



CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA

REGULAR BOARD OF DIRECTORS' MEETING

AGENDA

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

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

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**October 26, 2022**

**4:00 p.m.**

**Chugach Board Room**

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- I. CALL TO ORDER (4:00 p.m.)
  - A. Pledge of Allegiance
  - B. Roll Call
  - C. Safety Minute – “Preparing for Winter” (Freeman)
  - D. Electric Power Factoid: Under Frequency Load Shed (Bell)
- 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
    - 1. Member Advisory Council (MAC) Report (MAC)
    - 2. Native Village of Eklutna
- V. CONSENT AGENDA\* (4:45 p.m.)
  - A. Board Calendar
  - B. Training and Conferences
    - 1. NRECA’s Winter School for Directors, December 9-13, 2022, Nashville, TN (*Deadline for conference and hotel registration is November 9, 2022*)
  - C. Minutes
    - 1. September 28, 2022, Regular Board of Directors’ Meeting (Doyle)

\* Denotes Action Items

\*\* Denotes Possible Action Items

10/21/2022 4:06:30 PM

- D. Quartz Creek Transmission Line Rebuild - Girdwood to Indian Project Authorization (Laughlin/M. Miller)*
- E. Director Expenses*
- VI. CEO REPORTS AND CORRESPONDENCE (4:50 p.m.)
  - A. Enterprise Resource Planning (ERP) Project Update (McCarty) (4:50 p.m.)*
  - B. August 2022 Financial Statements and Variance Report (Griffin/Highers) (5:00 p.m.)*
  - C. Board Policy Scheduled Tasks/Reports (Board/Staff) (5:15 p.m.)*
- VII. UNFINISHED BUSINESS (none)
- VIII. NEW BUSINESS (none)
- IX. EXECUTIVE SESSION\* (scheduled) (5:25 p.m.)
  - A. Invoice Cloud – Contract Approval (Kurka/Travis) (5:25 p.m.)*
  - B. Draft 2023-2027 Strategic Plan (Miller) (5:40 p.m.)*
  - C. Battery Energy Storage System (Laughlin) (6:00 p.m.)*
  - D. Railbelt Reliability Council Update (Clarkson) (6:25 p.m.)*
- X. NEW BUSINESS\* (scheduled) (6:40 p.m.)
  - A. Invoice Cloud – Contract Approval\* (Kurka/Travis) (6:40 p.m.)*
  - B. Retirement Security Plan Restatement\* (Clarkson) (6:50 p.m.)*
  - C. Battery Energy Storage System (Laughlin)\*\* (7:00 p.m.)*
- XI. DIRECTOR COMMENTS (7:10 p.m.)
- XII. ADJOURNMENT\* (7:25 p.m.)

\* *Denotes Action Items*

\*\* *Denotes Possible Action Items*



# PREPARING FOR WINTER

Regular Board of Directors' Meeting  
October 26, 2022

- Wear the right footwear-practical with good traction.
- When walking, look where you are going and have your hands ready to steady yourself should you slip.
- Warm up before shoveling. Pushing snow is easier than lifting it.
- Make sure you have fresh batteries in your carbon monoxide detectors.
- Salt your driveway to reduce ice build up.
- Ensure you have an ice scraper in your car and that your tires are up for the job of winter driving.

## SAFETY TIPS



# Energy Factoid: Under Frequency Load Shed

Regular Board of Directors' Meeting  
October 26, 2022



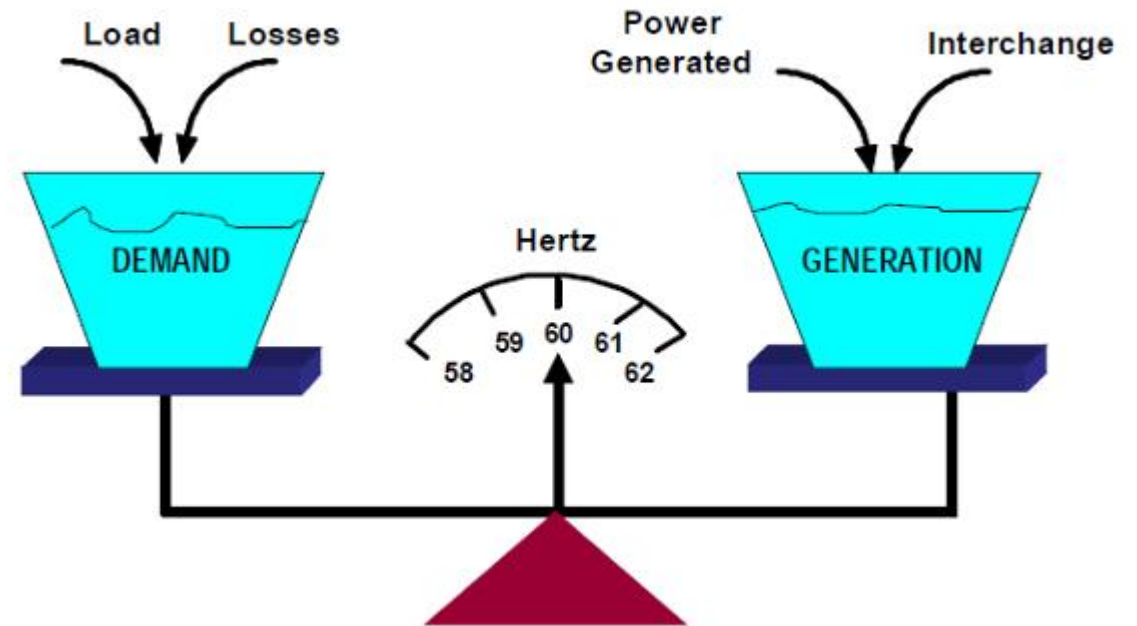
# Under Frequency Load Shed

## Power System Operation: Load Balancing

- Load and losses must equal generation in a power system
- Frequency shows the operators whether load and generation are balanced

## Power System Protection

- If load > generation, the power system must respond
- Damage and system failure will occur at extreme off-frequencies



Source: University of Nevada, Las Vegas  
(<http://www.ee.unlv.edu/~eebag/4.pdf>)



# Under Frequency Load Shed

## Definition of Under Frequency Load Shed

- Chugach participates in a “Reserve Sharing Group”, in which a large Contingency Reserve is spread across all Railbelt utilities
- Intended to prevent grid blackouts following a larger than normal disturbance
- Under Frequency Load Shed (UFLS) is a “Protection Reserve” intended for grid disturbances so large that the standard Contingency Reserve is insufficient

## Operation

- UFLS operates when frequency falls below 59.0 Hz
- It is programmed into protective devices that operate the breakers in substations tripping a feeder breaker when the 59.0 Hz threshold is met for Stage 1
- UFLS acts as the last line of protection

Frequency	UFLS Stage	Cumulative Load Shed
60.0	Nominal	0%
59.0	Stage 1	10%
58.7	Stage 2	20%
58.5	Stage 3	30%
58.5 (longer delay)	Stage 4	50%

# Under Frequency Load Shed

## Example UFLS Activation

- A large disturbance beyond the capability of Contingency Reserves
  - Frequency declines to 59.0 Hz in about 4.1 seconds
  - UFLS Stage 1 activated
  - Frequency rapidly recovers in about 6.0 seconds

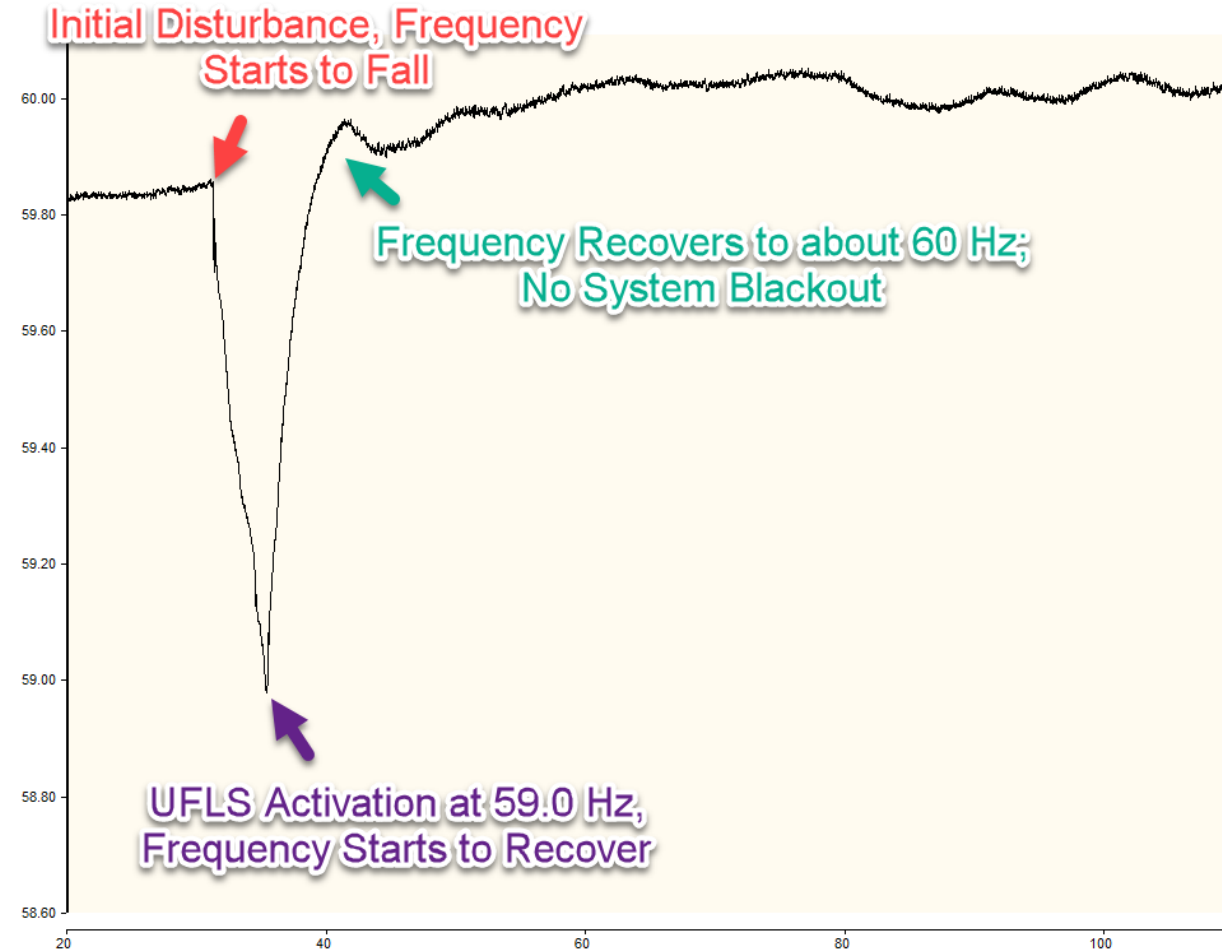


Image: Railbelt Frequency During Grid Disturbance





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\* *Denotes Action Items*

\*\* *Denotes Possible Action Items*

# October 2022

October 2022						November 2022							
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			
30	31												

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Sep 25	26	27	28	29	30	Oct 1
2	3 11:00am APA ACRE Meeting - CCBOD	4	5 5:00pm Member Advisory Council (MAC) Meeting (BoardroomCR) - Arden Quezon	6	7 11:00am Board Chair/Vice Chair Discussion (Board Room CR) - Ashton Doyle	8
9	10	11 11:00am Pre-Eklutna Meeting (Board Room CR) - Ashton Doyle 12:00pm United Way Meeting (Board Room CR) - Ashton Doyle	12	13	14	15
16	17 11:30am Review Operations Committee Meeting Packet (Board Room CR) - Ashton Doyle	18 4:00pm REAP Public Policy Committee (via Zoom) - CCBOD	19 10:00am Eklutna Hydro owners / Native Village of Eklutna leadership meeting 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 NWPPA/APA Alaska Electric L	Nov 1	2	3	4	5

# November 2022

November 2022

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

December 2022

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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
Oct 30	31	Nov 1 NWPPA/APA Alaska Electric Utility Conference (10/31 - 11/4) (Hollis) (Denai'ina Civic & Convention Center) - CCBOE 1:00pm	2	3	4	5
6	7 10:00am Review Audit & Finance Meeting Packet (Board Room CR) - Arden Quezon	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 4:00pm Operations Committee Meeting (Board Room CR) - Arden Quezon	16	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 4:00pm Regular Board of Directors Meeting (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
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

January 2023

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

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
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 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
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February 2023

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

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

March 2023

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

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

# March 2023

March 2023

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

April 2023

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

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

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

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

# 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

August 2023

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

September 2023

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

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

# September 2023

September 2023

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

October 2023

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

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

# Winter School for Directors

Nashville, TN / December 9 – 13, 2022

Ensuring that board leaders develop the knowledge and skills required to meet the challenges of today's increasingly complex utility marketplace

**JOIN US IN DECEMBER**

## **Winter School for Directors**

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.

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 five-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 earning or maintaining their Director Gold credential.

### **Also of Interest:**

- Summer School for Directors
- Director Certificate Program

### **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 or maintain Director Gold status.

### **Schedule**

*Subject to change*

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

**FRI. 12/09**

[\*\*8:00am - 4:00pm2600 Director Duties and Liabilities\*\*](#)

[\*\*8:00am - 4:00pm901.1 Rules and Procedures for Effective Board Meetings\*\*](#)

[\*\*8:00am - 4:00pm914.1 Cooperative Communications and Public Opinion\*\*](#)

[\*\*8:00am - 4:00pm937.1 Applying Emotional Intelligence in the Boardroom - NEW!\*\*](#)

[\*\*8:00am - 4:00pm944.1 Giving and Receiving Effective Feedback\*\*](#)

[\*\*8:00am - 4:00pm977.1 Equity Management and Boardroom Decision Making\*\*](#)

## **SAT. 12/10**

[8:00am - 4:00pm2620 Board Operations and Process](#)

[8:00am - 4:00pm903.1 The Role of the Board Chair in Conducting Effective Meetings](#)

[8:00am - 4:00pm943.1 Conversation Skills Outside the Boardroom](#)

[8:00am - 4:00pm951.1 Developing Effective Boardroom Decision-Making](#)

[8:00am - 4:00pm953.1 Improving Board Decision Making Quality](#)

[8:00am - 4:00pm955.1 Your Board's Culture: Its Impact on Effectiveness](#)

[8:00am - 4:00pm979.1 Being the Consumer-Centric Utility – NEW](#)

## **SUN. 12/11**

[8:00am - 4:00pm2640 Financial Decision Making](#)

[8:00am - 4:00pm913.1 Cooperative Fundamentals, Legacy, and Economic Impact](#)

[8:00am - 4:00pm921.1 Risk Oversight: The Board's Role in Risk Management](#)

[8:00am - 4:00pm930.1 Ethics and Governance: Implementing the New Accountability](#)

[8:00am - 4:00pm952.1 Increasing Influence and Building Board Consensus](#)

[8:00am - 4:00pm965.1 Electric Vehicles: Strategy and Policy Consideration - NEW!](#)

## **MON. 12/12**

[8:00am - 4:00pm2610 Understanding the Electric Business](#)

[8:00am - 4:00pm927.1 Cybersecurity: The Board's Oversight Role](#)

[8:00am - 4:00pm929.1 Current Issues in Policy Development](#)

[8:00am - 4:00pm958.1 Succession Planning: Developing the Purpose-Driven Organization](#)

[8:00am - 4:00pm959.1 Boardroom Challenges: Connecting Theory to Action](#)

[8:00am - 4:00pm974.1 Rate Making Strategies & Policy Decisions for Electric Co-op Boards](#)

[8:00am - 4:00pm985.1 Considering Broadband: The Due Diligence Process – NEW!](#)

## **TUE. 12/13**

[8:00am - 4:00pm957.1 How to Evaluate and Improve Board Performance](#)

[8:00am - 4:00pm975.1 Capital Credits Issues and Decisions](#)

[8:00am - 4:00pm2630 Strategic Planning](#)

[8:00am - 4:00pm918.1 Maximizing Your Grassroots Strategy](#)

[8:00am - 4:00pm919.1 Cooperative Structure: A Strategic Advantage](#)

[8:00am - 4:00pm935.1 Appraising and Compensating the CEO](#)

Speakers

**BYRON S. BAGBY**

Major General, U.S. Army (Retired)

**ROD CRILE**

Consultant, Crile Consulting, LLC

**SCOTT LUECAL**

Owner, Luecal Consulting LLC

**MOLLY MCPHERSON**

M.S., APR, Founder, Molly + Co.

**DELAINE ORENDORFF**

Director, Human Capital Planning, NRECA

**JOHN PENRY**

Founder, Penry Consulting

Registration Fees:

937.1	\$685
951.1	\$685
952.1	\$685
959.1	\$685
All other courses	\$630

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Nashville, TN

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### Additional Hotel Information

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BNA

**8 mi from event**

### Additional Travel Information

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

**September 28, 2022**  
**Wednesday**  
**4:00 p.m.**

**REGULAR BOARD OF DIRECTORS' MEETING**

Recording Secretary: Ashton Doyle

**I. CALL TO ORDER**

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

*A. Pledge of Allegiance*

Chair Chastain led the Board in the Pledge of Allegiance.

*B. Roll Call*

*Board Members Present:*

Bettina Chastain, Chair  
Mark Wiggin, Vice Chair *(via teleconference)*  
Harold Hollis, Treasurer  
Sam Cason, Secretary  
Erin Whitney, Director *(via teleconference)*  
Rachel Morse, Director *(via teleconference)*  
Sisi Cooper, Director

*Guests in Attendance:*

*Present:*

Arthur Miller	Sherri Highers	Todd McCarty
Matthew Clarkson	Julie Hasquet	Karen Griffin
Andrew Laughlin	Jean Kornmuller	Sean Skaling
Dean Thompson, Consultant	Andrew White	John Bell
Marty Freeman	Dustin Highers	Russel Thornton
Brandy Richards	David Caye	Michael Weston
Kate Ayers	Chris Kohler	Shaina Kilcoyne, Member

*Via Teleconference:*

Arden Quezon	Matthew Perkins,	Rachel Christensen,
Sandra Cacy	Alaska Renewables	Alaska Center
Jennifer Stryker,	Teresa Kurka	Crystal Enkvist, Alaska
Alaska Center	Allen Hippler, Member	Power Association
Jonas Banta, Member	Nathan Golab	

*At this time delegation was given to Director Cooper to sign expense reports for Directors Morse, Whitney, and Wiggin.*

- C. *Safety Minute*  
Marty Freeman, Senior Manager HSE, discussed “*Cold Water Safety*”.
- D. *Guest Speaker: Anchorage Greenhouse Gas Inventory Results (Shaina Kilcoyne)*  
Shaina Kilcoyne, former Energy and Sustainability Manager with the Municipality of Anchorage presented on the results of the 2015-2020 Greenhouse Gas Inventory.

## II. APPROVAL OF AGENDA

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

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

## III. PERSONS TO BE HEARD

- A. *Member Comments*  
Rachel Christensen, Clean Energy Organizer with the Alaska Center thanked Directors and staff for increased transparency.

Allen Hippler, Member, encouraged the Board to focus on power source cost and reliability and to provide opt-in and opt-out options for consumers.

## IV. DIRECTOR REPORTS

- A. *Alaska Power Association (APA) Report*  
Director Hollis introduced Crystal Enkvist, Alaska Power Association Executive Director, who provided an update on APA activities, upcoming events, and responded to questions from the Board.
- B. *Renewable Energy Alaska Project (REAP) Report*  
Director Whitney reported on REAP activities, upcoming events, and responded to questions from the Board.
- C. *Board Committee Reports (Audit and Finance, Operations & Governance)*  
Director Hollis reported on the August 24, 2022, Audit and Finance Committee meeting and stated that the next meeting is scheduled for November 9, 2022.  
  
Director Hollis stated there were no Operations Committee meetings to report on and stated that the next committee meeting is scheduled for October 19, 2022.  
  
Director Cason reported on the September 14, 2022, Governance Committee meeting and stated that the meeting is scheduled for December 5, 2022.
- D. *Other Meeting Reports*  
Director Cason reported on the upcoming Member Advisory Council (MAC) meeting scheduled for October 5, 2022.

Director Morse reported on the Region IX meeting she was attending in Portland, Oregon, and responded to questions from the Board.

**V. CONSENT AGENDA**

- A. *Board Calendar*
  - 1. *Excused Absence – Director Wiggin – September 28, 2022, Regular Board of Directors’ 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)*

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

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

**VI. CEO REPORTS AND CORRESPONDENCE**

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

Arthur Miller, Chief Executive Officer (CEO), provided an update on the Enterprise Resources Planning project and responded to questions from the Board.
- B. *July 2022 Financial Statements & Variance Report (Griffin/Highers)*

Karen Griffin, Vice President of Finance and Accounting, reported on the July 2022 Financial Statements and Variance Report and responded to questions from the Board.
- C. *3<sup>rd</sup> Quarter 2022 Railbelt Bill Comparison (Kornmuller)*

Arthur Miller, CEO, reported on the 3<sup>rd</sup> Quarter 2022 Railbelt Bill Comparison and responded to questions from the Board.
- D. *Board Policies Scheduled Tasks (Staff/Board)*

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

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

**VII. UNFINISHED BUSINESS**

None.

*Director Wiggin joined the meeting via teleconference during Unfinished Business.*

**VIII. NEW BUSINESS**

- 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)*

Director Cason moved and Director Hollis seconded the motion 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.

Director Cooper offered a friendly amendment to add the exact title of Board Policy 401 in the motion. The amendment was accepted, and motion passed unanimously as amended.

**IX. EXECUTIVE SESSION**

- A. *Power Pool Agreement (White/Clarkson/D. Thompson/Miller)*
- B. *Battery Energy Storage System (Laughlin)*
- C. *Decarbonization Program Update (D. Highers)*
- D. *Renewable Energy Plan Update (Skaling/Miller)*
- E. *Bradley Lake Project Management Committee Structure (Miller)*

At 5:01 p.m., Director Hollis moved and Director Cason seconded the motion that pursuant to Alaska Statute 10.25.175(c)(3) the Board of Directors go into executive session to 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 8:31 p.m.*

**X. NEW BUSINESS**

None.

**XI. DIRECTOR COMMENTS**

Director comments were made at this time.

**XII. ADJOURNMENT**

At 8:41 p.m., Director Hollis moved and Director Cason seconded the motion to adjourn. The motion passed unanimously.

---

Samuel Cason, Secretary  
Date Approved: October 26, 2022

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

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

**October 26, 2022**

**ACTION REQUIRED**

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

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

**TOPIC**

Project Authorization – Quartz Creek Transmission Line Rebuild: Girdwood to Indian

**DISCUSSION**

At the October 19, 2022, Operations Committee meeting, the Committee recommended the Chugach Electric Association, Inc. Board of Directors approve the attached resolution authorizing the Chief Executive Officer to approve project expenditures for the transmission line rebuild between the Girdwood Substation and the Indian Substation at an estimated total cost of \$21,200,000 and with an estimated completion date of December 2024.

The Quartz Creek Transmission Line is operated at 115 kV between the University Substation in Anchorage and the Quartz Creek Substation in Cooper Landing (Kenai Peninsula). The 90-mile line was originally installed in 1962 to export energy from the Cooper Lake Hydroelectric Project on the Kenai Peninsula to the Anchorage area. Sections of the line are over 50 years old and are nearing the end of their useful life.

Chugach Electric Association, Inc. (Chugach) has been rebuilding this transmission line since 2012 through which it has developed a consistent Basis of Design for the line. To date, approximately 36 miles of the line have been rebuilt. Below is the current status and the remaining schedule for the transmission line rebuild:



<i>Transmission Line Segment</i>	<i>Approx. Miles</i>	<i>Year</i>	<i>Status</i>
<b><i>Completed Rebuilds</i></b>			
Ingram to Silvertip	15	2012	Completed
Powerline Pass	6	2016	Completed
Silvertip to Hope	4	2017	Completed
Hope to Summit	10	2018	Completed
Placer River	1	2020	Completed
<b><i>Completed Subtotal</i></b>	<b><i>36</i></b>		
<b><i>Planned Rebuilds</i></b>			
Girdwood to Indian	11	2024	Planned
Summit Lake to Daves Creek	10	2026	Planned
Daves to Quartz	7	2029	Planned
Girdwood to Ingram	15	2031	Planned
Tudor Junction to Powerline Pass	11	2032	Planned
<b><i>Planned Subtotal</i></b>	<b><i>54</i></b>		
<b><i>Total</i></b>	<b><i>90</i></b>		

The Girdwood to Indian Substation transmission line segment, which spans approximately 11 miles, has been impacted by avalanches and equipment failures. Field inspections have revealed significant deterioration in structure foundations due to corrosion and ice damage. The rebuild will replace aging infrastructure with a more modern robust design addressing known operational challenges including mitigating impacts of avalanche slide areas, minimizing corrosion and ice damage of structures adjacent to Turnagain Arm, and reducing equipment failures by increasing the strength ratings. Consistent with past rebuilds of this transmission line, this section of line will be insulated to 230 kV standards for the added benefit of additional phase and ground clearances which has proved beneficial in operation of the rebuilt line sections; it increases reliability of the line by mitigating impacts of vegetation as well as snow and ice loading. Increasing conductor size and insulating to 230 kV also allows for future 230 kV operation with decreased losses and increased capacity of the line. The project also includes the increasing the size of the conductor and the addition of fiber optic cable between Indian and Girdwood Substations which will allow for retirement of an existing Power Line Carrier system and greater communication capacity.

This rebuild provides for double circuit construction between Tidewater Slough to the Girdwood Substation, which allows for future substation upgrades to support two transmission line terminals and an advanced bus design to reduce the impacts of outages during contingencies. It will enhance reliability for communities served by this transmission line.

The project is included in Chugach’s 2022-2026 Capital Improvements Program and, if approved, will be included in the 2023 budget. The total project cost is estimated at \$21,200,000.

**MOTION**

*(Consent Agenda)*



## RESOLUTION

### **Quartz Creek Transmission Line Rebuild: Girdwood to Indian Substation Project Authorization**

WHEREAS, Chugach Electric Association, Inc.'s (Chugach) 90-mile transmission line that extends from the Quartz Creek Substation (Quartz Creek) in Cooper Landing to the University Substation (University) in Anchorage was installed in 1962 to export energy from the Cooper Lake Hydroelectric Project on the Kenai Peninsula to the Anchorage area;

WHEREAS, the Quartz Creek to University transmission line is essential for the delivery of energy and capacity to retail and wholesale members throughout Chugach's system;

WHEREAS, Chugach has rebuilt 36 of the 90-mile Quartz Creek to University transmission line to 230 kV, comprised of the Ingram to Silvertip segment in 2012, the Powerline Pass segment in 2016, the Silver to Hope segment in 2017, the Hope the Summit segment in 2018, and the Placer River segment in 2020;

WHEREAS, Chugach has identified the need to rebuild 11 miles of the transmission line extending between the Girdwood Substation and the Indian Substation to increase reliability and to mitigate deterioration of structure foundations;

WHEREAS, the Girdwood to Indian Substation transmission line segment is nearing the end of its useful life and the rebuild of this segment will address known operational challenges associated with avalanche slides, corrosion, clearance, and communication issues;

WHEREAS, the rebuild of the Girdwood to Indian Substation transmission line will be constructed to current standards and robust design requirements;

WHEREAS, the project will include double circuit construction from Tidewater Slough to the Girdwood Substation which will allow for future substation upgrades to support an additional transmission line terminal which in coordination with an advanced bus design will significantly increase reliability to communities in Chugach's service territory served by the Quartz Creek Transmission Line,

WHEREAS, the 230 kV construction standards provide additional clearances adding increased reliability and future operation consistent with the 2010 Railbelt Integrated Resource Plan;

WHEREAS, the conversion of the 115 kV line to 230 kV transmission line will result in a reduction in line losses from the Kenai Peninsula to Anchorage;

WHEREAS, the rebuild of the Quartz Creek to University transmission line is included in Chugach's 2022 – 2026 Capital Improvement Plan;

WHEREAS, Chugach has estimated the total cost of the project at \$21,200,000.

NOW, THEREFORE, BE IT RESOLVED, that the Chugach Electric Association, Inc. Board of Directors authorizes the Chief Executive Officer to approve project expenditures for the rebuild of the Quartz Creek Transmission Line between the Girdwood Substation and the Indian Substation at an estimated amount of \$21,200,000, with an estimated completion date of December 31, 2024.

#### CERTIFICATION

I, Samuel Cason, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 26th day of October, 2022; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 26th day of October, 2022.

---

Secretary

CHUGACH ELECTRIC ASSOCIATION, INC.  
Anchorage, Alaska

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

October 26, 2022

**ACTION REQUIRED**

AGENDA ITEM NO. V.E.

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC**

Director Expenses

**DISCUSSION**

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

**MOTION**

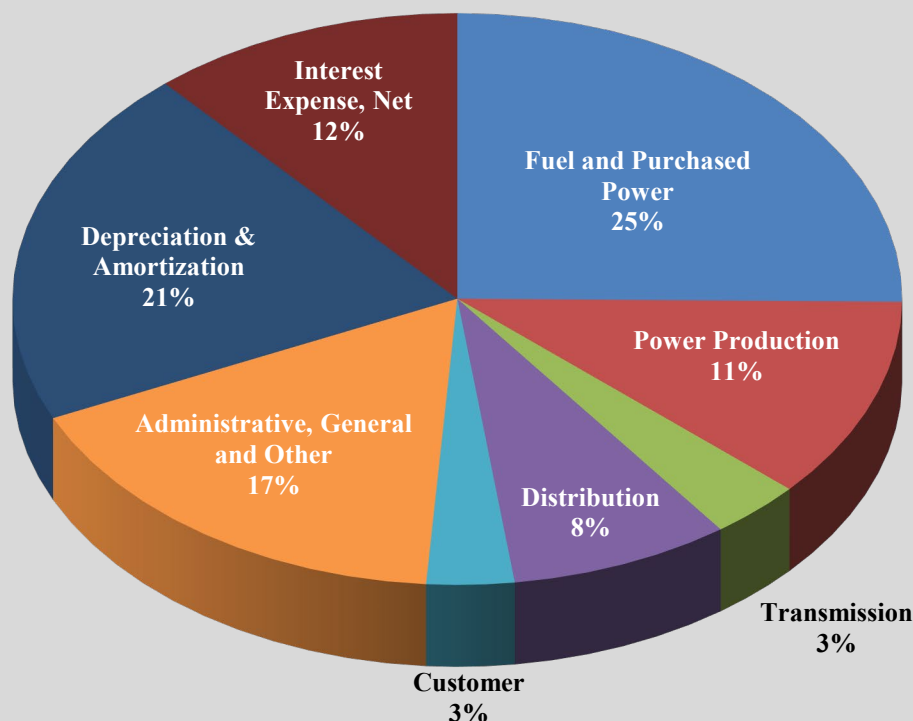
*(Consent Agenda)*

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

CATEGORY	ACTUAL	BUDGET <sup>1</sup>	VARIANCE
<b>Operating Revenue &amp; Patronage Capital</b>	<b>\$ 26,935,825</b>	<b>\$ 26,942,804</b>	<b>\$ (6,979)</b>
Fuel and Purchased Power	7,116,147	8,264,309	(1,148,162)
Power Production	3,228,427	3,016,739	211,688
Transmission	942,166	980,112	(37,946)
Distribution	2,265,840	2,490,085	(224,245)
Customer	899,511	1,014,060	(114,549)
Administrative, General and Other	4,810,996	4,414,647	396,349
Depreciation & Amortization	5,778,381	5,106,128	672,253
Interest Expense, Net	3,229,173	3,181,390	47,783
<b>Total Cost of Electric Service</b>	<b>\$ 28,270,641</b>	<b>\$ 28,467,470</b>	<b>\$ (196,829)</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ (1,334,816)</b>	<b>\$ (1,524,666)</b>	<b>\$ 189,850</b>
Non-Operating Margins - Interest	70,865	24,262	46,603
Allowance for Funds Used During Construction	8,505	21,562	(13,057)
Non-Operating Margins - Other	147	(12,098)	12,245
<b>Patronage Capital or Margins</b>	<b>\$ (1,255,299)</b>	<b>\$ (1,490,940)</b>	<b>\$ 235,641</b>
<b>Adj. Patronage Capital or Margins<sup>2</sup></b>	<b>\$ (516,056)</b>	<b>\$ (751,697)</b>	<b>\$ 235,641</b>

<sup>1</sup>Amended budget  
<sup>2</sup>Results if adjusted by secondary regulatory asset & Eklutna PPA

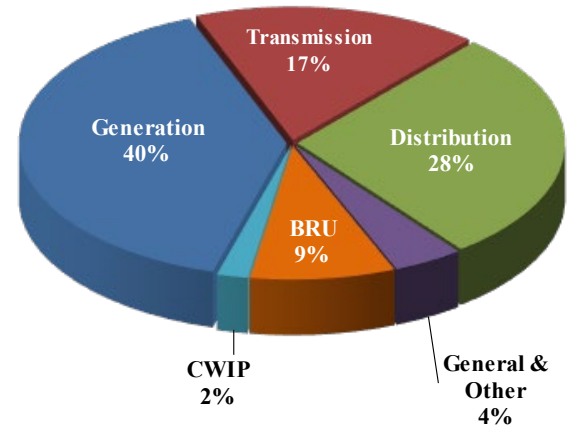
### Total Cost of Electric Service (MTD Actual)



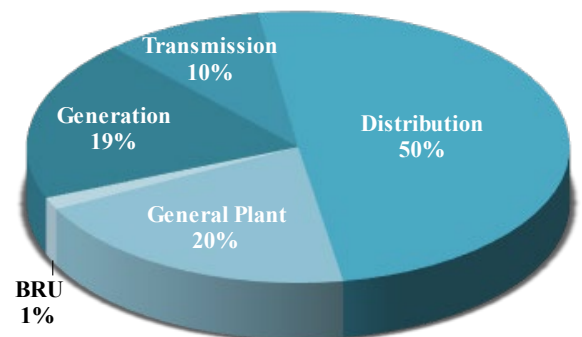
## BALANCE SHEET

ASSETS & OTHER DEBITS	8/31/2022	12/31/2021
Electric Plant in Service	2,109,214,091	2,085,567,712
Construction Work in Progress	40,378,306	34,253,304
<b>Total Utility Plant</b>	<b>\$ 2,149,592,397</b>	<b>\$ 2,119,821,016</b>
Accum. Prov. for Depreciation/Amortization	(683,150,810)	(640,729,478)
<b>Net Utility Plant</b>	<b>\$ 1,466,441,587</b>	<b>\$ 1,479,091,538</b>
Nonutility Property - Net	76,889	76,889
Financing & Operating Lease ROU Assets	4,115,836	4,126,967
Investment in Assoc. Organizations	6,996,666	7,280,936
Special Funds	36,039,190	43,016,636
Restricted Cash Equivalents & Other	64,310	64,310
Long-term Prepayments	0	291,846
<b>Total Other Property &amp; Investments</b>	<b>\$ 47,292,891</b>	<b>\$ 54,857,584</b>
Cash & Restricted Cash	26,082,486	37,590,723
Special Deposits and Marketable Securities	58,300	58,300
Accounts Receivable - Net	40,239,560	47,186,182
Materials and Supplies, Fuel Stock	64,436,095	59,371,225
Prepayments	7,157,812	4,917,095
Other Current & Accrued Assets	10,899,695	942,497
<b>Total Current &amp; Accrued Assets</b>	<b>\$ 148,873,948</b>	<b>\$ 150,066,022</b>
Deferred Debits	110,175,313	112,348,138
<b>Total Assets &amp; Other Debits</b>	<b>\$ 1,772,783,739</b>	<b>\$ 1,796,363,282</b>
LIABILITIES & OTHER CREDITS	8/31/2022	12/31/2021
Memberships	1,974,671	1,949,262
Pat. Capital, Margins & Equities	205,602,908	204,051,676
<b>Total Margins &amp; Equities</b>	<b>\$ 207,577,579</b>	<b>\$ 206,000,938</b>
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	(6,004,848)	(6,072,373)
Operating Lease Liabilities	3,651,975	3,835,282
Finance Lease Liabilities	202,941	13,667
<b>Total Long-Term Debt</b>	<b>\$ 1,157,350,064</b>	<b>\$ 1,194,171,239</b>
Notes Payable	73,178,596	64,473,838
Accounts Payable	22,880,331	14,878,065
Consumer Deposits	5,124,417	5,663,067
Other Current & Accrued Liabilities	61,051,585	52,236,502
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$ 162,234,929</b>	<b>\$ 137,251,472</b>
Deferred Compensation	1,513,363	2,115,229
Other Liabilities, Non-Current	895,986	741,387
Deferred Liabilities	13,858,911	24,724,119
BRU Regulatory Liability	100,750,925	107,364,906
Cost of Removal Obligation	128,601,982	123,993,992
<b>Total Liabilities &amp; Other Credits</b>	<b>\$ 1,772,783,739</b>	<b>\$ 1,796,363,282</b>

→ **Total Utility Plant**  
**\$2,149,592,397**



↓ **Construction Work in Progress**  
**\$40,378,306**

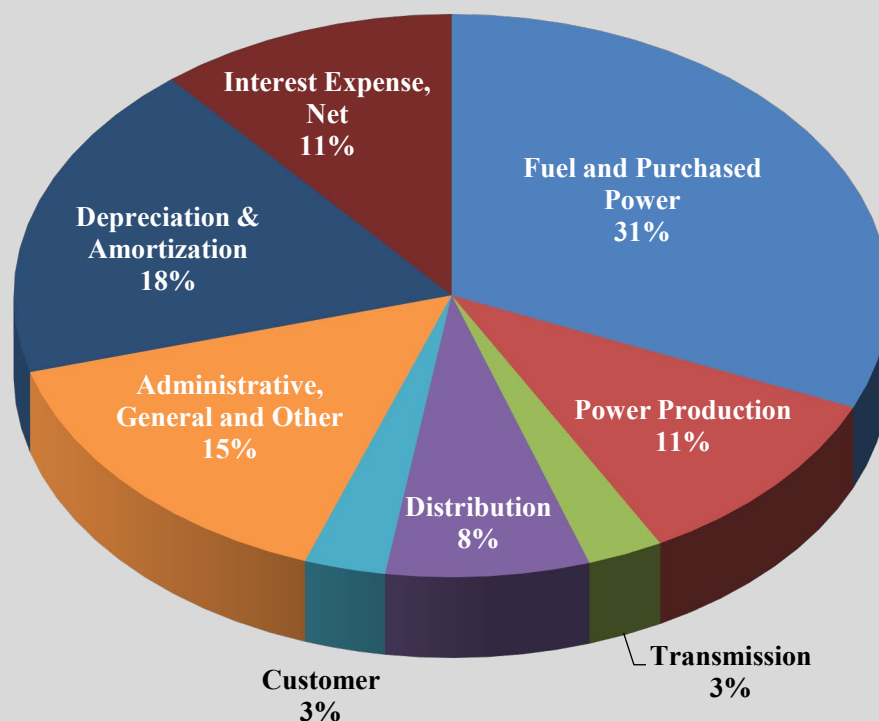


**COMPARATIVE FINANCIAL REPORT  
STATEMENT OF OPERATIONS  
2022 YTD ACTUAL TO BUDGET**

CATEGORY	ACTUAL	BUDGET <sup>1</sup>	VARIANCE
<b>Operating Revenue &amp; Patronage Capital</b>	\$ 235,493,817	\$ 228,139,093	\$ 7,354,724
Fuel and Purchased Power	73,784,822	70,639,508	3,145,314
Power Production	24,801,634	24,470,622	331,012
Transmission	6,562,088	7,670,972	(1,108,884)
Distribution	17,603,966	18,924,190	(1,320,224)
Customer	7,022,507	7,667,144	(644,638)
Administrative, General and Other	35,524,420	35,115,540	408,880
Depreciation & Amortization	42,920,040	40,850,014	2,070,026
Interest Expense, Net	25,910,573	25,734,139	176,434
<b>Total Cost of Electric Service</b>	\$ 234,130,050	\$ 231,072,129	\$ 3,057,920
<b>Patronage Capital &amp; Operating Margins</b>	\$ 1,363,767	\$ (2,933,036)	\$ 4,296,804
Non-Operating Margins - Interest	316,996	194,096	122,900
Allowance for Funds Used During Construction	56,127	181,162	(125,035)
Non-Operating Margins - Other	(47,815)	(96,788)	48,973
<b>Patronage Capital or Margins</b>	\$ 1,689,075	\$ (2,654,566)	\$ 4,343,642
<b>Adj. Patronage Capital or Margins<sup>2</sup></b>	\$ 6,863,782	\$ 2,520,140	\$ 4,343,642
MFI/I	1.06	0.90	
TIER	1.06	0.90	

<sup>1</sup>Amended budget  
<sup>2</sup>Results if adjusted by secondary regulatory asset & Eklutna PPA

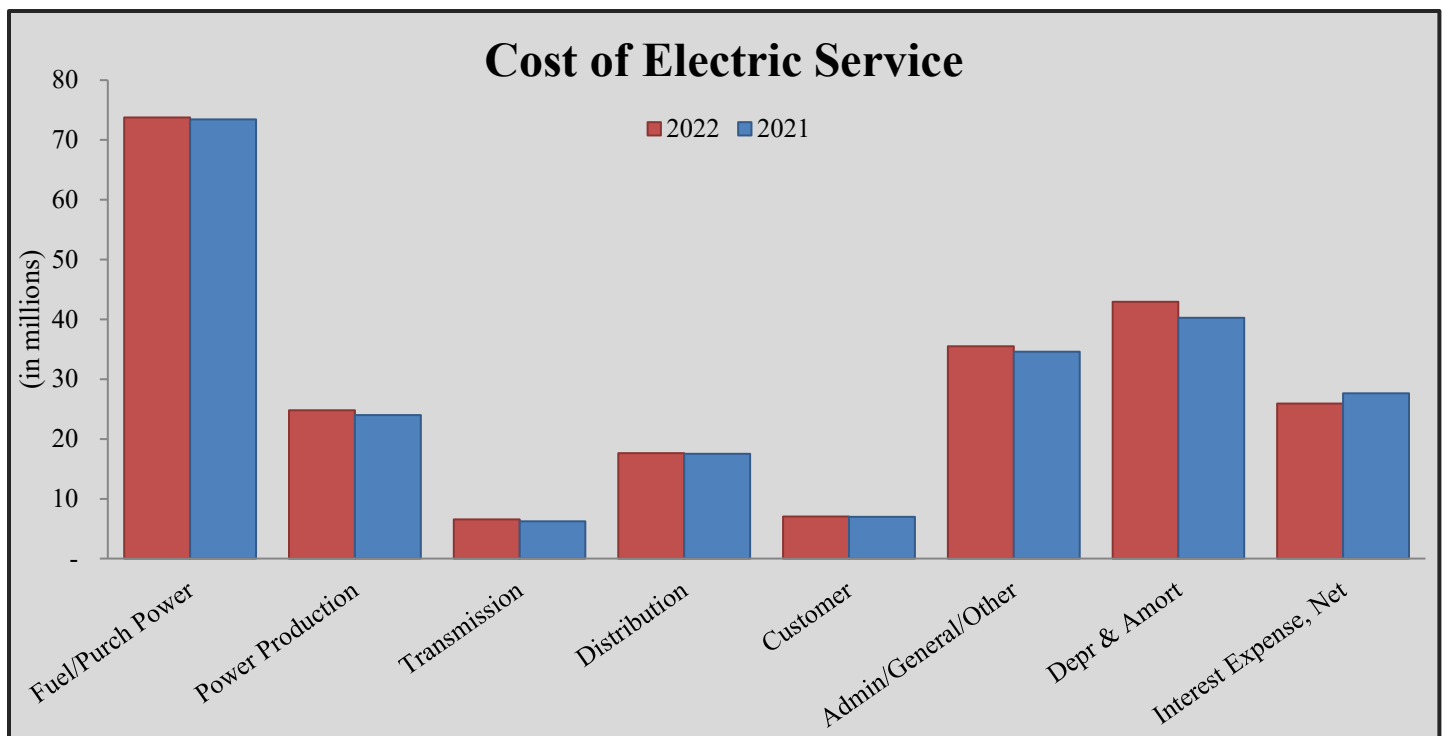
## Total Cost of Electric Service (YTD Actual)



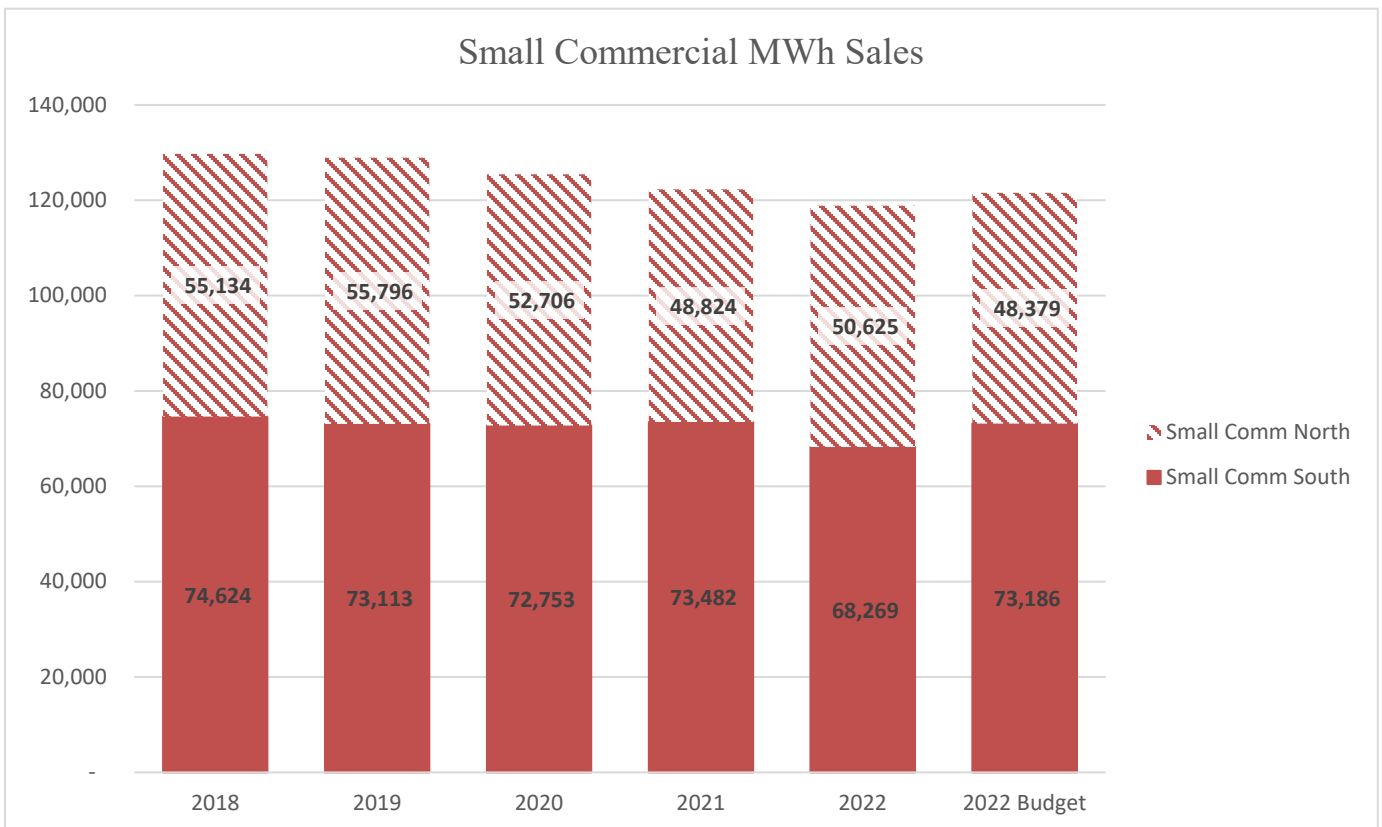
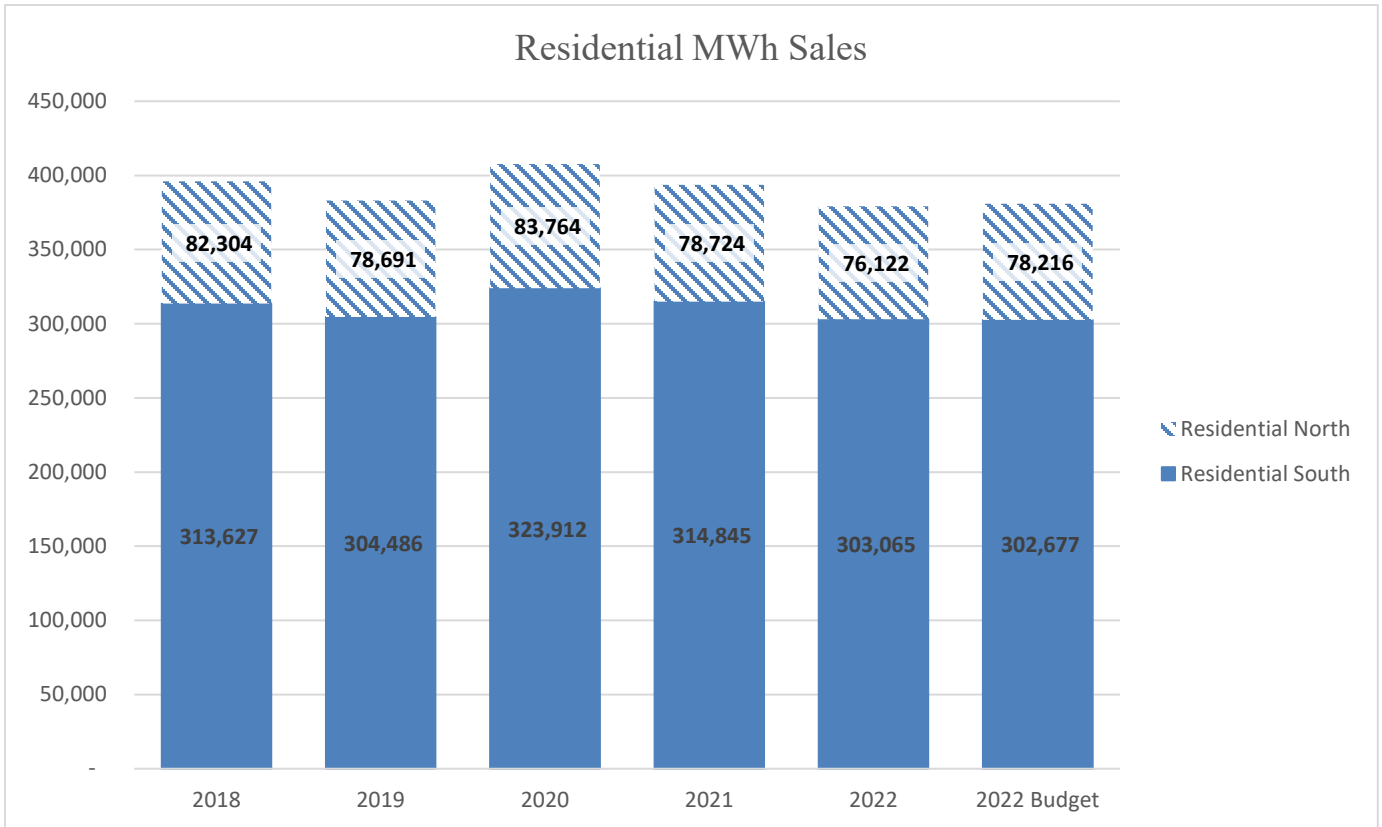
## COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YEAR

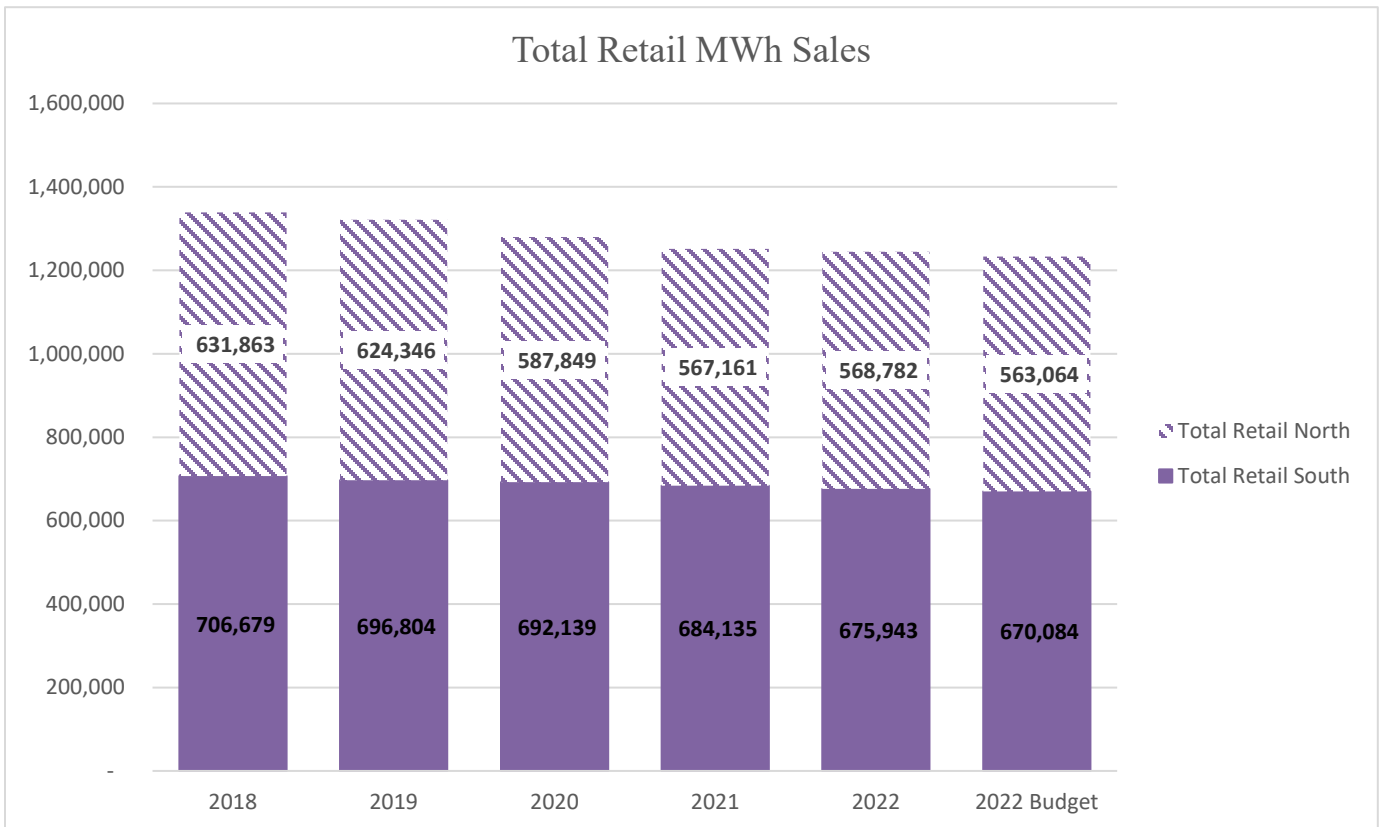
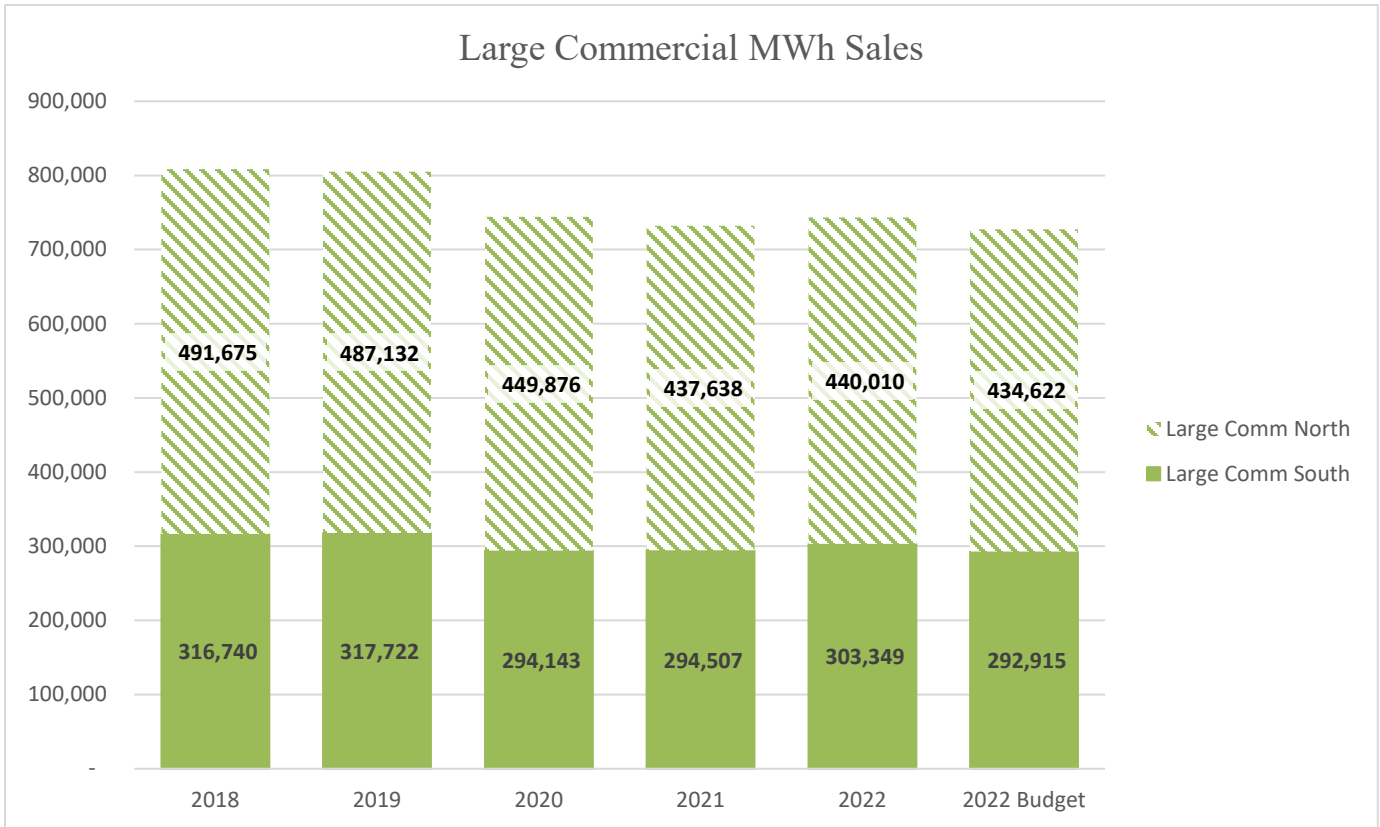
CATEGORY	2022 YTD ACTUAL	2021 YTD ACTUAL
<b>Operating Revenue &amp; Patronage Capital</b>	<b>\$ 235,493,817</b>	<b>\$ 233,497,321</b>
Fuel and Purchased Power	73,784,822	73,434,023
Power Production	24,801,634	23,975,006
Transmission	6,562,088	6,228,811
Distribution	17,603,966	17,495,379
Customer	7,022,507	6,994,057
Administrative, General and Other	35,524,420	34,610,052
Depreciation & Amortization	42,920,040	40,245,296
Interest Expense, Net	25,910,573	27,645,265
<b>Total Cost of Electric Service</b>	<b>\$ 234,130,050</b>	<b>\$ 230,627,889</b>
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 1,363,767</b>	<b>\$ 2,869,432</b>
Non-Operating Margins - Interest	316,996	196,483
Allowance for Funds Used During Construction	56,127	75,872
Non-Operating Margins - Other	(47,815)	9,142
<b>Patronage Capital or Margins</b>	<b>\$ 1,689,075</b>	<b>\$ 3,150,929</b>
<b>Adj. Patronage Capital or Margins<sup>1</sup></b>	<b>\$ 6,863,782</b>	N/A
MFI/I	1.06	1.11
TIER	1.06	1.11

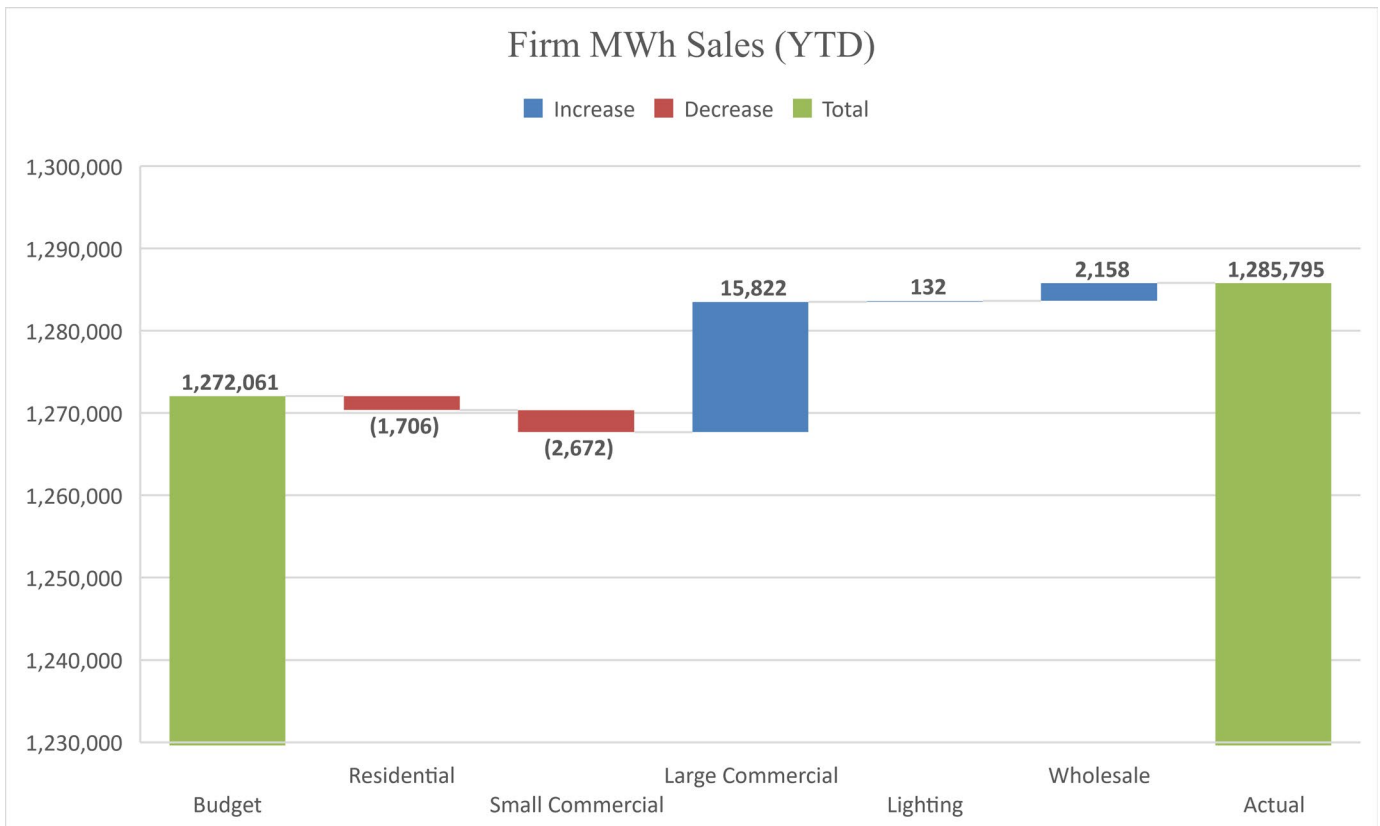
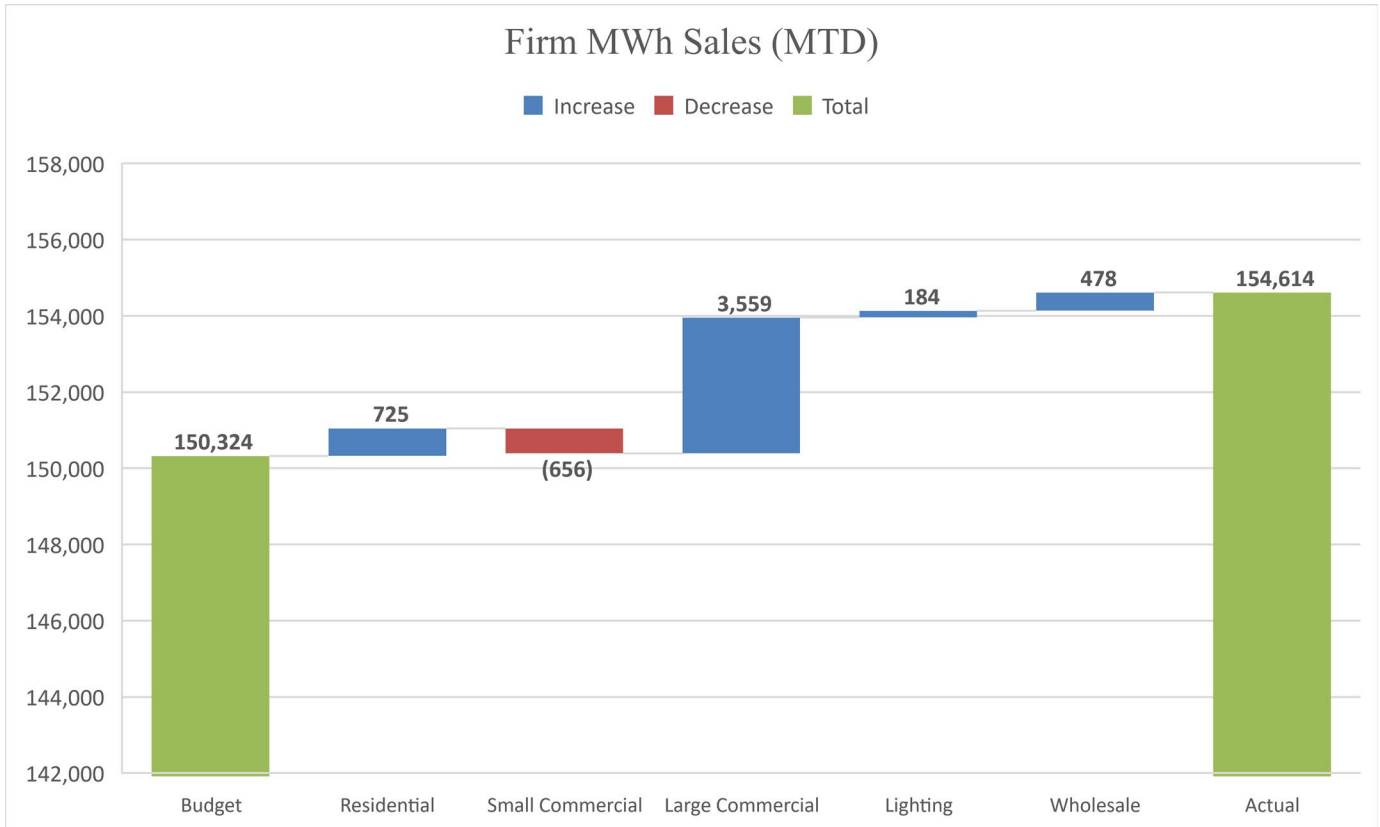
<sup>1</sup>Results if adjusted by secondary regulatory asset & Eklutna PPA

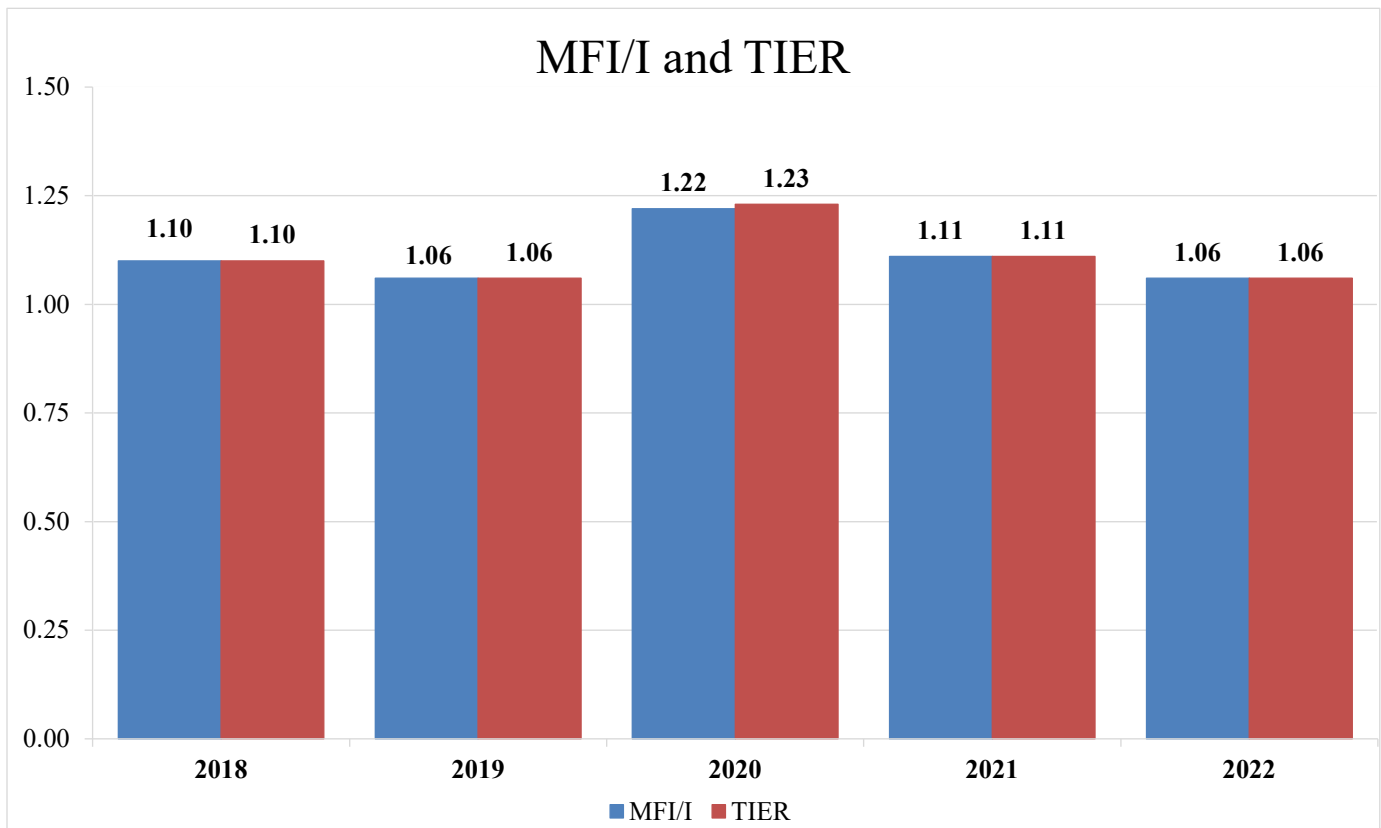
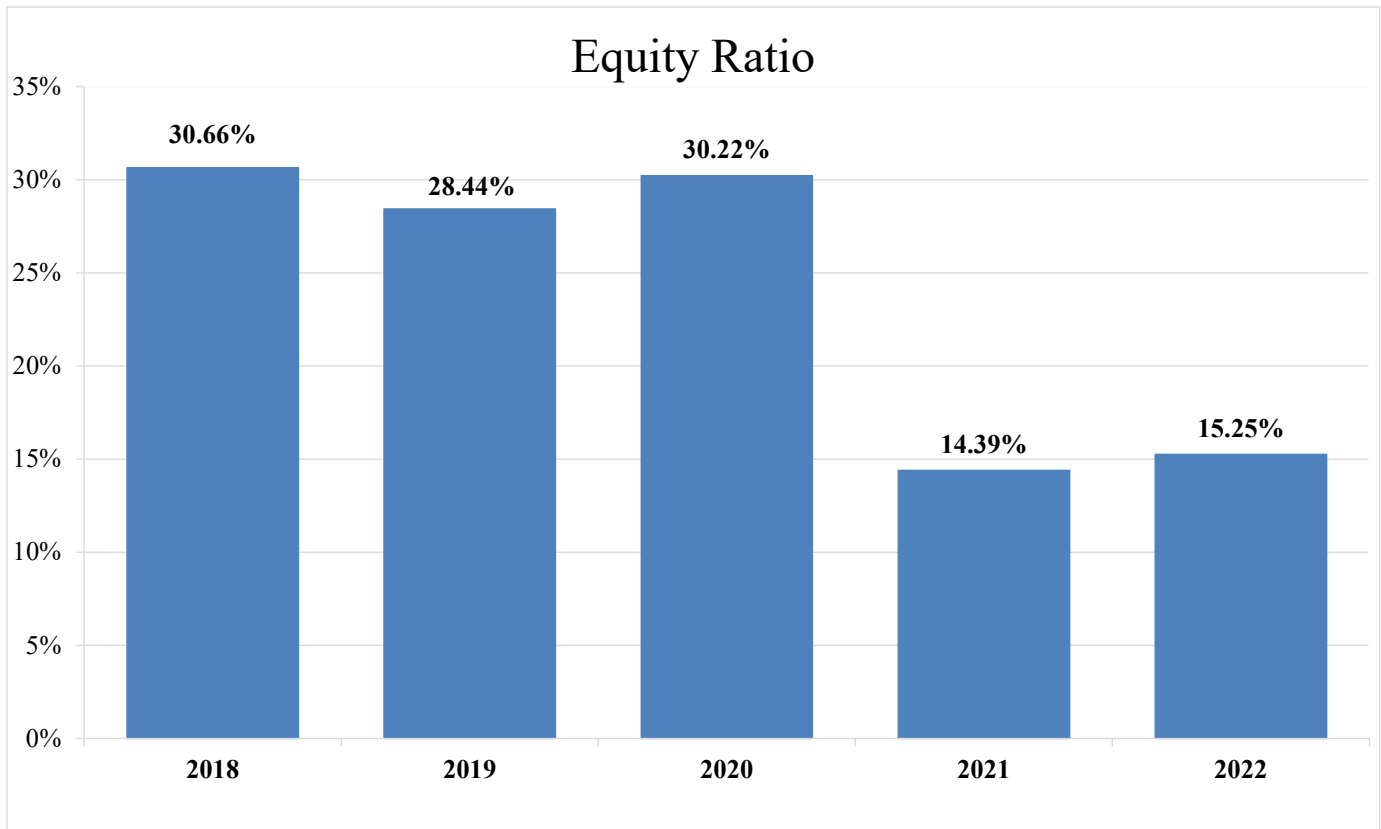












## ENERGY SALES (kWh)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Retail Energy Sales	1,244,724,764	1,233,148,004
Wholesale Energy Sales	<u>41,070,283</u>	<u>38,912,742</u>
Total Firm Energy Sales	1,285,795,047	1,272,060,746
Economy Energy/Capacity	142,938,000	86,266,898
Power Pool Sales	<u>98,213,000</u>	<u>105,000,000</u>
Total Energy Sales	1,526,946,047	1,463,327,644

Firm energy sales totaled 1,285,795,047 kWh, which was a 1.1% favorable variance compared to budget. While the total of retail energy sales were above 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 5.5% and 65.7%, 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 98,213,000 kWh, which was under budget by 6.5%.

## ENERGY REVENUE (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Retail Revenue	\$ 211.7	\$ 212.5
Wholesale Revenue	<u>3.5</u>	<u>3.9</u>
Total Firm Revenue	215.2	216.4
Economy Energy/Capacity Revenue	14.1	7.4
Power Pool Revenue	1.0	1.1
Other Operating Revenue	<u>5.2</u>	<u>3.2</u>
Total Revenue	\$ 235.5	\$ 228.1

While revenue from firm sales was on par with budget at \$215.2 million compared to \$216.4 million, lower residential and small commercial revenue was offset by higher large commercial revenue. Economy energy and capacity revenue was over budget by 91.1% due to higher than anticipated sales to GVEA as well as unanticipated sales to HEA. Power pool revenue with MEA was below budget at \$1 million compared to a budget of \$1.1 million. 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 \$5.2 million compared to \$3.2 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	\$ 59.2	\$ 56.5
Purchased Power	<u>14.6</u>	<u>14.1</u>
Total	\$ 73.8	\$ 70.6

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$59.2 million compared to \$56.5 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 5,227,926 Mcf at an average effective price of \$8.56 per Mcf compared to 5,192,400 Mcf budgeted at an average effective price of \$8.50 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 \$14.6 million compared to \$14.1 million in the budget. This unfavorable variance was caused primarily by higher energy purchases and somewhat offset by lower system control and dispatch labor.

Energy purchased was 160,374 MWh at an average effective price of 6.98 cents per kWh compared to 137,875 MWh budgeted at an average effective price of 7.24 cents per kWh.

## POWER PRODUCTION (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Power Production	\$ 24.8	\$ 24.5

Power production expense was \$24.8 million compared to \$24.5 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	\$ 6.6	\$ 7.7

Transmission operations and maintenance expense was \$6.6 million compared to \$7.7 million in the budget. This favorable variance was due primarily to lower labor and warehouse costs allocated to this financial category.

## DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>2022 Actual</u>	<u>2022 Budget</u>
Distribution	\$ 17.6	\$ 18.9

Distribution operations and maintenance expense was \$17.6 million compared to \$18.9 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	\$ 7.0	\$ 7.7

Consumer accounts and customer information expense was \$7.0 million compared to \$7.7 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	\$ 35.5	\$ 35.1

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 slightly above budget due primarily to higher legal costs and somewhat offset by lower labor cost.

## SUMMARY

Depreciation, interest, and interest during construction expense totaled \$68.8 million compared to \$66.6 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 \$234.1 million compared to \$231.1 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 and dividend income. Non-operating margins totaled \$325.3 thousand compared to \$278.5 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 \$1.7 million compared to a projected loss of \$2.7 million in the budget. This resulted in an MFI/I of 1.06, a TIER of 1.06, and an equity-to-total capitalization ratio of 15.25%. The current forecast projects year-end margins of \$8.2 million, an MFI/I of 1.20, and TIER of 1.20.

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

CATEGORY	2022 APPROVED BUDGET	2022 AMENDED BUDGET	2022 YTD ACTUALS	2022 REVISED FORECAST	
<b>Operating Revenue and Patronage Capital</b>	<b>\$353,756,696</b>	<b>\$345,060,581</b>	<b>\$235,493,817</b>	<b>352,094,607</b>	1,2
Fuel and Purchased Power Expense	105,281,462	102,741,756	73,784,822	107,555,782	1
Power Production Expense	36,526,615	36,526,615	24,801,634	36,178,158	1,2
Transmission Expense	11,473,532	11,473,532	6,562,088	11,355,784	1
Distribution Expense	28,908,401	28,908,401	17,603,966	28,581,570	1,2
Customer Expense	11,510,953	11,510,953	7,022,507	11,188,306	1
Administrative, General & Other	52,462,820	46,129,486	35,524,420	47,294,779	1,2
Depreciation and Amortization Expense	61,413,835	61,413,835	42,920,040	63,633,835	2
Interest Expense, Net	38,424,734	38,424,735	25,910,573	38,601,168	1
<b>Total Cost of Electric Service</b>	<b>\$346,002,352</b>	<b>\$337,129,313</b>	<b>\$234,130,050</b>	<b>344,389,382</b>	
<b>Patronage Capital &amp; Operating Margins</b>	<b>\$ 7,754,344</b>	<b>\$ 7,931,268</b>	<b>\$ 1,363,767</b>	<b>7,705,225</b>	
Non-Operating Margins - Interest	291,144	291,144	316,996	414,044	1
Allowance for Funds Used During Construction	301,074	301,074	56,127	176,039	1
Non-Operating Margins - Other	(145,180)	(145,180)	(47,815)	(96,207)	1
<b>Patronage Capital or Margins</b>	<b>\$ 8,201,382</b>	<b>\$ 8,378,306</b>	<b>\$ 1,689,075</b>	<b>8,199,101</b>	
MFI/I	1.20	1.20	1.06	1.20	
TIER	1.20	1.21	1.06	1.20	

<sup>1</sup> Forecast based on 8 months actual and 4 months budget

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



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

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

**October 26, 2022**

**ACTION REQUIRED**

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

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

**TOPIC**

2022-2027 Invoice Cloud Biller Agreement

**DISCUSSION**

On January 19, 2022, the Chugach Electric Association, Inc. (Chugach) Board of Directors (Board) approved the Enterprise Resource Planning (ERP) replacement project. Additionally, on July 27, 2022, the Chugach Board approved the ERP project implementation contract with Cayenta. Invoice Cloud is a payment processing partner that integrates with Cayenta.

Chugach has reviewed and negotiated a contract with Invoice Cloud. Invoice Cloud's solution will increase operating efficiency, reduce processing fees, enhance member functionality, and support integration with kiosks.

The Invoice Cloud Biller Agreement combines the contract and statement of work for a 5-year contract term with 3-year renewal options thereafter. The contract value for the initial term is \$5,552,000. This amount includes implementation and estimated processing fees and allows for an annual 8 percent online payment adoption increase.

**MOTION**

Move that the Board of Directors authorizes the Chief Executive Officer to proceed with the Invoice Cloud Biller Agreement, with a not-to-exceed amount of \$5,552,000 for the initial 5-year contract period.

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

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

**October 26, 2022**

**ACTION REQUIRED**

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

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC**

Authorizing Amendment of the Retirement Security (RS) Plan through execution of the revised Adoption Agreement.

**DISCUSSION**

The attached resolution authorizes the July 1, 2022 amendment, restatement and continuance of the NRECA Retirement Security Plan (RS) Plan.

The Board is aware that the Plan must periodically be amended to comply with new regulations, rulings, other legislation and operational changes, and that these amendments must be filed with the Internal Revenue Service to ensure they are in compliance with Internal Revenue Code and Treasury regulations. This is accomplished through the execution of a revised Adoption Agreement, which includes all of the provisions of Chugach's most recently executed Adoption Agreement and any compliance clarifications needed to conform with plan operation.

**MOTION**

Move that the Board of Directors approve the attached resolution authorizing the CEO to execute all necessary documents including the revised Adoption Agreement and take any and all further actions necessary to carry out the July 1, 2022 amendment and restatement of the RS Plan.



## RESOLUTION

### **Authorizing the Amendment and Restatement of the NRECA Retirement Security Plan**

WHEREAS, Chugach Electric Association, Inc. (Chugach), is a participating employer in the NRECA-sponsored Retirement Security (RS) Plan.

WHEREAS, the Board of Directors of Chugach is aware that the Plan must periodically be amended to comply with the new regulations, rulings, other legislation and operational changes, and that these amendments must be filed with the Internal Revenue Service as a restatement of the Plan and that this restatement will be effective July 1, 2022.

NOW THEREFORE BE IT RESOLVED, that the Board authorizes the July 1, 2022 amendment, restatement and continuance of the RS Plan to conform in its entirety with all the provisions of the plan document of the RS Plan, through the execution of the Adoption Agreement, which includes all of the provisions of the Cooperative's most recently executed Adoption Agreements and any compliance clarifications needed to conform with Plan operations; and

BE IT FURTHER RESOLVED, the Chief Executive Officer is authorized to execute all necessary documents and to take any and all further actions necessary to carry out the July 1, 2022 amendment and restatement of the RS Plan.

#### CERTIFICATION

I, Samuel Cason, do hereby certify that I am the Secretary of Chugach Electric Association, Inc., an electric non-profit cooperative membership corporation organized and existing under the laws of the State of Alaska: that the foregoing is a complete and correct copy of a resolution adopted at a meeting of the Board of Directors of this corporation, duly and properly called and held on the 26th day of October, 2022; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 26th day of October, 2022.

\_\_\_\_\_  
Secretary

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

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

**October 26, 2022**

**ACTION REQUIRED**

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

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

**TOPIC**

Battery energy storage system project.

**DISCUSSION**

As discussed in executive session.

**MOTION**

Move that the Chugach Electric Association, Inc. Board of Directors authorize the Chief Executive Officer to proceed with the acquisition, construction and installation of a battery energy storage system as discussed in executive session, with the executive session Agenda Item Summary and Motion to be held confidential until the Chief Executive Officer has determined that the information is no longer confidential.