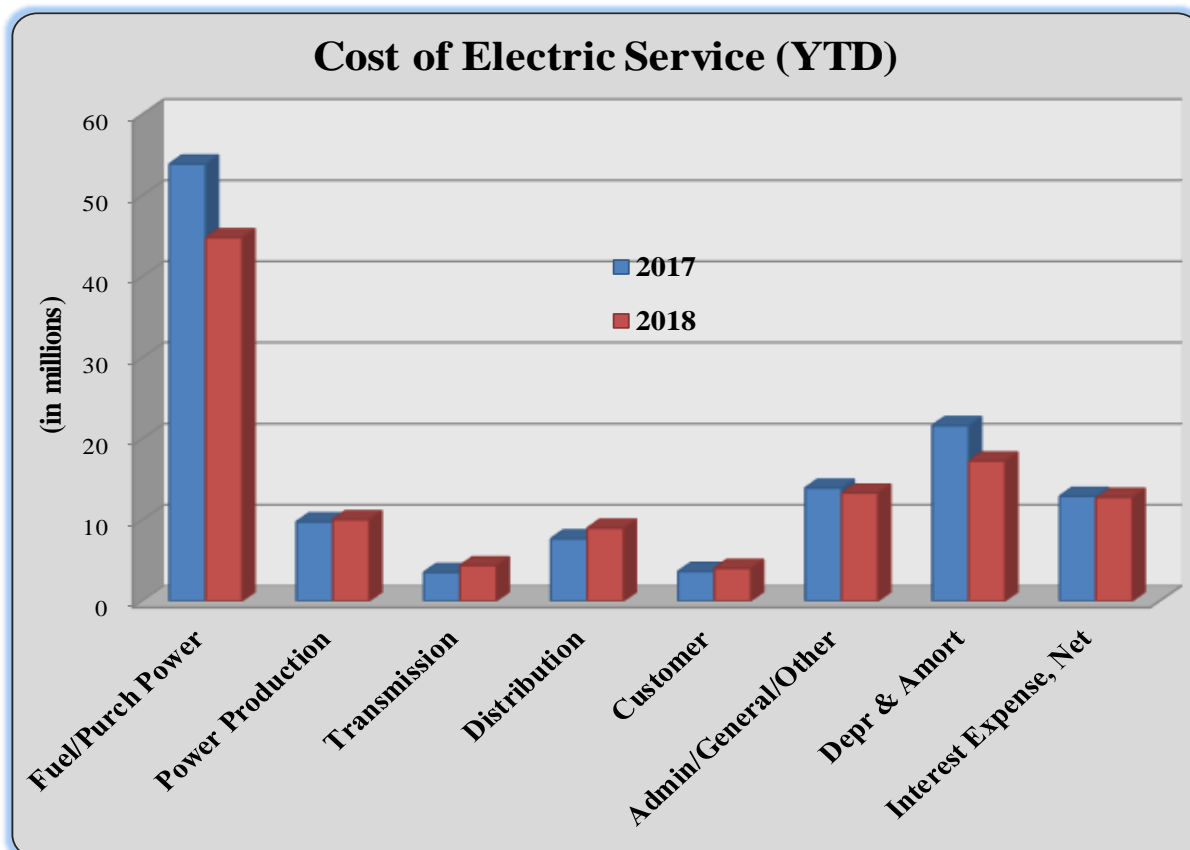
CATEGORY	2018 YTD ACTUAL	2018 YTD BUDGET	2018 YTD VARIANCE
Operating Revenue and Patronage Capital	\$ 117,164,615	\$ 123,926,885	\$ (6,762,270)
Fuel and Purchased Power Expense	44,808,268	49,867,469	(5,059,201)
Power Production Expense	10,046,312	11,003,158	(956,846)
Transmission Expense	4,373,979	4,165,327	208,652
Distribution Expense	8,983,619	8,675,966	307,653
Customer Expense	4,030,758	3,867,065	163,693
Administrative, General and Other	13,322,446	13,221,508	100,938
Depreciation & Amortization Expense	17,275,224	18,610,254	(1,335,030)
Interest Expense, Net	12,796,148	12,721,938	74,210
Total Cost of Electric Service	\$ 115,636,754	\$ 122,132,685	\$ (6,495,931)
Patronage Capital & Operating Margins	\$ 1,527,861	\$ 1,794,200	\$ (266,339)
Non-Operating Margins - Interest	406,675	364,397	42,278
Allowance Funds Used During Const.	62,813	58,617	4,196
Non-Operating Margins - Other	(175,387)	-	(175,387)
Patronage Capital or Margins	\$ 1,821,962	\$ 2,217,214	\$ (395,252)
MF/I	1.14	1.17	
TIER	1.15	1.18	

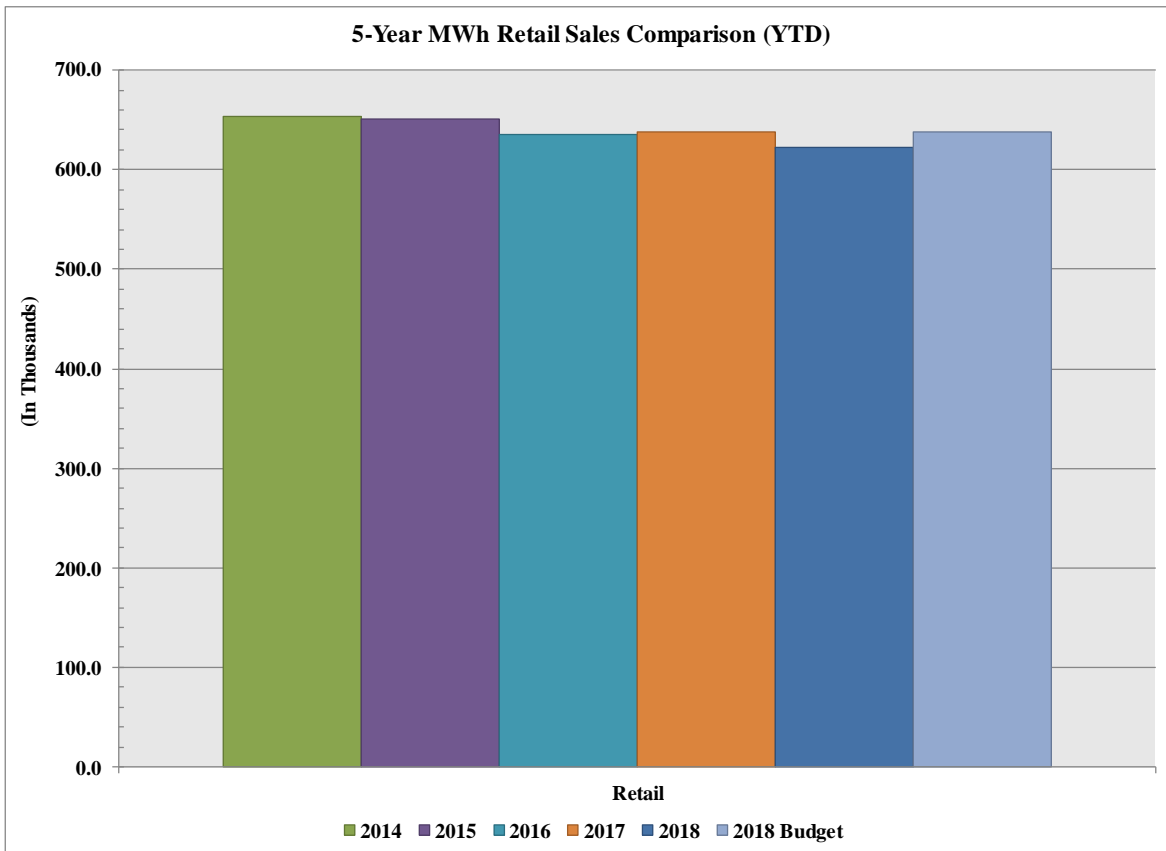
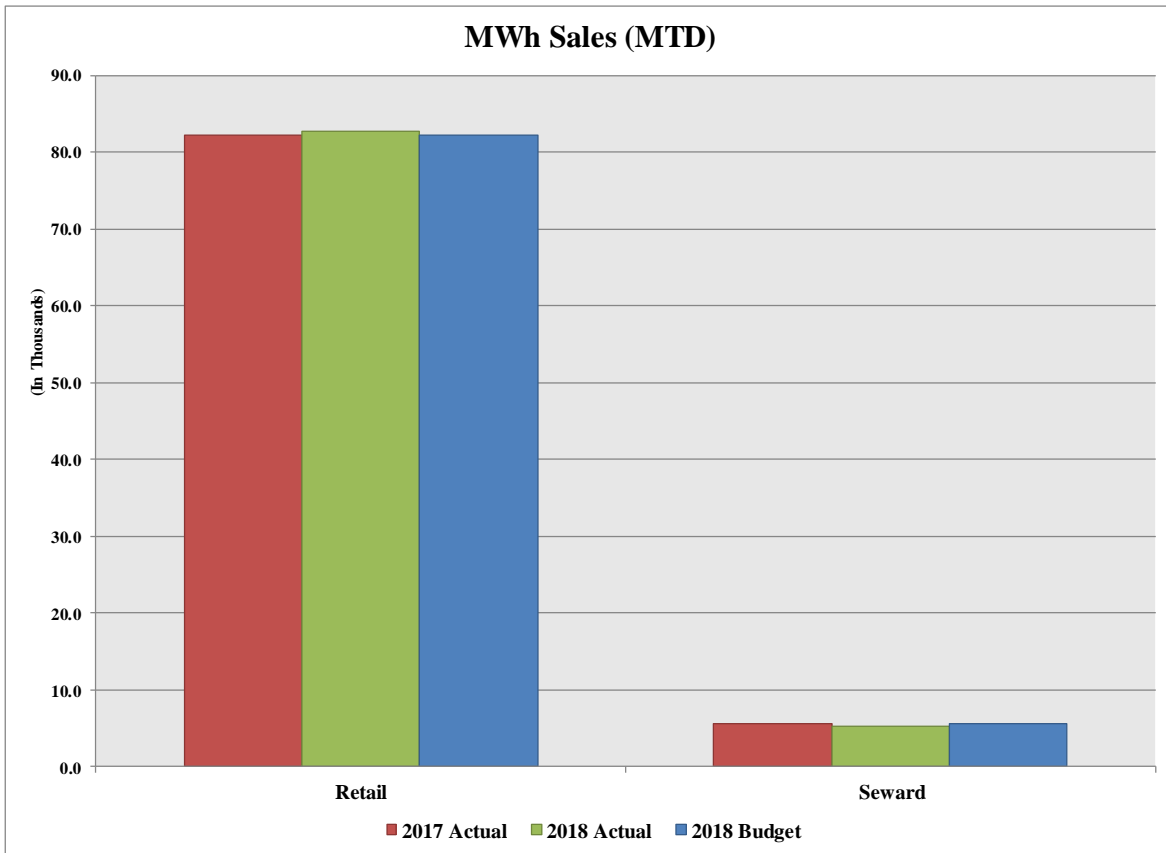
Total Cost of Electric Service (YTD Actual)

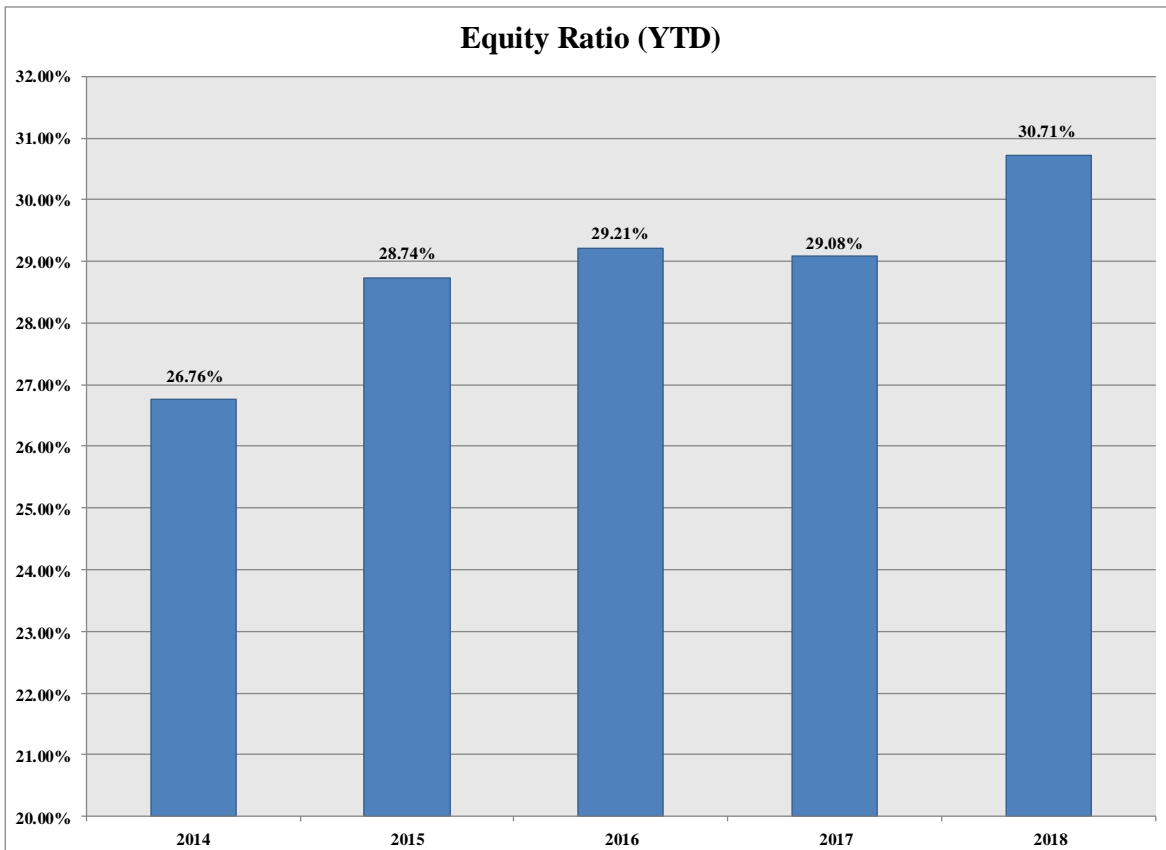
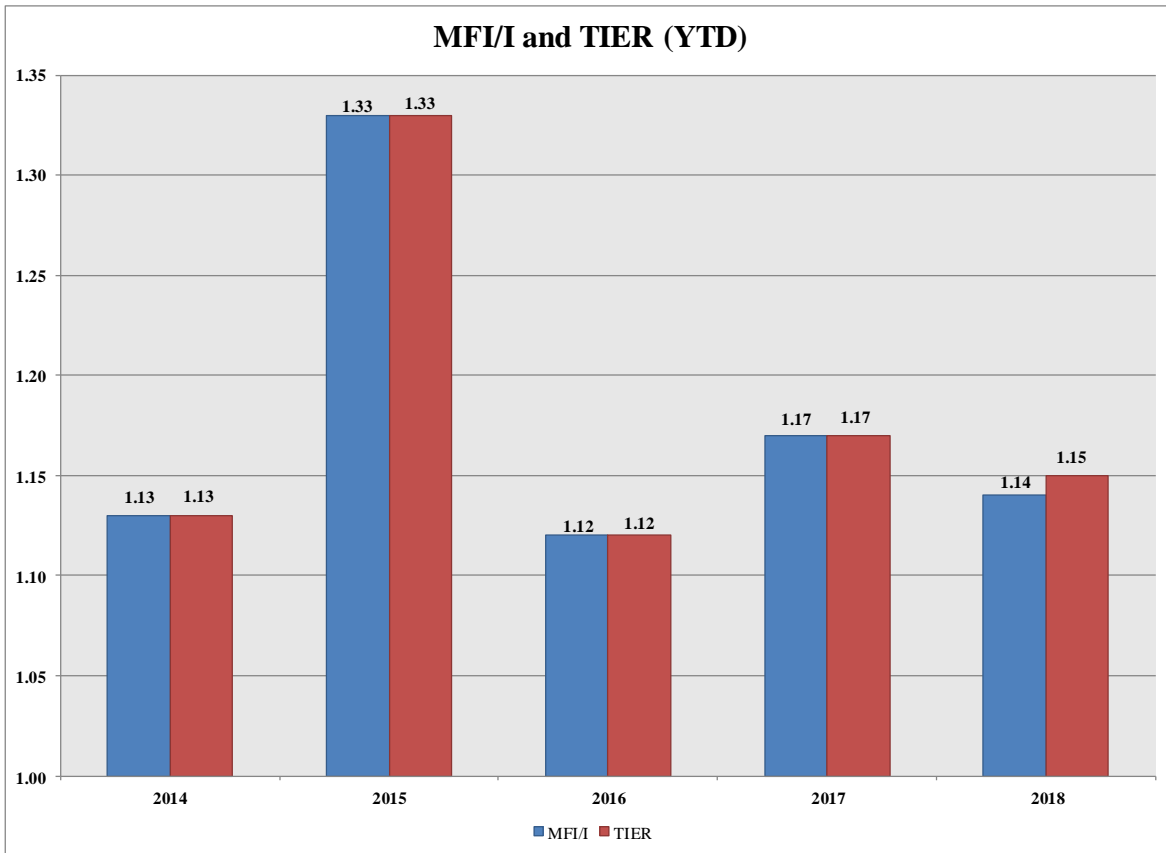


COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YTD ACTUAL

CATEGORY	2018 YTD ACTUAL	2017 YTD ACTUAL
Operating Revenue and Patronage Capital	\$ 117,164,615	\$ 128,672,381
Fuel and Purchased Power Expense	44,808,268	53,876,959
Power Production Expense	10,046,312	9,769,259
Transmission Expense	4,373,979	3,536,937
Distribution Expense	8,983,619	7,671,416
Customer Expense	4,030,758	3,657,732
Administrative, General and Other	13,322,446	13,936,909
Depreciation and Amortization Expense	17,275,224	21,639,030
Interest Expense, Net	12,796,148	12,917,143
Total Cost of Electric Service	\$ 115,636,754	\$ 127,005,385
Patronage Capital & Operating Margins	\$ 1,527,861	\$ 1,666,996
Non-Operating Margins - Interest	406,675	361,493
Allowance for Funds Used During Construction	62,813	32,776
Non-Operating Margins - Other	(175,387)	104,511
Patronage Capital or Margins	\$ 1,821,962	\$ 2,165,776
MFII	1.14	1.17
TIER	1.15	1.17







ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	622,797,366	638,038,215
Wholesale Energy Sales	<u>34,350,700</u>	<u>35,166,482</u>
Total Firm Energy Sales	657,148,066	673,204,697
Economy Energy Sales	<u>207</u>	<u>0</u>
Total Energy Sales	657,148,273	673,204,697

Firm energy sales totaled 657,148,066 kWh, which was a 2.4% unfavorable variance compared to budget. Retail energy sales were under budget 2.4% and wholesale energy sales were under budget by 2.3%, primarily due to warmer than anticipated weather.

ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$ 107.9	\$ 114.8
Wholesale Revenue	<u>3.0</u>	<u>3.5</u>
Total Firm Revenue	110.9	118.3
Economy/Other Energy Revenue	0.1	0.0
Other Operating Revenue	<u>6.2</u>	<u>5.6</u>
Total Revenue	\$ 117.2	\$ 123.9

Revenue from firm sales totaled \$110.9 million compared to \$118.3 million in the budget. Firm revenue was lower than expected primarily due to lower than anticipated kWh sales and lower fuel recovered in revenue through the fuel and purchased power adjustment process.

Economy/other energy revenue totaled \$0.1 million due to unanticipated sales to GVEA, MEA, and HEA. Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, miscellaneous service and other electric revenue. Other operating revenue totaled \$6.2 million compared to \$5.6 million in the budget, primarily due to higher than anticipated wheeling revenue, room & board charged to Hilcorp for Beluga camp use, and O&M fees charged to Furie.

FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 35.2	\$ 40.2
Purchased Power	<u>9.6</u>	<u>9.7</u>
Total	\$ 44.8	\$ 49.9

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$35.2 million compared to \$40.2 million projected in the budget. This variance was primarily due to less fuel consumed as a result of lower sales and lower than anticipated BRU operating costs.

Actual fuel purchased for production was 3,881,344 MCF at an average effective delivered price of \$8.30 per MCF, compared to 4,322,987 MCF in the budget at an average effective delivered price of \$8.37 per MCF.

Purchased power expense represents energy purchased from Bradley Lake, Fire Island, and other utilities as needed, as well as costs associated with dispatching. Purchased power expense was \$9.6 million compared to \$9.7 million in the budget with no significant variance. Higher than anticipated purchases were offset by a lower average effective price.

Actual energy purchased was 118,768 MWh at an average effective price of 6.50 cents per kWh compared to 112,479 MWh budgeted at an average effective price of 6.97 cents per kWh. Higher than anticipated purchases from Bradley Lake resulted in a lower average effective price.

POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 10.0	\$ 11.0

Power production expense was \$10.0 million compared to \$11.0 million in the budget. This favorable variance is primarily due to lower than anticipated labor and maintenance costs at SPP and Beluga, as well as reimbursement from Hilcorp for Beluga camp use. These savings were somewhat offset by costs associated with a maintenance procedures program.

TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 4.4	\$ 4.2

Transmission operations and maintenance expense was \$4.4 million compared to \$4.2 million in the budget, primarily due to higher than anticipated substation and line operations labor.

DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 9.0	\$ 8.7

Distribution operations and maintenance expense was \$9.0 million compared to \$8.7 million in the budget. This unfavorable variance is primarily due to higher than anticipated labor, vegetation control expenses as well as increased maintenance costs due to storm-related damage.

CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 4.0	\$ 3.9

Consumer accounts and customer information expense was \$4.0 million compared to \$3.9 million in the budget. This variance is primarily due to advertising for the ML&P acquisition which was somewhat offset by lower than anticipated credit card merchant fees.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 13.3	\$ 13.2

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, which was \$13.3 million compared to \$13.2 million in the budget. While not a significant variance, increased labor, travel, and workers compensation expenses were somewhat offset by the deferred classification of costs associated with the ML&P acquisition.

SUMMARY

Depreciation, interest, and interest during construction expense totaled \$30.1 million compared to \$31.3 million in the budget. The favorable variance compared to budget was primarily due to lower than anticipated depreciation expense as a result of retirement adjustments from project closeouts.

All of the foregoing expenses resulted in total cost of electric service of \$115.6 million compared to \$122.1 million in the budget.

Non-operating margins include allowance for funds used during construction (AFUDC), capital credit and patronage capital allocations, extraordinary items, and interest income. Non-operating margins totaled \$0.3 million compared to \$0.4 million in the budget primarily due to the loss in value of marketable securities.

The net result of revenue and expenses was margins of \$1.8 million compared to projected margins of \$2.2 million in the budget. The current forecast projects year-end margins of \$6.4 million, an MFI/I of 1.29, and TIER of 1.31.

COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS YEAR-END FORECAST

CATEGORY	2018 APPROVED BUDGET	2018 YTD ACTUALS	2018 REVISED FORECAST
Operating Revenue and Patronage Capital	\$ 214,960,079	\$ 117,164,615	\$ 208,547,809 ^{1 2}
Fuel and Purchased Power Expense	85,194,690	44,808,268	80,135,489 ¹
Power Production Expense	18,965,542	10,046,312	18,726,257 ²
Transmission Expense	6,915,445	4,373,979	7,124,097 ¹
Distribution Expense	14,835,722	8,983,619	15,143,375 ¹
Customer Expense	6,833,267	4,030,758	6,996,960 ¹
Administrative, General & Other	22,127,986	13,322,446	22,224,759 ^{1 2}
Depreciation and Amortization Expense	32,264,325	17,275,224	30,929,295 ¹
Interest Expense, Net	21,493,320	12,796,148	21,567,530 ¹
Total Cost of Electric Service	\$ 208,630,297	\$ 115,636,754	\$ 202,847,762
Patronage Capital & Operating Margins	\$ 6,329,782	\$ 1,527,861	\$ 5,700,047
Non-Operating Margins - Interest	625,941	406,675	668,219 ¹
Allowance for Funds Used During Construction	181,126	62,813	185,322 ¹
Non-Operating Margins - Other	-	(175,387)	(175,387) ¹
Patronage Capital or Margins	\$ 7,136,849	\$ 1,821,962	\$ 6,378,201
MFI/I	1.32	1.14	1.29
TIER	1.35	1.15	1.31

¹ Forecast based on 7 month actual and 5 month forecast

² Forecast has been adjusted to reflect anticipated changes

Chugach Electric Association, Inc.
Anchorage, Alaska

September 27, 2018

TO: Chugach Board of Directors

FROM: Lee D. Thibert, Chief Executive Officer

SUBJECT: *Railbelt Electric Utility Bill Comparison: Rates Effective Third Quarter 2018*

Chugach continues to have the lowest base rates and the second lowest fuel and purchased power rates of the Railbelt utilities. On a total residential customer bill basis, the bill levels of Matanuska Electric Association, Inc. (MEA), Homer Electric Association, Inc. (HEA), and Golden Valley Electric Association, Inc. (GVEA), are higher than Chugach by about 6 percent, 27 percent, and 27 percent, respectively. ML&P's residential customer bill levels are about 3 percent lower than Chugach due to their low cost of fuel, as shown in Figure 2.

Comparison of Results

The average Chugach residential bill, which includes fuel and purchased power costs, increased by 0.9 percent in third quarter 2018. The increase is due to small increases in both the base energy rate and the fuel and purchased power rate. Chugach's third quarter residential bill of \$121.57 (for 600 kWh) compares with bill totals of \$118.31 for ML&P, \$128.86 for MEA, \$153.40 for HEA and \$154.30 for GVEA. Below is a summary of rate changes at other Railbelt electric utilities since last quarter.

- ML&P retail bill levels increased approximately 7 percent as a result of a 103 percent increase to the Cost of Power Adjustment (COPA) rate from about 1 cent per kWh to about 2 cents per kWh. There were no changes to ML&P's demand and energy rates.
- MEA retail bill levels decreased approximately 0.5 percent due to an approximate 5 percent reduction in the COPA. Their reduction was partially offset by an approximate 2.5 percent increase in energy and demand rates.
- HEA's retail bill levels increased by about 2.5 percent due to an 8.5 percent increase to their COPA rate. There were no changes to HEA's demand and energy rates.
- GVEA's retail bill levels decreased about 0.6 percent due to a reduced COPA rate. There were no changes to GVEA's demand and energy rates.
- The Regulatory Cost Charge for all Railbelt utilities increased by 8.8 percent since last quarter.

Table 1 below summarizes current retail bill totals in relation to Chugach and the prior quarter for each utility.

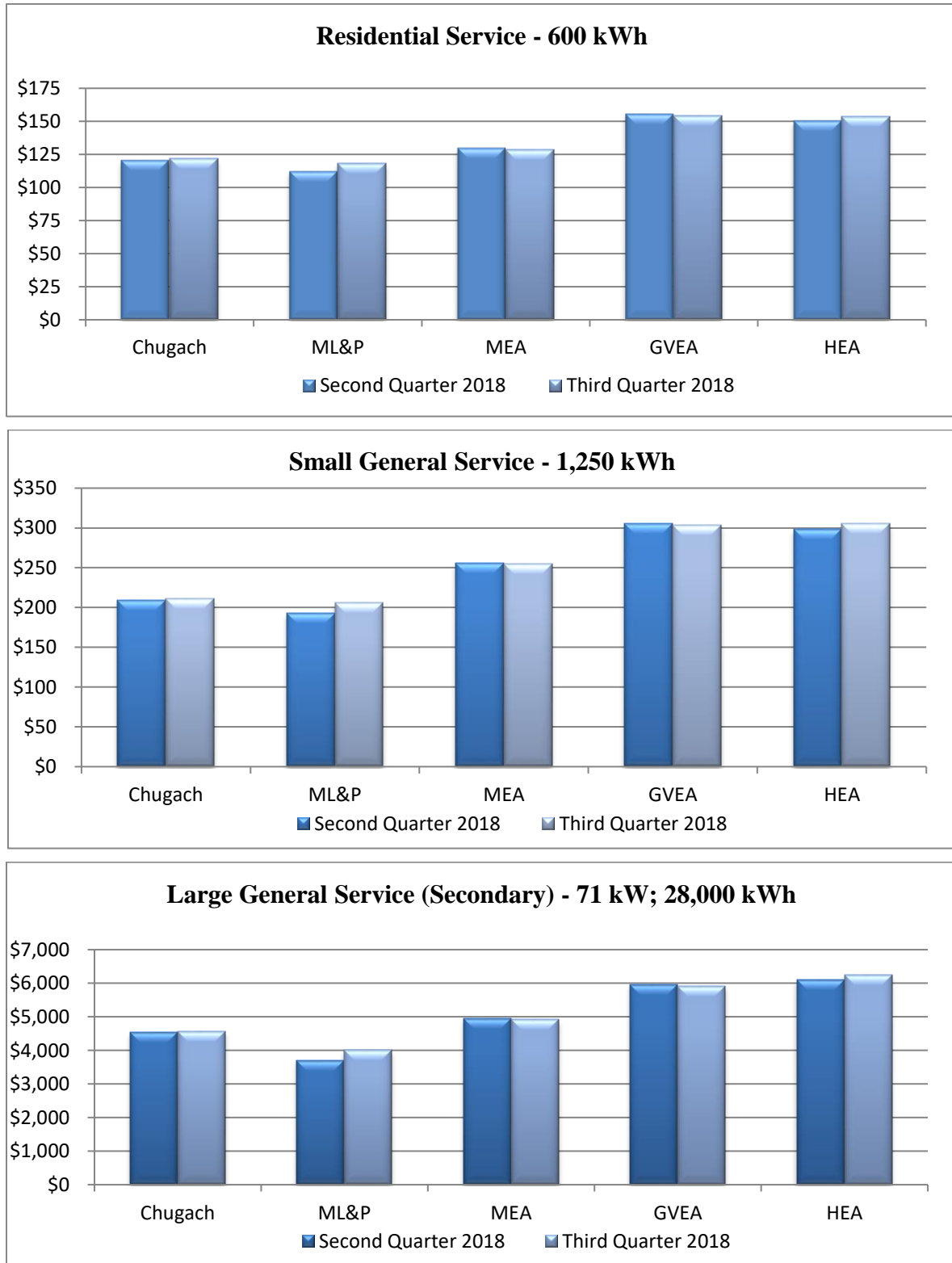
Table 1: Summary of Third Quarter 2018 Electric Bill Totals (September 2018)					
Customer Class	Chugach	ML&P	MEA	GVEA	HEA
Residential total based on 600 kWh	\$121.57	\$118.31	\$128.86	\$154.30	\$153.40
Cost per kWh	\$0.203	\$0.197	\$0.215	\$0.257	\$0.256
Change from Prior Quarter	0.9%	5.7%	(0.5%)	(0.6%)	2.31%
Difference from Chugach Bill	---	(2.7%)	6.0%	26.9%	26.2%
Small General Service total based on 1,250 kWh	\$210.99	\$206.11	\$254.39	\$303.71	\$305.51
Cost per kWh	\$0.169	\$0.165	\$0.204	\$0.243	\$0.244
Change from Prior Quarter	0.8%	6.9%	(0.5%)	(0.6%)	2.4%
Difference from Chugach Bill	---	(2.3%)	20.6%	43.9%	44.8%
Large General Service - Secondary total	\$4,568.89	\$4,002.34	\$4,921.63	\$5,923.53	\$6,255.42
Cost per kWh	\$0.163	\$0.143	\$0.176	\$0.212	\$0.223
Change from Prior Quarter	0.9%	8.0%	(0.8%)	(0.7%)	2.7%
Difference from Chugach Bill	---	(12.4%)	7.7%	29.6%	36.9%

Figures 1 through 4

The graphs on the following pages provide additional comparisons of Railbelt utility rates. Figure 1 compares bill totals between third quarter 2018 and the prior quarter. Figure 2 expands the comparison by identifying separately the base rate component and the fuel / purchased power components of each utility this quarter. Figure 3 summarizes Chugach quarterly residential bill levels for the past seven years, identifying the base rate and fuel / purchased power components of each bill. Figure 4 illustrates residential bill totals for the last five consecutive quarters for all Railbelt electric utilities.

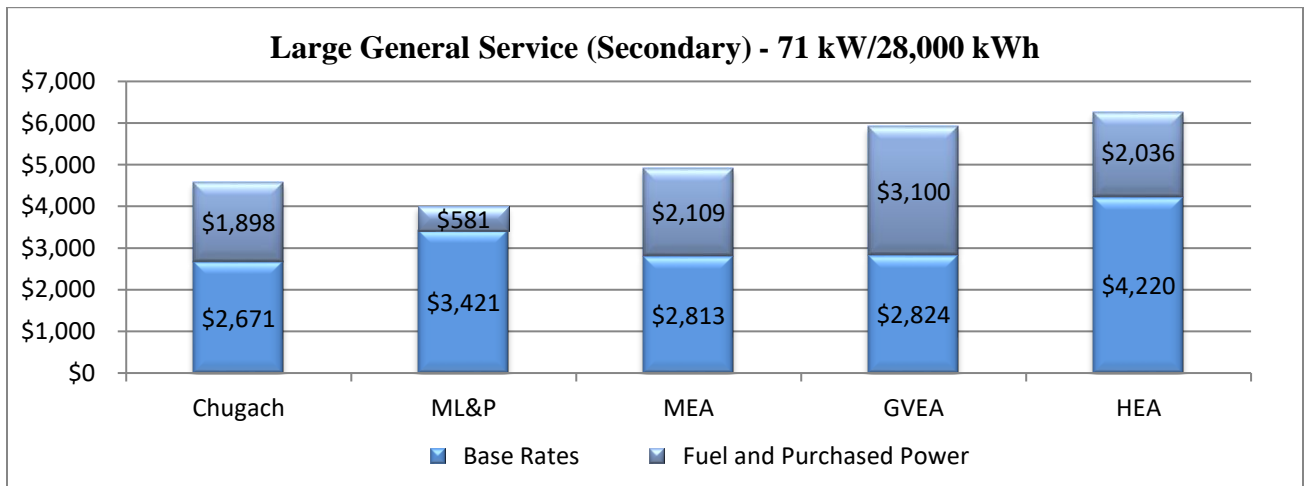
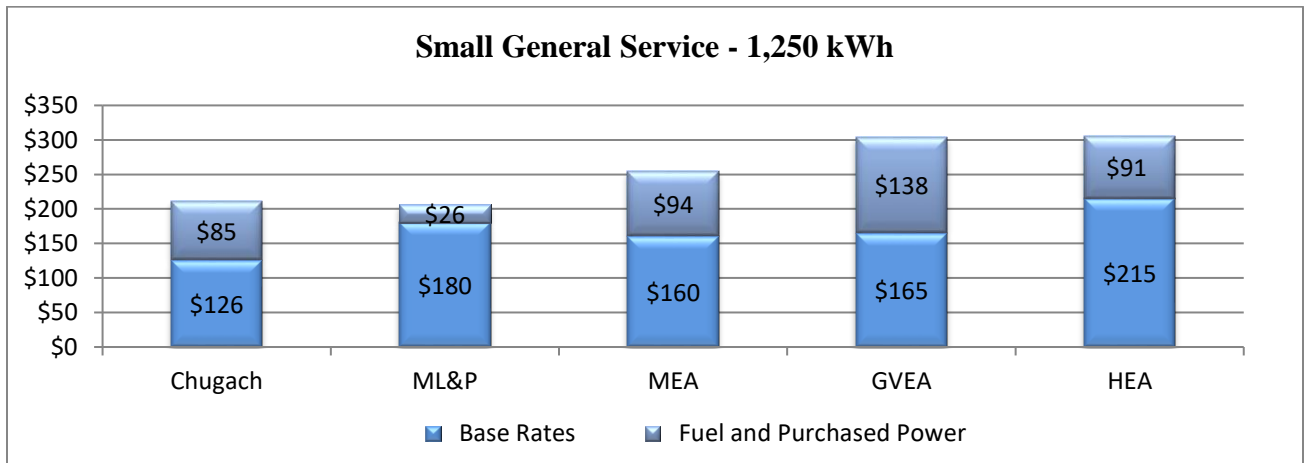
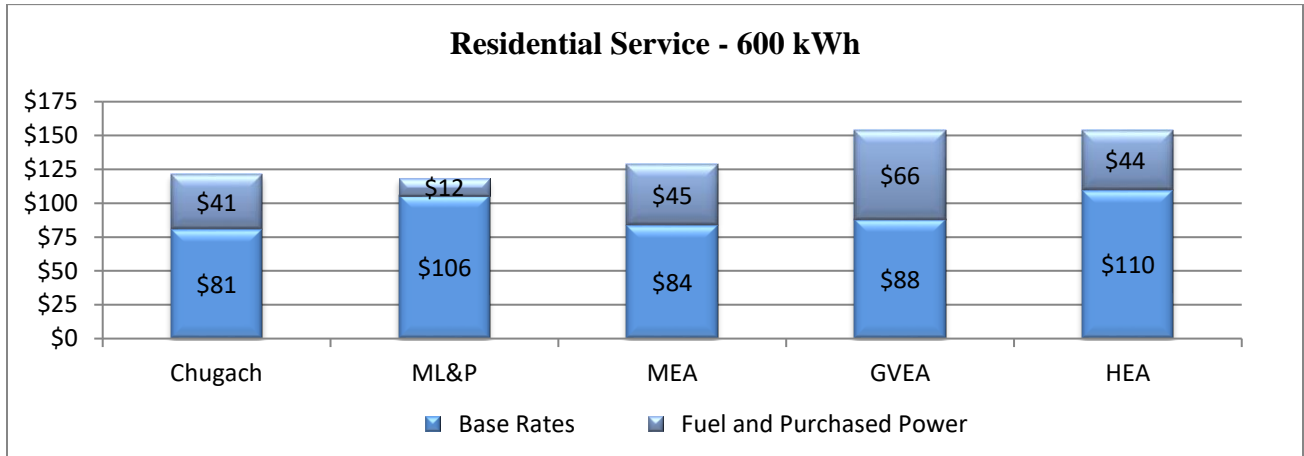
¹ Bill totals are based on tariffed rates. Local taxes, including the Municipality of Anchorage two percent underground surcharge, are not applicable to all utilities in this comparison and are therefore excluded from the calculations. The Regulatory Cost Charge is included as this charge is applied equally to all utilities. For all cooperatives, the Gross Revenue Tax is included. The residential and small general service bill totals are based on monthly energy purchases of 600 kWh and 1,250 kWh, respectively. The large general service bill totals are based on 28,000 kWh and 71kW. ML&P's Large General Service bill totals do not reflect impacts associated with their tariffed demand ratchet. Bill comparisons include all approved and pending fuel and purchased power rates for third quarter 2018.

**Figure 1: Retail Electric Bill Totals by Utility
 Second Quarter 2018 vs. Third Quarter 2018**



 Bill totals are based on tariffed rates and include state taxes that are applied to all utilities and exclude local taxes and surcharges that vary by community, such as the Municipality of Anchorage two percent undergrounding charge. ML&P's Large General Service totals do not reflect tariffed impacts of its ratchet on demand charges.

**Figure 2: Base Rate and Fuel and Purchased Power Components
 Bill Totals – Third Quarter 2018**



ML&P's Large General Service totals do not reflect tariffed impacts of its ratchet on demand charges.

Figure 3: Chugach's Monthly Residential Bill Total History Based on 600 kWh Consumption

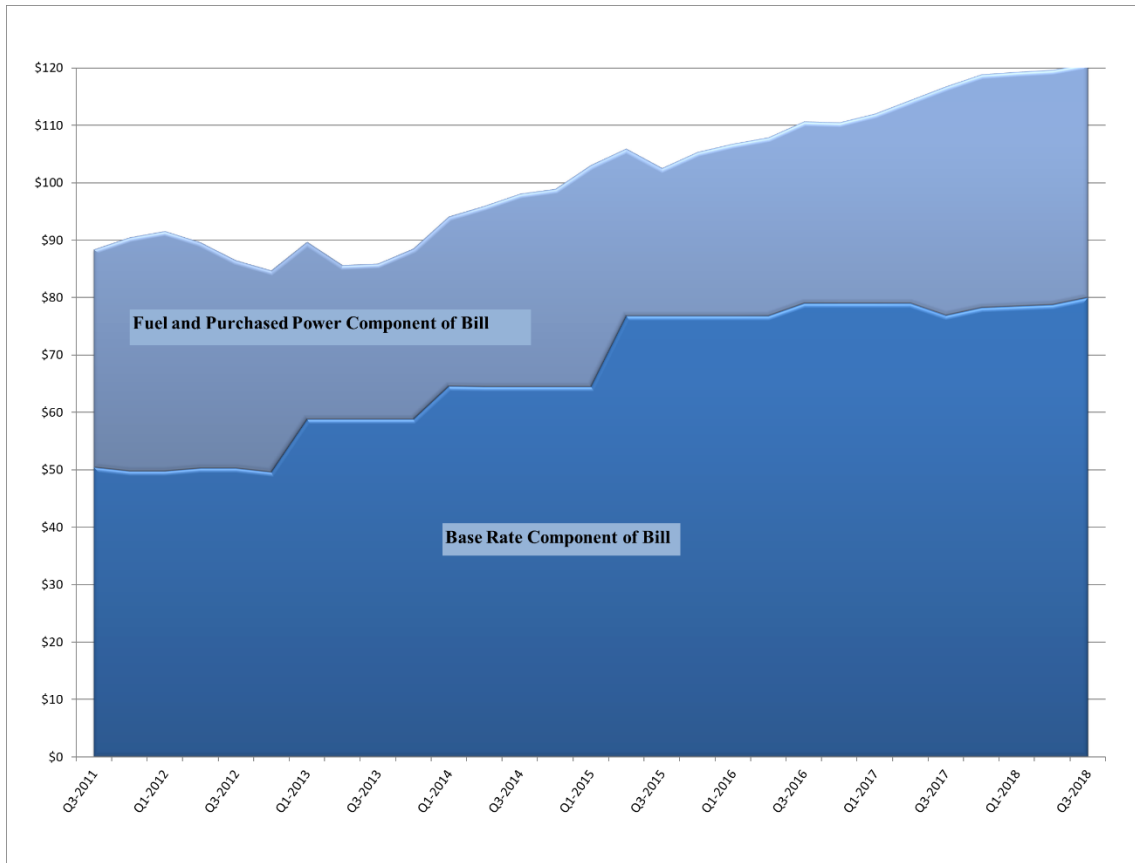
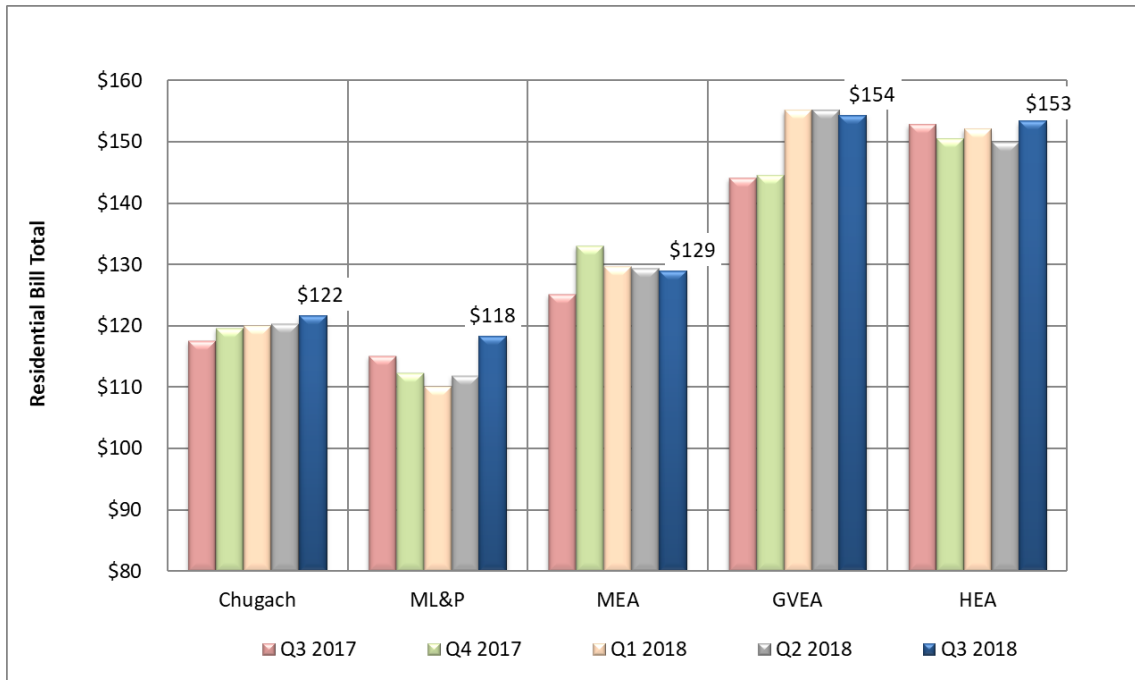


Figure 4: Railbelt Electric Utility Average Residential Bill Levels Third Quarter 2017 through Third Quarter 2018



CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

September 19, 2018

TO: Chugach Board of Directors

FROM: Lee Thibert, Chief Executive Officer

SUBJECT: Member Appreciation Day and National Drive Electric Week

Member Appreciation Day

Chugach's annual Member Appreciation Day will be held on Friday, October 5, between 10:00 am and 2:00 pm at the Chugach Headquarters complex, 5601 Electron Drive.

This event serves as an opportunity for Chugach to join the nation in celebrating Energy Awareness and National Cooperative Month. Last year more than 300 members and their families participated at the event, and we are planning for the same amount of participation this year. In addition to tours of the Southcentral Power Project, the event will include electric vehicle test drives, educational booths on emergency preparedness and energy efficiency, battery operated tools, children activities including bucket truck rides, and information on Chugach's potential acquisition of ML&P.

A drawing will be held for a chance to win a DEWALT 1800-Watt Portable Power Station. Members can enter the drawing at the event or online starting on October 5. The winner will be contacted during the week of October 8.

Chugach's August Outlet newsletter invited members to the event. In addition to the Outlet newsletter, other communication efforts include Chugach's website, bill messages, My Account message, social media, and an email to the membership. One member from last year stated, "Thank you for all of your efforts today. Great way for the community to get to know more about Chugach and the great work you all do."

National Drive Electric Week (NDEW)

This was the first year that Chugach participated in NDEW. Chugach hosted a "Where's Wattson" activity, which gave members and the public an opportunity to see Chugach's all-electric Chevy Bolt and discuss electric vehicles with a Chugach representative. Wattson was parked at the Dimond Center, Girdwood Library and the Alaska Zoo. Throughout the week, approximately 20 members participated at these locations and asked questions specific to electric vehicles, charging infrastructure and Chugach's role in expanding the adoption of electric vehicles in Alaska. It is recommended that Chugach continue celebrating "Where's Wattson" during NDEW in the future, with changes. For instance, partnering with other electric vehicle owners may broaden the audience as well as updating the display locations to have higher visibility.

In addition, Chugach presented at the Clean Power Happy Hour series, hosted by the Alaska Center. The presentation focused on electric vehicle technology and included information on Wattson. Approximately 30 people attended the presentation.

SAVE THE DATE

October 5, 2018
10:00am to 2:00pm



MEMBER APPRECIATION DAY

Drop in and visit with Chugach staff and co-op friends between 10:00am and 2:00pm on Friday, October 5th.

Sign up in advance for a tour of the Southcentral Power Project and stop by to learn about various topics from emergency preparedness to renewable energy. Take a bucket truck ride or test drive an electric vehicle or bike. Also, don't miss the opportunity to peek at battery operated tools from local vendors. Top off your visit by having a hot dog and sides, served by Chugach staff.

If that's not enough, stop by to enter a prize drawing for a chance to win a DEWALT 1800-Watt Portable Power Station.

Mark your calendars; you won't want to miss it.

HOT DOG BBQ

BUCKET TRUCK
RIDES

POWER PLANT
TOURS

EDUCATIONAL
BOOTHS

ENERGY BIKE

PRIZE
DRAWINGS

CHILDREN
ACTIVITIES

ELECTRIC
VEHICLES

CHUGACH
ELECTRIC
ASSOCIATION
5601 Electron
Drive
Anchorage, AK
99518

NATIONAL DRIVE ELECTRIC WEEK

Inaugural Celebration Results



3

"WHERE'S WATTSON" LOCATIONS



~30

CLEAN POWER HAPPY HOUR ATTENDEES

...on Electric
... 10 at 09:34 · 🌐

...e and meet Wattson. As part of National Drive Electric Week, our EV, Wattson, will be at the Dimona Center (outside H&M) between 11 am and 1 pm today. Stop by and learn more about electric vehicles in Alaska.



~2,000

PEOPLE REACHED ON SOCIAL MEDIA

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 27, 2018

ACTION REQUIRED

AGENDA ITEM NO. VII.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

2018 Salary Plan Revision

DISCUSSION

Consistent with prudent salary administration and Chugach Board Policy a salary market survey of non-represented salaries is conducted every year. Prior surveys resulted in no recommendation for change, the most recent survey suggest that the current management salary plan needs an adjustment to maintain Chugach's position in the employment market. Anecdotally, Chugach is experiencing some recruitment and retention difficulties based on our total compensation, of which salary is the major component.

The non-represented salary plan covers approximately 90 positions. Non-represented job classifications include: accountants, engineers (project managers), supervisors, executive secretaries, security personnel, administrative workers, managers and executives. The plan was last updated March 26, 2014, using the most current data from 2013. Chugach uses an independent third-party consultant to analyze the plan within a number of appropriate market surveys. The third-party consultant has determined that the current salary plan is lagging the market. Executive management recommends that the consultant recommendation be accepted by the Board of Directors.

MOTION

Move that the Board of Directors approve the 2018 Salary Plan Revision as the basis for the non-bargaining unit salary plan administration, essentially the same as discussed in Executive Session at the August 29, 2018, Regular Board of Directors meeting.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 27, 2018

ACTION REQUIRED

AGENDA ITEM NO. VIII.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Procurement Approval for the Quartz Creek kV Rebuild Project

(RFB 18-12 Steel Structure Procurement for 115 kV Rebuild – Hope Substation to Summit Lake Substation)

DISCUSSION

The 115kV Quartz Creek Transmission line between Anchorage and the Kenai Peninsula is over 50 years old and is nearing the end of its useful life. Beginning in 2011, Chugach started rebuilding this line in sections. To date, Chugach has rebuilt approximately 25 miles of the 90 mile line length. Based on field inspections of the remaining sections, the Hope Substation to Summit Lake Substation section has significant deterioration, and will be the next section to be rebuilt. The 10 mile long section will be rebuilt to 230 kV standards. The project includes retiring the existing structures and wire, and installation of larger structures and wire. The new structures are designed for heavy snow and wind loading. A method to mitigate avalanches was also incorporated into the design. These design features were included to increase reliability and reduce maintenance on the line.

This motion will consider the purchase of the steel structures to be used on the Hope Substation to Summit Substation section of line. The use of steel structures in the rebuilding project will reduce the cost of materials and construction over the use of wood structures.

Chugach received five bids in response to our solicitation for the procurement of steel structures to be used in the rebuild. Two of the bids were non-responsive, and of the three responsive bids Western Utility Telecom (WUT) was the lowest at \$1,203,464. The engineer's estimate is

\$1,163,000. The difference between the estimate and the bid may be attributed to increased steel tariffs.

MOTION

Move that the Board of Directors approve the resolution authorizing the Chief Executive Officer to execute a contract with Western Utility Telecom for the purchase of steel structures (to be used on the 115 kV transmission line re-build project between Hope Substation and Summit Lake Substation), in the amount not to exceed \$1,203,464.00.

RESOLUTION

Procurement Approval for Quartz Creek 115 kV Rebuild Project

WHEREAS, Chugach Electric Association, Inc. (Chugach) has identified the need to rebuild ten miles of 115 kV transmission line between Hope Substation and Summit Lake Substation to increase reliability;

WHEREAS, the eventual conversion of the 115kV line to 230kV will result in a reduction in losses and in increased transfer capacity from the Kenai Peninsula to Anchorage;

WHEREAS, this section of the 115 kV line has reached the end of its useful life and must be replaced, and the additional incremental cost of construction at 230 kV is only 10%-20% greater than an in-kind replacement, and which will result in significant savings over its future conversion to 230 kV;

WHEREAS, Chugach will upgrade 10 miles of transmission line between Anchorage and the Kenai Peninsula to 230 kV insulation as recommended in the states RIRP;

WHEREAS, Chugach has included this project in the 2018 -2022 Capital Improvement Plan (CIP);

WHEREAS, Chugach has included this project in the 2018 Annual Operating Budget;

WHEREAS, Chugach has authorized \$9,500,000 of project expenditures in February, 2018;

WHEREAS, Chugach has publicly solicited and received bids for the steel structures to be used on the Hope Substation to Summit Lake Substation from five (5) bidders and;

WHEREAS, Chugach has evaluated the bids and found Western Utility Telecom to be the lowest, responsive and responsible bidder,

NOW, THEREFORE, BE IT RESOLVED, that the Chugach Board of Directors authorizes the Chief Executive Officer to execute a contract with Western Utility Telecom for the purchase of steel structures to be used on the 115kV transmission line re-build project between Hope Substation and Summit Lake Substations in the amount not to exceed \$1,203,464.00.

CERTIFICATION

I, Stuart Parks, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 27th day of September, 2018; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 27th day of September, 2018.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 27, 2018

ACTION REQUIRED

AGENDA ITEM NO. X.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Acquisition of Anchorage Municipal Light & Power (ML&P): Transaction and Eklutna Power Purchase Agreement Term Sheets.

DISCUSSION

Chugach Electric Association, Inc. (Chugach) and the Municipality of Anchorage have negotiated key terms and conditions associated with Chugach's potential purchase of ML&P. The terms and conditions are identified in non-binding term sheets, as discussed in executive sessions.

MOTION

Move that the Board of Directors authorize the Chief Executive Officer to sign the Execution Version of the Transaction Term Sheet and the Execution Version of the Eklutna Power Purchase Agreement Term Sheet under terms and conditions substantially the same as presented and discussed in Executive Session on August 29, 2018 and September 27, 2018, and that the Term Sheets remain confidential until signed and the parties agree to publicly disclose the transaction.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 27, 2018

ACTION REQUIRED

AGENDA ITEM NO. X.B.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

IMO Day 1 Facilities Contract

DISCUSSION

The Integration Management Office (IMO) is planning the remodeling of Chugach facilities to accommodate additional personnel as part of the expected purchase of Municipal Light & Power (ML&P). Chugach plans to complete the design phase for remodeling prior to execution of the ML&P Asset Purchase Agreement (APA) to be ready for joint operations the day after Close (Day 1). The construction phase commences after approval of the APA by Chugach and the Municipality of Anchorage.

Chugach expects to use a Construction Manager/General Contractor (CMGC) to complete remodeling by Day 1. Chugach plans to issue a Request for Qualifications for a CMGC as early as October 1, 2018. The CMGC oversees design and construction, in contrast to traditional project approach (the traditional project approach is to design the project with one firm, advertise for construction contractors, go through a selection process, and then another firm performs construction). CMGC will use competitive bidding to select many of the subcontractors. The CMGC process is much faster and tends to be lower cost than the traditional project process. The IMO recommends using the CMGC process to be ready for Day 1. The IMO Day 1 facilities design phase is planned for October 15, 2018 through December 31, 2018 and is estimated to cost less than \$800,000. The construction phase begins January 1, 2019 and is completed prior to Day 1. The estimated cost for construction will not be finalized until design is complete. This motion commits Chugach to the selected CMGC for both the design and construction phase. The CMGC contract will have an early termination clause that Chugach can exercise if the APA is not approved. Chugach will be committed to the design phase, and upon

approval of the APA and subsequent approval of the Board of Directors, will be committed to the construction phase.

MOTION

Move that the Board of Directors authorize the CEO to approve the IMO Day 1 Facilities Contract using the CMGC process for an amount not-to-exceed \$800,000 for the design phase. A Notice-to-Proceed for the construction phase will not be issued until a final cost estimate is developed and subsequently approved by the Board of Directors.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

September 27, 2018

ACTION REQUIRED

AGENDA ITEM NO. X.C.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

TRANSCO Certificate of Public Convenience and Necessity Filing (CPCN)

DISCUSSION

Analysis of the establishment of a transmission-only utility for the Railbelt concludes that such a structure is in the best interests of the Chugach membership as well as the Railbelt region. Analysis of the business structure of this organization finds that a transmission-only utility (TRANSCO) with governance and terms substantially similar to those described in the August 20th, 2018 TRANSCO Term Sheet provides the highest value at the lowest incremental cost for the Chugach membership.

MOTION

Move that the Board of Directors authorize the Chief Executive Officer to participate with the other Railbelt Utilities in filing for a CPCN for a transmission-only utility for the Railbelt region. The business and structural organization of this entity will be substantially similar to those reflected in the TRANSCO Term Sheet dated August 20, 2018 and consistent with the resolution dated September 27, 2018.

RESOLUTION

Transmission-only Utility (TRANSCO) Certificate of Public and Convenience Filing (CPCN)

WHEREAS, Chugach has a large investment in transmission facilities and further investment is needed to upgrade Railbelt transmission infrastructure; and

WHEREAS, Chugach supports the establishment of an owner-governed transmission-only utility (TRANSCO) with responsibility for financing, constructing, operating and maintaining the Railbelt transmission Grid; and

WHEREAS, the Chugach Board of Directors desires to be proactive and take a leadership role in developing a Railbelt model that protects Chugach's investment in transmission and prudently plans for transmission expansion; and

WHEREAS, a Railbelt transmission model that would benefit Chugach's members, the other Railbelt utilities, and other stakeholders would include these attributes:

- Non-discriminatory open access.
- Maximizing the use of all assets from all transmission providers for joint use with full cost recovery for all providers.
- A universal transmission charge based on system load that will encourage the economic transfer of generation across the network.
- Regional planning of all future transmission infrastructure investments.
- A Certificate of Public Convenience and Necessity (CPCN) with a mandate to operate maintain and improve the regional transmission grid

WHEREAS, In January of 2017, the Chugach Board of Directors authorized the Chief Executive Officer to develop a business plan for a Railbelt-wide Transco; and

WHEREAS, Chugach has completed significant analysis of TRANSCO, business models and determined that the establishment of a transmission-only utility for the Railbelt is in the best interests of the Chugach membership as well as the Railbelt region. Further that, analysis of the business structure of this organization finds that an owner-governed TRANSCO with governance and terms substantially similar to those described in the August 20, 2018 Transco Term Sheet provides the highest value at the lowest incremental cost for the Chugach membership.

WHEREAS, the Chugach Board values the cooperative business model and yet recognizes the need for unity amongst the Railbelt Utilities.

NOW, THEREFORE, BE IT RESOLVED, that the Chugach Board of Directors urges the TRANSCO participants to fully consider the implications of introducing an Investor Owned Utility into the Railbelt, however authorizes the Chief Executive Officer to participate with the other Railbelt Utilities in filing a CPCN for a transmission-only utility for the Railbelt region. The business and structural organization of this entity will be substantially similar to those reflected in the TRANSCO Term Sheet dated August 20, 2018.

The CEO will inform the Board of any definitive agreements or significant changes. The CEO will report to the Board not later than January 31, 2019 on the status of this effort. And, subsequently, will submit to the Board, for the Board's review and approval, any documents or finalized term sheets related to this effort.

CERTIFICATION

I, Stuart Parks, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 27th day of September, 2018; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 27th day of September, 2018.

Secretary