

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

REGULAR BOARD OF DIRECTORS' MEETING

AGENDA

Janet Reiser, Chair
Bettina Chastain, Vice Chair
Sisi Cooper, Treasurer
Jim Henderson, Secretary

Susan Reeves, Director
Harry T. Crawford, Jr., Director
Stuart Parks, Director

October 25, 2017

4:00 p.m.

Chugach Board Room

I. CALL TO ORDER

- A. *Pledge of Allegiance*
- B. *Roll Call*
- C. *Safety Minute - "Dangers of Dehydration" (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, December 1-6, 2017, Nashville, TN (Deadline for conference and hotel registration is November 29, 2017)*
- C. *Minutes*
 - 1. *September 27, 2017, Regular Board of Directors' Meeting (Portades)*
- D. *Director Expenses*

V. CEO REPORTS AND CORRESPONDENCE

- A. *August 2017 Financial Statements and Variance Report (Harris/Curran)*
- B. *3rd Quarter 2017 Safety Report (Freeman)*
- C. *Credit Card Payment Update (Kurka)*
- D. *AMI Update (Risse)*

VI. DIRECTOR REPORTS

- A. *Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report*
- B. *Board Committee Reports (Audit and Finance, Operations & Governance)*
- C. *Other Meeting Reports*

- VII. UNFINISHED BUSINESS (*none*)
- VIII. NEW BUSINESS (*scheduled*)
 - A. *Eklutna Dam Presentation (Brad Meiklejohn, The Conservation Fund)*
- IX. EXECUTIVE SESSION* (*scheduled*)
 - A. *Strategic Planning*
 - B. *CEO Goals, Parameters and Project Specific Objectives*
- X. NEW BUSINESS* (*continued*)
 - A. *Approval of Gas Contract* (Fouts)*
 - B. *Strategic Planning: Update to Vision, Mission and Value Statements** (Miller)*
 - C. *Community Solar Project** (Miller/Risse/Skaling/Wolfe)*
 - 1. *Community Solar Project Authorization*
 - 2. *Community Solar Project Financing*
- XI. DIRECTOR COMMENTS
- XII. ADJOURNMENT*

* *Denotes Action Items*

** *Denotes Possible Action Items*

Hydration facts



- Most of us simply don't hydrate ourselves properly. H₂O intake tends to fall by the wayside in Winter
- Even mild hydration can hamper your mood
- Drinking enough water has a ton of benefits
 - Feel better
 - Do better
 - Live better

Winter Dehydration- Key points/tips

- Thirst is not the best indicator of whether you need to drink in the Winter.
- Signs and symptoms of dehydration are often attributed to something else during the winter.
- Pay attention to the color of your you know what...
- Make water easy to get to by having ready-to-go containers readily accessible.
- Carry around a water bottle.
- As a general rule drink half your body weight in ounces.
- Eat lots of high water content food.
- Coffee and tea count towards water intake.

November 2017

October 2017						
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December 2017						
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31						

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					● 12:30PM - 4:30PM REAP Quarterly Board Meeting (Cooper & Parks) (Anchorage Chamber)	
29	30	31	1	2	3	4
	● 4:00PM - 7:00PM Audit and Finance Committee Meeting (Budget Meeting) (BoardroomCR)	● 9:00AM - 11:00AM Audit and Finance Committee Agenda (Budget Meeting) (BoardroomCR)				
5	6	7	8	9	10	11
12	13	14	15	16	17	18
				Thanksgiving Day	Thanksgiving Holiday	
19	20	21	22	23	24	25
	● 4:00PM - 6:00PM Special Board of Directors Meeting - Internal Controls (BoardroomCR)	● 4:00PM - 6:00PM Operations Committee Meeting - Review of CEO Goals and Parameters (BoardroomCR)	● 3:30PM - 4:00PM MS-ESS Ribbon Cutting (Meet in the Board Room) ● 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)		Directors Winter Scho... ♦ Nashville, TN	
26	27	28	29	30	1	2

December 2017

November 2017							January 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	<ul style="list-style-type: none"> 4:00PM - 6:00PM Special Board of Directors Meeting - Internal Controls (BoardroomCR) 	<ul style="list-style-type: none"> 4:00PM - 6:00PM Operations Committee Meeting - Review of CEO Goals and Parameters (BoardroomCR) 	<ul style="list-style-type: none"> 3:30PM - 4:00PM MS-ESS Ribbon Cutting (Meet in the Board Room) 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR) 		Directors Winter Scho... ♦ Nashville, TN	
26	27	28	29	30	1	2
Directors Winter School - December 1-6 ♦ Nashville, TN						
3	4	5	6	7	8	9
			<ul style="list-style-type: none"> 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR) 			
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					Christmas Eve Hol	
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	Christmas Day Holi				New Year's Eve Ho	
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January 2018

December 2017						
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21	22	23	4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)	25	26	27
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February 2018

January 2018						
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● 4:00PM - 7:00PM
 Regular Board of
 Directors Meeting
 (BoardroomCR)

NRECA Annual Meeting - (Director Educa... ♦ Nashville, TN

NRECA Annual Meeting - (Director Education 2/22 - 2/25) (An... ♦ Nashville, TN

March 2018

February 2018						
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25	26	27	28	29	30	31

- 4:00PM - 8:00PM Audit & Finance Committee Followed by Special Board of Directors Meeting (BoardroomCR)

- 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)

Directors Conference ♦ Las Vegas, NV

April 2018

March 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			Gettysburg Leadership Experience ♦ Gettysburg, PA			
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NRECA Legislative Confer... ♦ Washington DC						
8	9	10	11	12	13	14
			4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR)			
15	16	17	18	19	20	21
			Strategic Planning w/Bo... ♦ Chugach Headquarters			
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May 2018

April 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
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13	14	15	16	17	18	19
20	21	<ul style="list-style-type: none"> 5:00PM - 8:30PM SAVE THE DATE: 2018 Chugach Annual Meeting (Dena'ina Center) 	23	24	25	26
27	Memorial Day ♦ Ur	29	<ul style="list-style-type: none"> 4:00PM - 7:00PM Regular Board of Directors Meeting (Board of Directors Meeting) 	31	1	2

June 2018

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July 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			<ul style="list-style-type: none"> 4:00PM - 7:00PM Regular Board of Directors Meeting (Board of Directors Meeting) 			
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10	11	12	13	14	15	16
					NRECA Summer Schools... ♦ Coeur D' Ale	
17	18	19	20	21	22	23
NRECA Summer Schools for Directors (West) ♦ Coeur D' Alene, ID						
			<ul style="list-style-type: none"> 4:00PM - 7:00PM Regular Board of Directors Meeting (BoardroomCR) 			
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July 2018

June 2018						
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August 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			Independence Day Independence Day			
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			4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)		NRECA Summer School ... ♦ Savannah, GA	
22	23	24	25	26	27	28
NRECA Summer School for Directors (East) ♦ Savannah, GA						
29	30	31	1	2	3	4

August 2018

July 2018						
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September 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
NRECA Summer School for Directors (East) ♦ Savannah, GA						
29	30	31	1	2	3	4
			● 4:00PM - 7:00PM Audit and Finance Committee Meeting (BoardroomCR)			
5	6	7	8	9	10	11
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			● 4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)			
19	20	21	22	23	24	25
Strategic Planning w/Board ♦ Talkeetna Alaskan Lodge ♦ Connie Owens						
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September 2018

August 2018						
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October 2018						
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Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
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	Labor Day ♦ United					
2	3	4	5	6	7	8
			Gettysburg Leadership Experience ♦ Gettysburg, PA			
9	10	11	12	13	14	15
			4:00PM - 7:00PM Regular Board of Directors' Meeting (BoardroomCR)			
16	17	18	19	20	21	22
		2018 NRECA Region 9 Meeting (9/25 Pr... ♦ Anchorage, Alaska)		Gettysburg Leadership Experience ♦ Gettysburg, PA		
23	24	25	26	27	28	29
30	1	2	3	4	5	6



[\(/conferences-education/conferences/winter-school\)](/conferences-education/conferences/winter-school)

Dec 1 - Dec 6, 2017
Nashville, TN



Cooperative.com (</publicHome/Pages/default.aspx>) > Conferences & Education (</conferences-education/Pages/default.aspx>) > Conferences & Meetings (</conferences-education/conferences/Pages/default.aspx>) > Winter School for Directors

MENU

Winter School for Directors

As boards are challenged to address multiple large-scale issues, including rising costs, climate-change, power supply constraints, and heightened scrutiny of corporate governance practices, NRECA's Winter School for Directors is designed to ensure that board leaders develop the knowledge and skills required to meet these challenges successfully.

Save the date for Winter School 2017!

December 1-6, 2017
Nashville, TN
Gaylord Opryland Hotel

Why Should You Attend?

Earn your [Credentialed Cooperative Director \(CCD\)](http://conferences-education/certificates/director-certificate/pages/ccd-certificate.aspx) certificate or your [Board Leadership Certificate \(BLC\)](http://conferences-education/certificates/director-certificate/Pages/blc-certificate.aspx) while networking and sharing solutions with fellow directors from co-ops across the country. If you've already earned your CCD and BLC credentials, but still need the additional 3 credits required to earn the NEW Director Gold status, take advantage of 2016 Winter School to get the credits you need!

The new Director Gold credential recognizes directors who have earned their CCD and BLC credentials and are committed to continuing their education throughout their service on the board. If you have already earned your first Director Gold, you may apply the Directors School as one credit of continuing education for maintaining Gold. Working towards earning your initial Director Gold certificate? To earn the initial Gold, one must hold the CCD and BLC credential, and earn three additional credits from the Board Leadership Certificate series of courses.

Learn more about Director Gold [here](http://conferences-education/certificates/director-certificate/Pages/director-gold-program.aspx).



[education/certificates/director-certificate/Pages/director-gold-program.aspx](http://conferences-education/certificates/director-certificate/Pages/director-gold-program.aspx)

Contact Us

Program Information

Janet Bowers

janet.bowers@nreca.coop (mailto:%20janet.bowers@nreca.coop)

703-907-5622

Registration Questions

Accounts Receivable Department

[AccountsReceivable@nreca.coop \(mailto:%20AccountsReceivable@nreca.coop\)](mailto:AccountsReceivable@nreca.coop)

703-907-6875

General Questions

Member Contact Center

[member-support@cooperative.com \(mailto:%20member-support@cooperative.com\)](mailto:member-support@cooperative.com)

1-877-766-3226

Also of Interest

[Board Leadership Certificate \(BLC\) \(/conferences-education/certificates/director-certificate/Pages/blc-certificate.aspx\)](#)

[Director Certificate Programs \(/conferences-education/certificates/director-certificate/Pages/default.aspx\)](#)

[Summer School for Directors \(/conferences-education/conferences/summer-school\)](#)

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

September 27, 2017
Wednesday
4:00 p.m.

REGULAR BOARD OF DIRECTORS' MEETING

Recording Secretary: Divina Portades

I. CALL TO ORDER

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

A. *Pledge of Allegiance*

Vice Chair Chastain led the Board in the Pledge of Allegiance.

B. *Roll Call*

Board Members Present:

Janet Reiser, Chair (*via teleconference*)

Bettina Chastain, Vice Chair

Jim Henderson, Secretary

Sisi Cooper, Treasurer (*arrived at 5:21 p.m.*)

Susan Reeves, Director

Harry Crawford, Director

Stuart Parks, Director

Guests and Staff in Attendance:

Lee Thibert

Paul Risse

Teresa Kurka

Tyler Andrews

Brian Hickey

Todd McCarty

Sherri Highers

Julie Hasquet

Taylor Crocker

Arthur Miller

Sean Skaling

Jon Sinclair

Arden Quezon-Vicente

Jody Wolfe

James Mullican

Mark Johnson

Kathy Harris

Kate Ayers

Mark Fouts

Tom Schulman

Megan Lorenzen,

Kenneth Murray

Renee Curran

3Degrees

Shelly Schmitt

Marty Freeman

C. *Safety Minute*

Taylor Crocker, Safety Specialist discussed "*Chemical Safety*".

II. APPROVAL OF THE AGENDA

Director Reeves moved and Director Crawford seconded the motion to approve the agenda.

Chair Reiser requested a friendly amendment to remove Agenda X.B. Approval of Salary Matrix and defer to the October 2017, Regular Board of Directors' Meeting.

The friendly amendment was accepted by Directors Reeves and Crawford.

After discussion, Vice Chair Chastain called for a vote. The motion passed unanimously, as amended.

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

III. PERSONS TO BE HEARD

- A. *Member Comments*
None

IV. CONSENT AGENDA

- A. *Board Calendar*
- B. *Training and Conferences*
 - 1. *Director Winter School, December 1-6, 2017, Nashville, TN (Deadline for conference and hotel registration is November 29, 2017)*
- C. *Minutes*
 - 1. *August 23, 2017, Regular Board of Directors' Meeting (Quezon-Vicente)*
 - 2. *September 6-8, 2017, Special Board of Directors' Meeting (Portades/Quezon-Vicente)*
- D. *Director Expenses*

Vice Chair Chastain and the Board discussed the 2017 NRECA Region 9 meeting, the upcoming training and conference. She also stated that if interested in attending, to coordinate with Connie Owens.

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

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

V. CEO REPORTS AND CORRESPONDENCE

- A. *July 2017 Financial Statements and Variance Report (Harris/Curran)*
The July 2017 Financial Statements and Variance Report was provided in the meeting packet. Lee Thibert, Chief Executive Officer (CEO) responded to questions from the Board.
- B. *3rd Quarter 2017 Railbelt Bill Comparison (Skaling/Miller)*
The 3rd Quarter 2017 Railbelt Rate Comparison was provided in the meeting packet.
- C. *Chugach Streetlights – LED Upgrade Presentation (Risse/Schmitt)*
Shelly Schmitt, Sr. Manager, Distribution Engineering presented the Chugach Streetlights – LED upgrade project and responded to questions from the Board.

D. Member Appreciation Day (Andrews)

Tyler Andrews, Vice President, Member and Employee Services invited the Board members to attend the Member Appreciation Day on Friday, October 6th.

Kate Ayers, Energy Efficiency and Conservation Specialist discussed the October 6, 2017, Member Appreciation Day agenda and activities.

Ms. Ayers and Lee Thibert, CEO responded to questions from the Board.

VI. DIRECTOR REPORTS

A. Alaska Railbelt Cooperative Transmission & Electric Company (ARCTEC) Report

Chair Reiser and Lee Thibert, CEO reported on the ARCTEC RFP and the September 27, 2017, RCA Public Meeting on ARCTEC.

B. Board Committee Reports (Audit and Finance, Operations & Governance)

Vice Chair Chastain stated that there were no Audit and Finance Committee Meeting to report.

Vice Chair Chastain reported on the September, 26, 2017, Operations Committee Meeting.

Director Reeves stated that a possible Governance Committee Meeting will be scheduled as the annual meeting is approaching.

C. Other Meeting Reports

Director Parks reported on the September 26, 2017, REAP Meeting.

Chair Reiser reported on the September 20-22, 2017, National Hydroelectric Association Conference in Girdwood, Alaska and deferred further discussion in the Executive Session.

VII. UNFINISHED BUSINESS

A. Approve NRECA Resolutions (Board)*

Director Reiser moved and Director Reeves seconded the motion that the Board of Directors approve the NRECA recommendations with the exception of Resolution No. 4.

Director Cooper arrived at 5:21 p.m.

After discussion, Vice Chair Chastain called for a vote. The motion passed unanimously, as amended.

VIII. NEW BUSINESS

A. Appointment of 2017 NRECA Voting Delegate and Alternate (Board)*

Director Cooper moved and Director Crawford seconded the motion that the Board of Directors appoint Director Reeves as the NRECA Voting Delegate and Director Parks as the alternate. The motion passed unanimously.

IX. EXECUTIVE SESSION

- A. *Financial and Legal Matters*
- B. *Strategic Planning Committee Updates*
- C. *CEO Goals and Parameters and Project Specific Objectives*

At 5:46 p.m., Director Reeves moved and Director Crawford seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1), (2) and (3) the Board of Directors go into executive session to: 1) discuss financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; 2) receive reports upon legal matters that are attorney/client privileged, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative; and, 3) to discuss personnel matters that may tend to prejudice the reputation or character of a person; however, the person may request a public discussion. The motion passed unanimously.

The meeting reconvened in open session at 9:08 p.m.

X. NEW BUSINESS

- A. *Retirement Security Plan Restatement* (Andrews)*

Tyler Andrews, Vice President, Member and Employee Services, gave an overview and responded to questions from the Board.

Director Crawford moved and Director Reeves seconded the motion that the Board of Directors approve the resolution authorizing the amendment and the restatement of the NRECA Retirement Security Plan essentially the same as discussed in Executive Session. The motion passed unanimously.

- B. *Approval of Salary Plan Matrix** (Andrews)*

This agenda item was removed and deferred to the October 2017, Regular Board of Directors' Meeting.

- C. *Amendment to Memorandum of Agreement dated July 27, 2007 between Homer Electric Association, Inc. and Chugach Electric Association, Inc.* (Miller)*

Director Cooper moved and Director Reeves seconded the motion that the Board of Directors authorize the Chief Executive Officer to sign the Amendment to the Memorandum of Agreement between Homer Electric Association, Inc. and Chugach Electric Association, Inc. under the terms and conditions substantially the same as discussed in executive session. The motion passed unanimously.

- D. *2017 Retail Capital Credit Retirement* (Andrews/S. Highers)*

Director Crawford moved and Director Reeves seconded the motion that the Board of Directors approve the resolution authorizing a retail capital credit retirement of \$1,773,702, which will retire approximately 34% of capital credits

for the year 1991. The retail capital credit retirement will be distributed no later than December 31, 2017. The motion passed unanimously.

E. 2017 HEA Capital Credit Retirement Payment (Andrews/S. Highers)*

Director Cooper moved and Director Reeves seconded the motion that the Board of Directors approve the resolution authorizing a capital credit retirement payment to HEA of \$2,000,000. This capital credit retirement payment will be distributed to HEA no later than December 31, 2017. The motion passed unanimously.

F. 2017 Wholesale Capital Credit Retirement (Andrews/S. Highers)*

Director Reeves moved and Director Cooper seconded the motion that the Board of Directors approve the resolution authorizing a wholesale capital credit retirement to MEA and SES of \$789,578 and \$68,648, respectively, which will represent a retirement for the balance of 1995 and approximately 61% of 1996. This capital credit retirement will be distributed to SES no later than December 31, 2017 and is expected to be distributed to MEA no later than December 31, 2019. The motion passed unanimously.

XI. DIRECTOR COMMENTS

Director comments were made at this time.

XII. ADJOURNMENT

At 9:16 p.m., Director Cooper moved and Director Parks seconded the motion to adjourn. The motion passed unanimously.

James Henderson, Secretary

Date Approved: October 25, 2017

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

October 25, 2017, 2017

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.

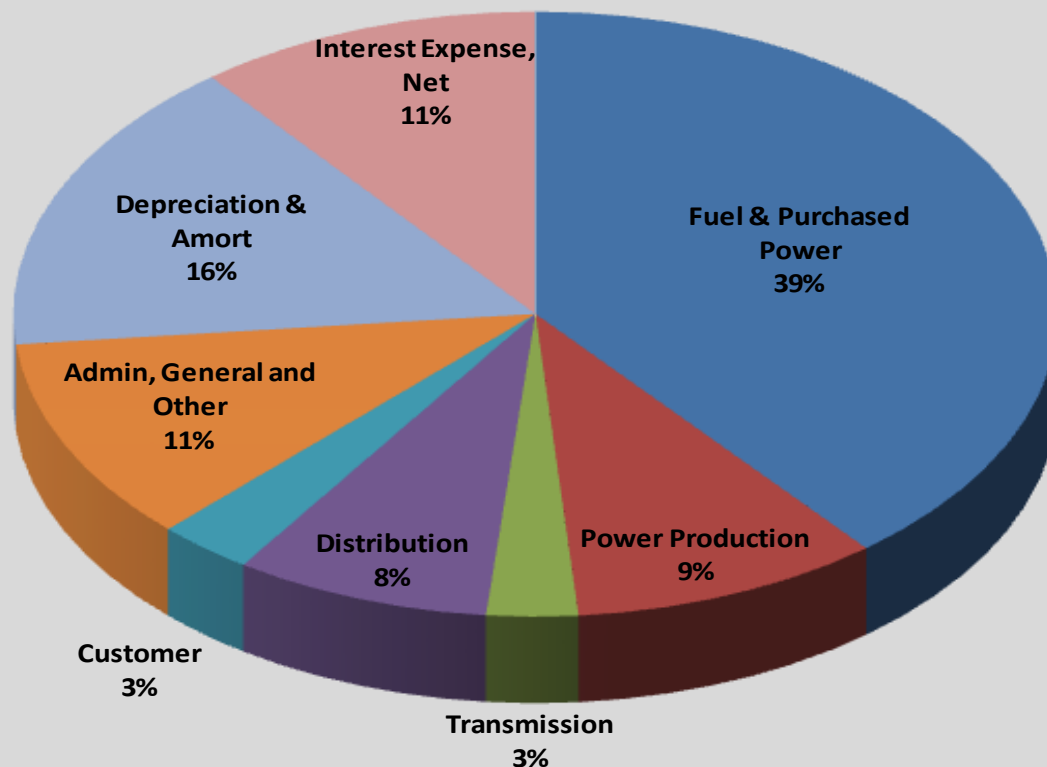
MOTION

(Consent Agenda)

STATEMENT OF OPERATIONS

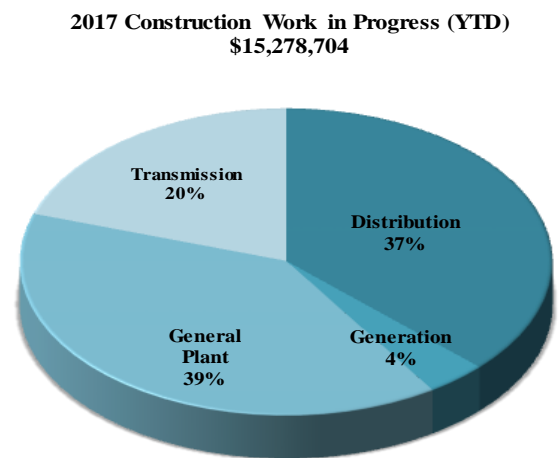
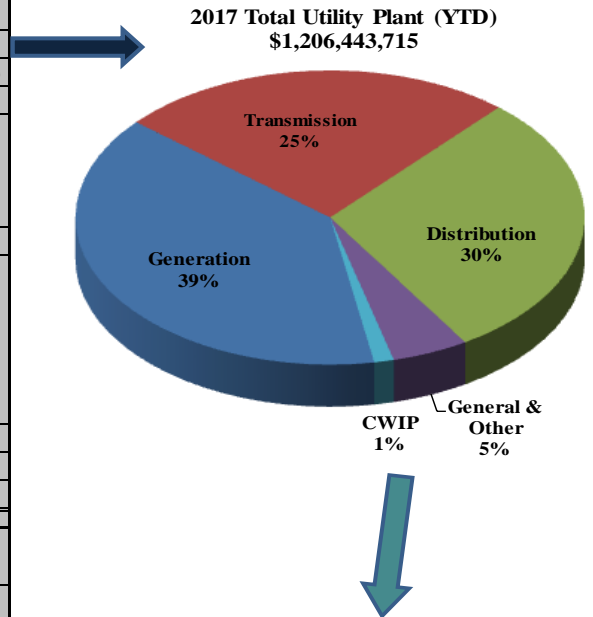
CATEGORY	2017 MTD ACTUAL	2017 MTD BUDGET	2017 MTD VARIANCE
Operating Revenue and Patronage Capital	\$ 16,849,254	\$ 16,705,256	\$ 143,998
Fuel and Purchased Power Expense	6,796,255	6,447,629	348,626
Power Production Expense	1,667,997	1,515,462	152,535
Transmission Expense	491,754	601,927	(110,173)
Distribution Expense	1,378,659	1,139,864	238,795
Customer Expense	514,744	545,380	(30,636)
Administrative, General and Other	1,908,977	2,039,470	(130,493)
Depreciation & Amortization Expense	2,771,467	2,671,987	99,480
Interest Expense, Net	1,855,540	1,835,621	19,919
Total Cost of Electric Service	\$ 17,385,393	\$ 16,797,340	\$ 588,053
Patronage Capital & Operating Margins	\$ (536,139)	\$ (92,084)	\$ (444,055)
Non-Operating Margins - Interest	55,098	27,803	27,295
Allowance for Funds Used During Construction	5,781	6,789	(1,008)
Non-Operating Margins - Other	6,798	-	6,798
Patronage Capital or Margins	\$ (468,462)	\$ (57,492)	\$ (410,970)

Total Cost of Electric Service (MTD Actual)



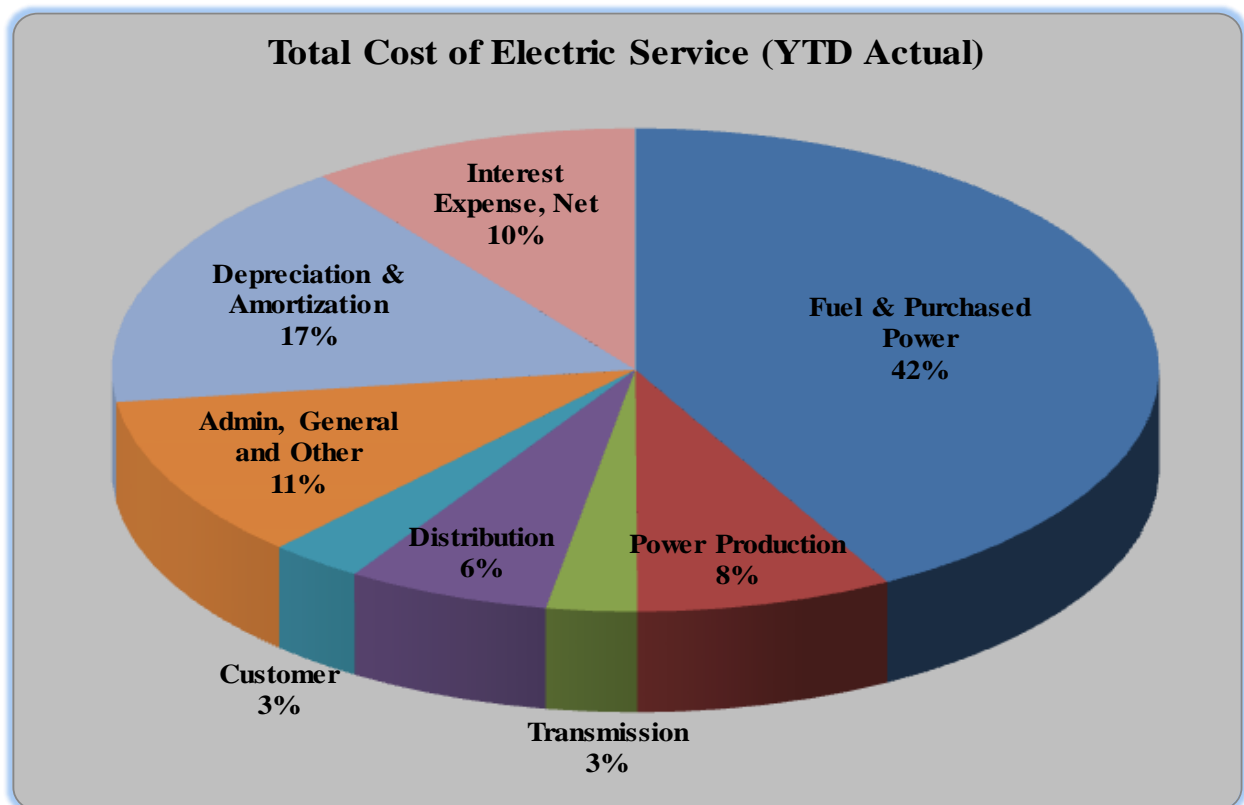
BALANCE SHEET

ASSETS & OTHER DEBITS	08/31/2017	12/31/16
Total Utility Plant in Service	1,206,443,715	1,192,513,869
Construction Work in Progress	15,278,704	18,455,940
Total Utility Plant	\$ 1,221,722,419	\$ 1,210,969,809
Accum. Prov. for Depreciation/Amortization	(511,007,411)	(496,098,131)
Net Utility Plant	\$ 710,715,008	\$ 714,871,678
Nonutility Property - Net	76,889	76,889
Investment in Assoc. Organizations	8,980,034	9,349,311
Special Funds	1,075,155	907,836
Restricted Cash & Marketable Securities	4,264,461	3,871,993
Total Other Property & Investments	\$ 14,396,539	\$ 14,206,029
Cash & Marketable Securities	11,939,586	12,048,316
Special Deposits/Restricted Cash	810,670	975,665
Accounts Receivable - Net	25,955,508	33,000,919
Materials and Supplies, Fuel Stock	24,719,714	34,210,843
Prepayments	3,834,495	1,407,026
Other Current & Accrued Assets	2,031,502	294,697
Total Current & Accrued Assets	\$ 69,291,475	\$ 81,937,466
Deferred Debits	36,622,909	25,140,957
Total Assets & Other Debits	\$ 831,025,931	\$ 836,156,130
LIABILITIES & OTHER CREDITS	08/31/2017	12/31/16
Memberships	1,710,019	1,691,014
Pat. Capital, Margins & Equities	185,233,763	183,824,511
Total Margins & Equities	\$ 186,943,782	\$ 185,515,525
Long-Term Debt - Bonds	421,833,331	405,249,998
Long-Term Debt - Other	37,962,000	40,356,000
Unamortized Debt Issuance Costs	(2,755,695)	(2,715,745)
Total Long-Term Debt	\$ 457,039,636	\$ 442,890,253
Notes Payable	67,608,667	93,036,667
Accounts Payable	7,942,260	9,618,630
Consumer Deposits	5,147,745	5,207,585
Other Current & Accrued Liabilities	31,476,050	26,532,912
Total Current & Accrued Liabilities	\$ 112,174,722	\$ 134,395,794
Deferred Compensation	1,075,155	907,836
Other Liabilities, Non-Current	831,603	655,277
Deferred Liabilities	1,376,538	1,179,414
Patronage Capital Payable	12,008,500	12,008,499
Cost of Removal Obligation	59,575,995	58,603,532
Total Liabilities & Other Credits	\$ 831,025,931	\$ 836,156,130



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

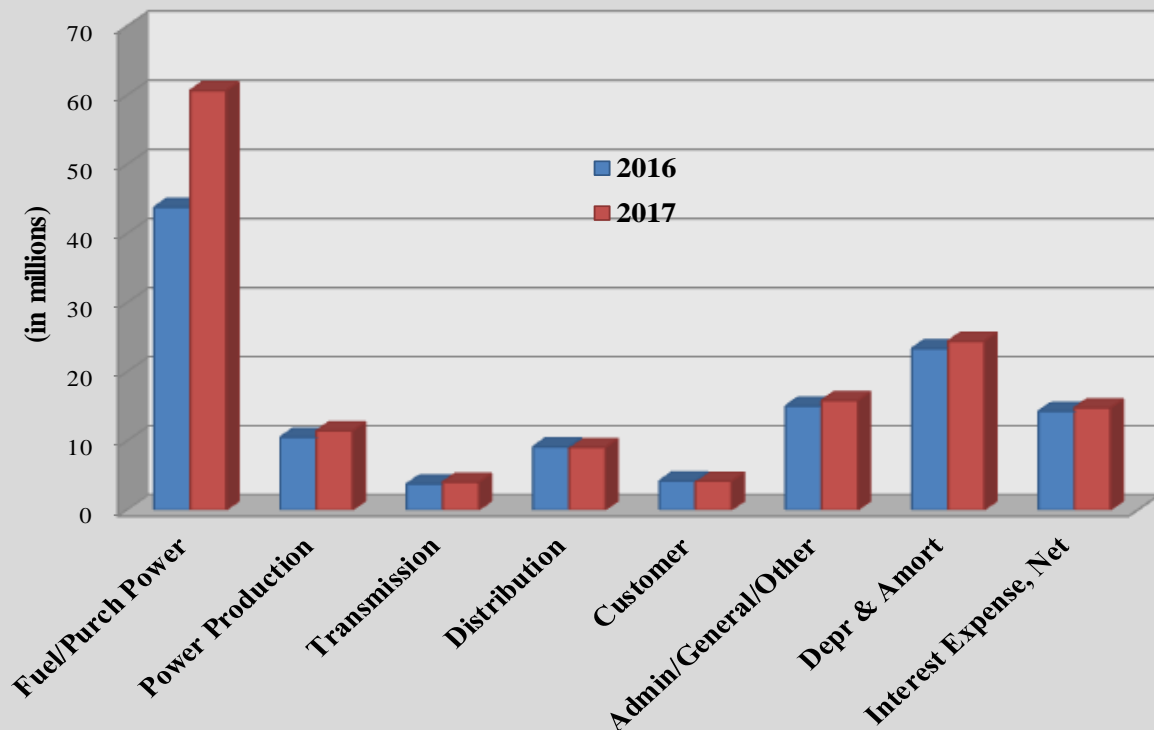
CATEGORY	2017 YTD ACTUAL	2017 YTD BUDGET	2017 YTD VARIANCE
Operating Revenue and Patronage Capital	\$ 145,521,634	\$ 140,667,388	\$ 4,854,246
Fuel and Purchased Power Expense	60,673,215	55,244,414	5,428,801
Power Production Expense	11,437,256	11,570,979	(133,723)
Transmission Expense	4,028,691	4,871,056	(842,365)
Distribution Expense	9,050,075	8,966,427	83,648
Customer Expense	4,172,476	4,207,604	(35,128)
Administrative, General and Other	15,845,887	16,273,170	(427,283)
Depreciation & Amortization Expense	24,410,496	24,638,254	(227,758)
Interest Expense, Net	14,772,683	14,519,756	252,927
Total Cost of Electric Service	\$ 144,390,779	\$ 140,291,660	\$ 4,099,119
Patronage Capital & Operating Margins	\$ 1,130,855	\$ 375,728	\$ 755,127
Non-Operating Margins - Interest	416,592	218,422	198,170
Allowance Funds Used During Const.	38,558	77,437	(38,879)
Non-Operating Margins - Other	111,309	-	111,309
Patronage Capital or Margins	\$ 1,697,314	\$ 671,587	\$ 1,025,727
MF/I	1.11	1.05	
TIER	1.12	1.05	

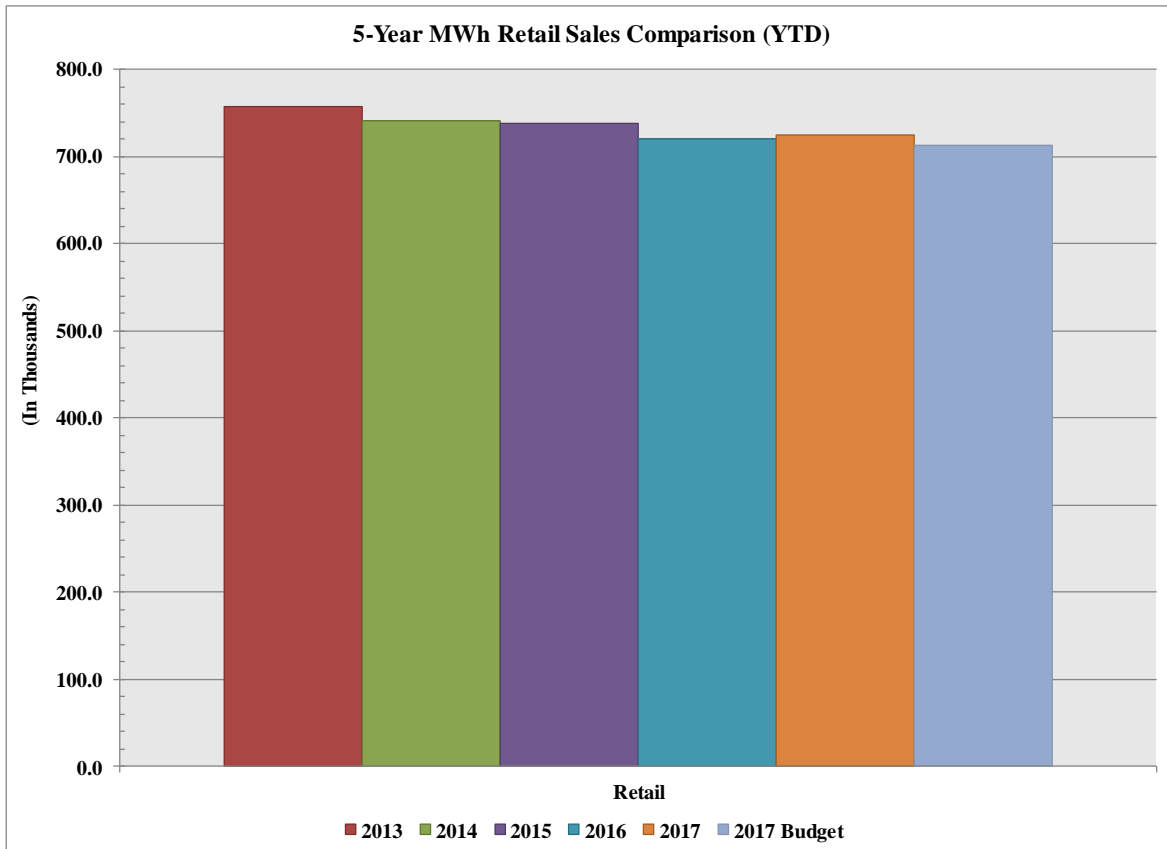
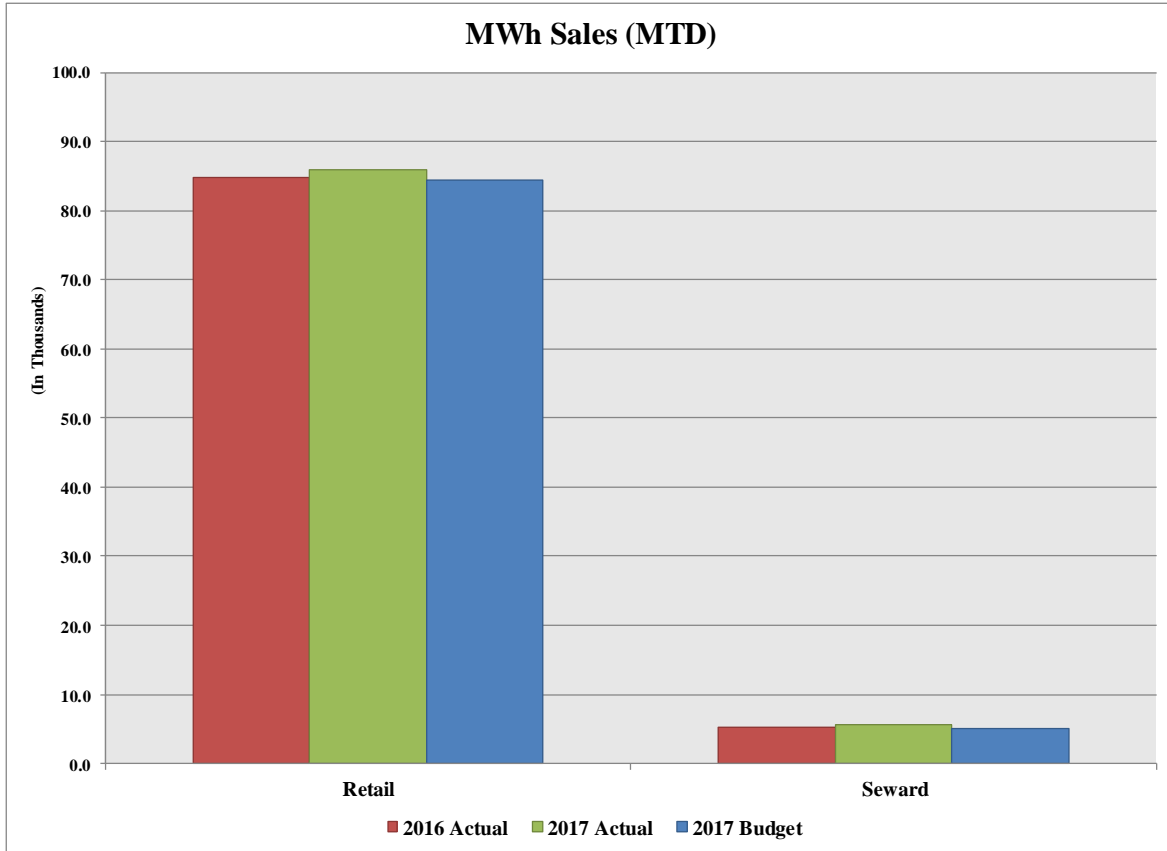


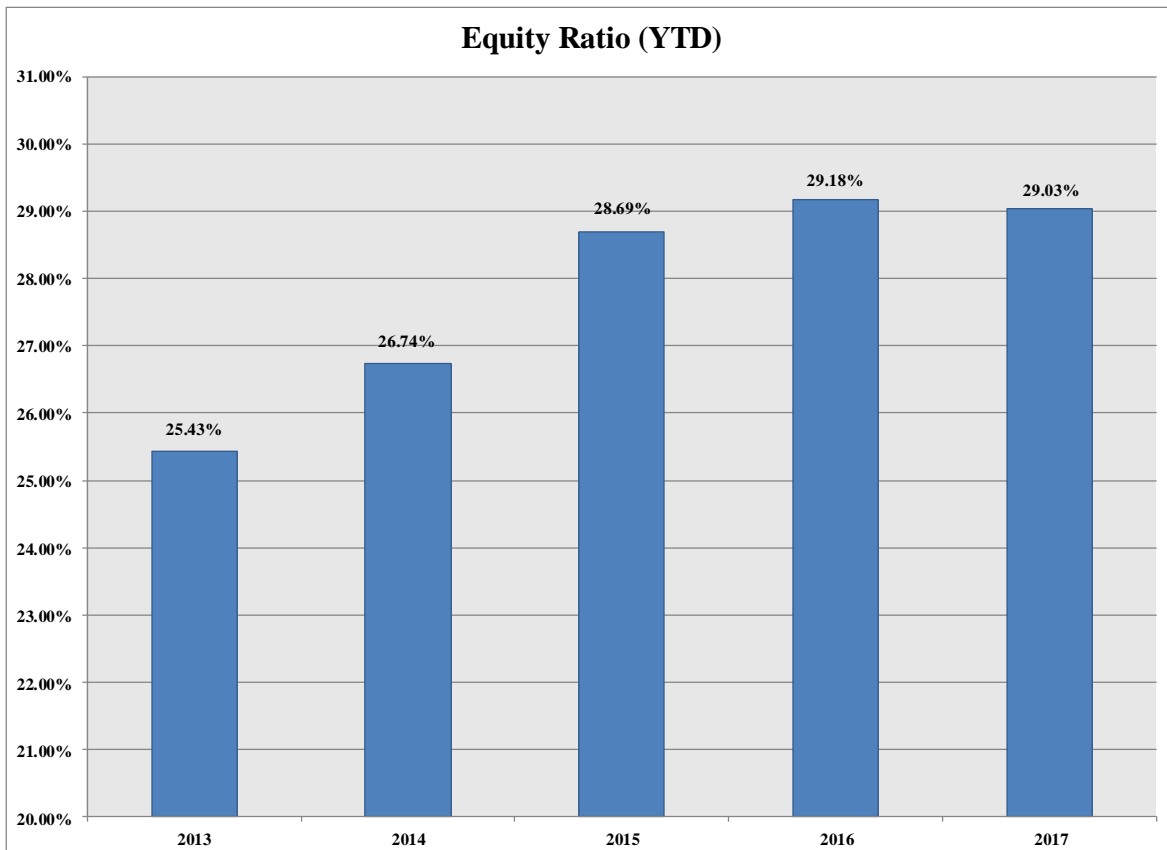
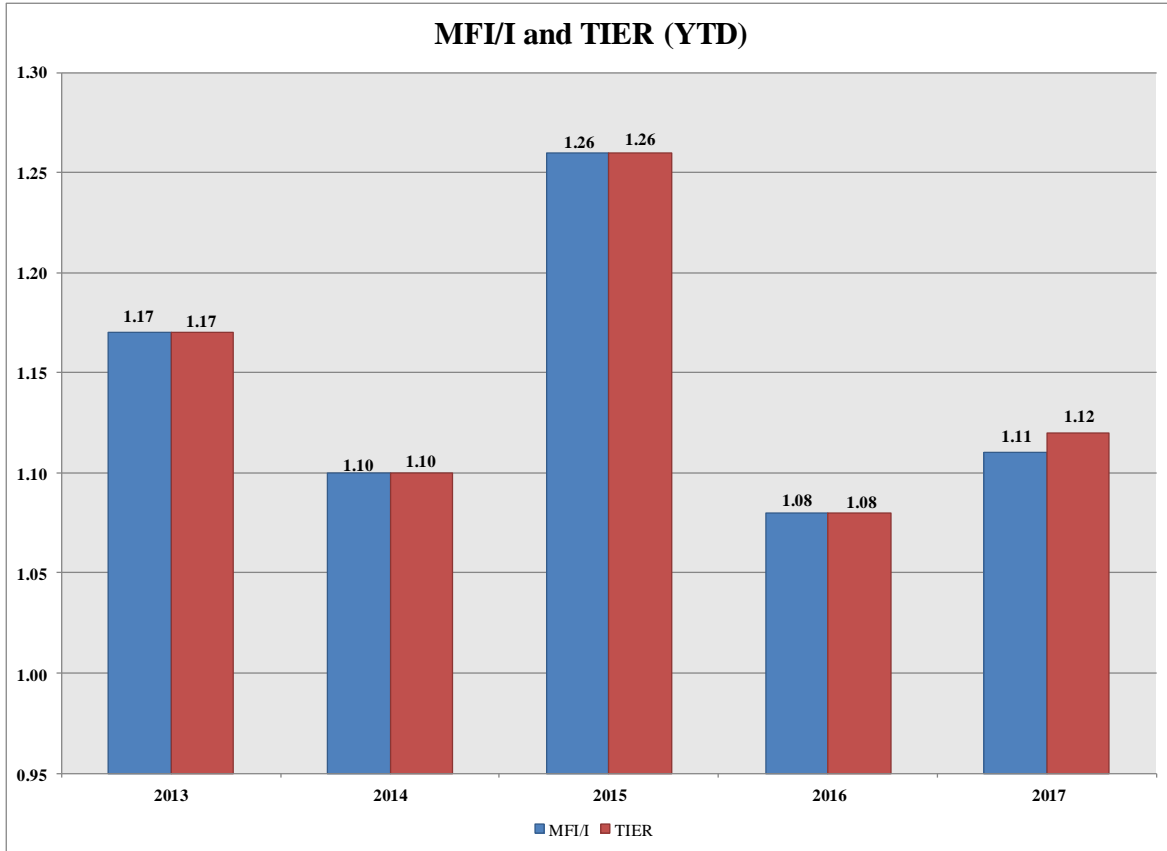
COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS CURRENT TO PRIOR YTD ACTUAL

CATEGORY	2017 YTD ACTUAL	2016 YTD ACTUAL
Operating Revenue and Patronage Capital	\$ 145,521,634	\$ 124,894,999
Fuel and Purchased Power Expense	60,673,215	43,763,342
Power Production Expense	11,437,256	10,518,146
Transmission Expense	4,028,691	3,749,105
Distribution Expense	9,050,075	9,141,286
Customer Expense	4,172,476	4,198,308
Administrative, General and Other	15,845,887	15,043,585
Depreciation and Amortization Expense	24,410,496	23,352,468
Interest Expense, Net	14,772,683	14,246,456
Total Cost of Electric Service	\$ 144,390,779	\$ 124,012,696
Patronage Capital & Operating Margins	\$ 1,130,855	\$ 882,303
Non-Operating Margins - Interest	416,592	220,704
Allowance for Funds Used During Construction	38,558	108,874
Non-Operating Margins - Other	111,309	5,236
Patronage Capital or Margins	\$ 1,697,314	\$ 1,217,117
MFI/I	1.11	1.08
TIER	1.12	1.09

Cost of Electric Service (YTD)







ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	724,058,816	712,164,489
Wholesale Energy Sales	<u>40,794,102</u>	<u>39,126,332</u>
Total Firm Energy Sales	764,852,918	751,290,821
Economy Energy Sales	<u>25,446,000</u>	<u>0</u>
Total Energy Sales	790,298,918	751,290,821

Firm energy sales totaled 764,852,918 kWh, which were 1.8% over budget. Retail energy sales were over budget 1.7% and wholesale energy sales were over budget by 4.3%, primarily associated with higher sales due to colder than anticipated weather.

Economy energy sales totaled 25,446,000 kWh which were 100% over budget due to unanticipated sales to Golden Valley Electric Association (GVEA), Matanuska Electric Association (MEA), and Homer Electric Association (HEA).

ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$ 127.9	\$ 128.7
Wholesale Revenue	<u>3.9</u>	<u>3.8</u>
Total Firm Revenue	131.8	132.5
Economy Energy Revenue	2.7	0.0
Other Operating Revenue	<u>11.0</u>	<u>8.2</u>
Total Revenue	\$ 145.5	\$ 140.7

Revenue from firm sales totaled \$131.8 million compared to \$132.5 million in the budget, with no significant variance. Economy energy revenue totaled \$2.7 million due to unanticipated sales to GVEA, MEA, and HEA.

Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU sales and royalties, miscellaneous service and other electric revenue. Other operating revenue totaled \$11.0 million compared to \$8.2 million in the budget, primarily due to higher than anticipated wheeling revenue.

FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 49.6	\$ 42.2
Purchased Power	<u>11.1</u>	<u>13.0</u>
Total	\$ 60.7	\$ 55.2

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$49.6 million compared to \$42.2 million projected in the budget. This variance was due, in part, to higher than anticipated fuel consumption as a result of increased sales coupled with less efficient generation units used as a result of lower than anticipated power available to purchase from ML&P.

Actual fuel purchased for production was 5,627,478 MCF at an average effective delivered price of \$8.00 per MCF, compared to 4,778,738 MCF in the budget at an average effective delivered price of \$7.86 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 \$11.1 million compared to \$13.0 million in the budget. This variance was primarily due to lower than anticipated purchases from ML&P and less power produced at Fire Island, which was somewhat offset by more purchases from MEA.

Actual energy purchased was 142,602 MWh at an average effective price of 6.36 cents per kWh compared to 155,159 MWh budgeted at an average effective price of 7.14 cents per kWh.

POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 11.4	\$ 11.6

Power production expense was \$11.4 million compared to \$11.6 million in the budget primarily due to lower than anticipated maintenance costs at SPP.

TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 4.0	\$ 4.9

Transmission operations and maintenance expense was \$4.0 million compared to \$4.9 million in the budget, primarily due to lower than anticipated labor associated with changes in scheduled maintenance from transmission to distribution and higher than expected labor expended on capital projects.

DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 9.1	\$ 9.0

Distribution operations and maintenance expense was \$9.1 million compared to \$9.0 million in the budget. This variance is due primarily to increased labor expense due to the change in scheduled maintenance from transmission to distribution. This was somewhat offset by lower than anticipated vegetation control and allocated costs.

CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 4.2	\$ 4.2

Consumer accounts and customer information expense was \$4.2 million compared to \$4.2 million in the budget, with no significant variance.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 15.8	\$ 16.3

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 \$15.8 million compared to \$16.3 million in the budget. This variance was primarily due to lower than anticipated training services, safety materials, and building maintenance expenses.

SUMMARY

Depreciation, interest, and interest during construction expense totaled \$39.2 million compared to \$39.2 million in the budget, with no significant variance.

All of the foregoing expenses resulted in total cost of electric service of \$144.4 million compared to \$140.3 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 \$0.6 million compared to \$0.3 million in the budget due primarily to higher interest and dividend income and the gain in the value of marketable securities.

The net result of revenue and expenses was margins of \$1.7 million compared to projected margins of \$0.7 million in the budget. The current forecast projects year-end margins of \$5.6 million and an MFI/I of 1.25.

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

CATEGORY	2017 APPROVED BUDGET	2017 AMENDED BUDGET	2017 YTD ACTUALS	2017 REVISED FORECAST
Operating Revenue and Patronage Capital	\$ 214,142,698	\$ 215,797,542	\$ 145,521,634	\$ 219,987,332 ^{1 2}
Fuel and Purchased Power Expense	84,787,639	84,787,639	60,673,215	90,216,440 ¹
Power Production Expense	17,255,632	17,824,312	11,437,256	17,824,312
Transmission Expense	7,235,161	7,235,161	4,028,691	6,720,709 ²
Distribution Expense	13,466,026	13,466,026	9,050,075	13,466,026
Customer Expense	6,315,719	6,315,719	4,172,476	6,315,719
Administrative, General & Other	23,942,288	23,942,288	15,845,887	23,842,288 ²
Depreciation and Amortization Expense	35,344,430	35,344,430	24,410,496	35,116,672 ^{1 2}
Interest Expense, Net	20,794,273	21,880,437	14,772,683	22,133,364 ^{1 2}
Total Cost of Electric Service	\$ 209,141,168	\$ 210,796,012	\$ 144,390,779	\$ 215,635,530
Patronage Capital & Operating Margins	\$ 5,001,530	\$ 5,001,530	\$ 1,130,855	\$ 4,351,802
Non-Operating Margins - Interest	328,028	328,028	416,592	526,198 ¹
Allowance for Funds Used During Construction	100,029	100,029	38,558	61,150 ¹
Non-Operating Margins - Other	-	-	111,309	111,309 ¹
Other Capital Credits and Patronage Dividends	571,586	571,586	-	571,586 ¹
Patronage Capital or Margins	\$ 6,001,173	\$ 6,001,173	\$ 1,697,314	\$ 5,622,045
MFI/I	1.28	1.27	1.11	1.25
TIER	1.30	1.28	1.12	1.26

¹ Forecast based on 8 month actual and 4 month forecast

² Forecast has been adjusted to reflect known and measurable changes

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

October 20, 2017

TO: Lee Thibert, Chief Executive Officer
FROM: Tyler Andrews, Vice President, Member and Employee Services
SUBJECT: *Third Quarter Safety Report 2017*

Year to Date Safety Statistics- Third Quarter

- | | |
|---|-----|
| • Total Number of Recordable Injuries | 3 |
| • Number of Lost Work Day Recordable Injuries | 3 |
| • Lost Work Days | 105 |
| • Vehicle Incidents | 2 |

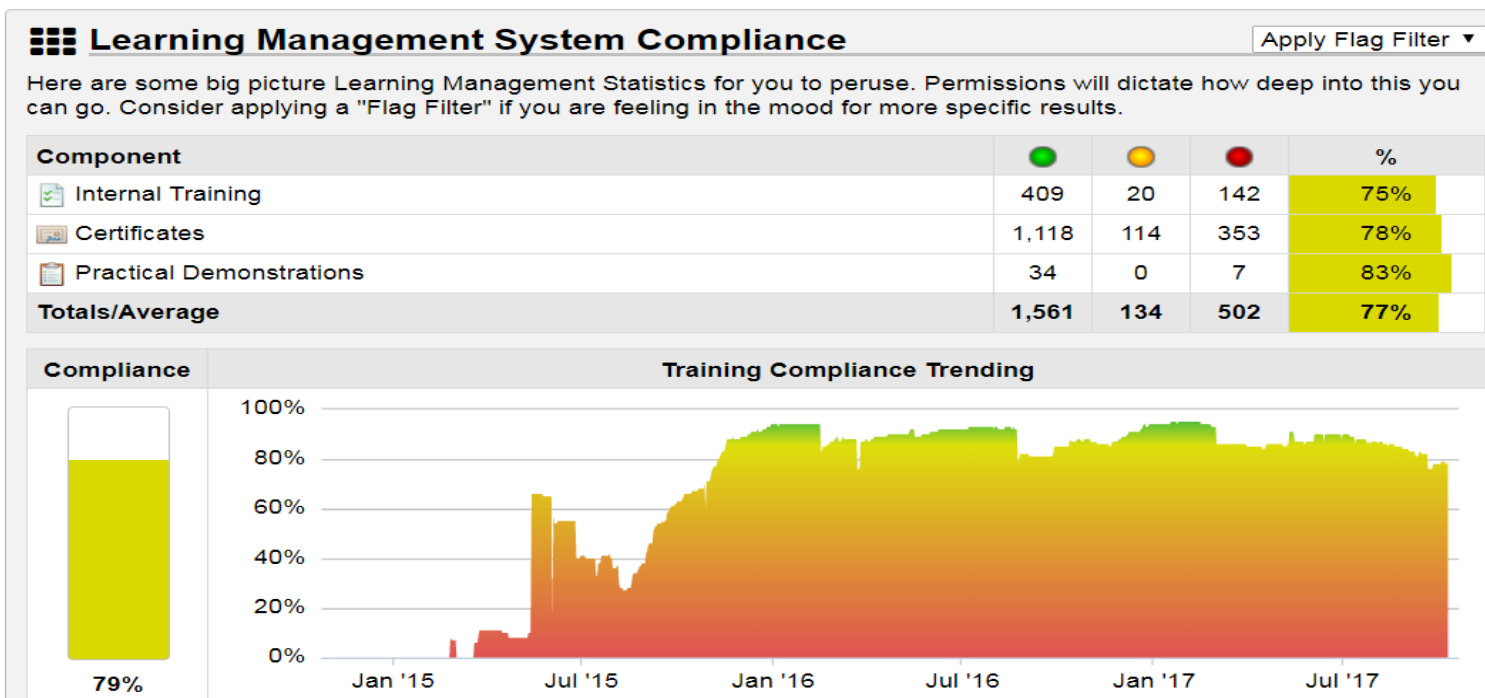
Notable Items:

- With no injuries in September, Chugach Electric Association has experienced 6 consecutive injury free months. Together with 3 injuries YTD, such data reflects notable progress since the company safety stand down that was conducted in April.
- In mid-September SPP took the first steps as participants in the state of Alaska's Safety and Health Achievement Recognition Program (SHARP) by inviting AKOSH consultants into our power plant. As part of their visit, AKSOSH walks our facility to identify any unidentified/unmanaged safety hazards that may need to be addressed. They also review SPPs safety program against OSHA's [Safety and Health Program Management Guidelines](#) and make recommendations, where needed, to close identified gaps in our implementation efforts. While this is a safety-related event, with support provided by the Safety Department, the SHARP visit is largely intended to give credit and recognition to the plant, and more importantly to the safety efforts of its employees and managers. Acceptance by our worksite into SHARP upon meeting their requirements also singles SPP out amongst our business peers as a model for worksite safety and health.
- Conducted a quarterly safety manager meeting July 20th during which we reviewed OSHA's Transmission and Distribution Best Practices.

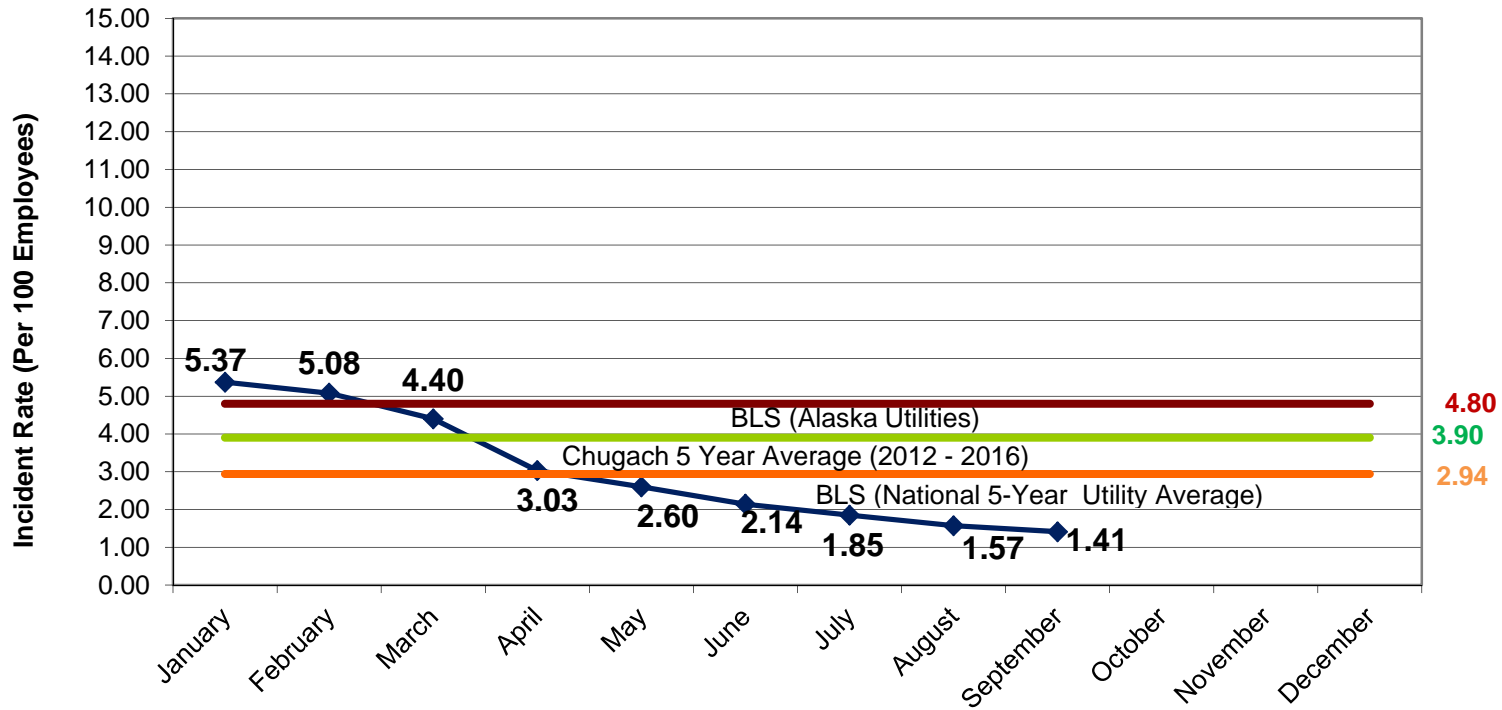
- Our new metric that tracks preventable accidents has helped Chugach Electric recognize the difference between incidents within one's direct control and those incidents that aren't, based their underlying causes. For example, the one preventable accident that occurred this year would not have happened had safe work practices been followed. The other two incidents were categorized as unpreventable in that employees were doing their work task correctly but the incident still happened. Regardless of type of incident, we still seek to identify any corrective actions necessary to reduce the likelihood of recurrence.

Safety Training:

- A primary incident prevention effort from the Safety Department is the delivery of safety training. Safety training topics contribute to employee knowledge, hazard identification and mitigation, required safe work procedures, and safety regulations. To date 77% of our annual training plan has been completed, which is on track for Q3, and with the seasonal nature of some work groups we will have ample opportunity in 4th quarter to meet our training targets.

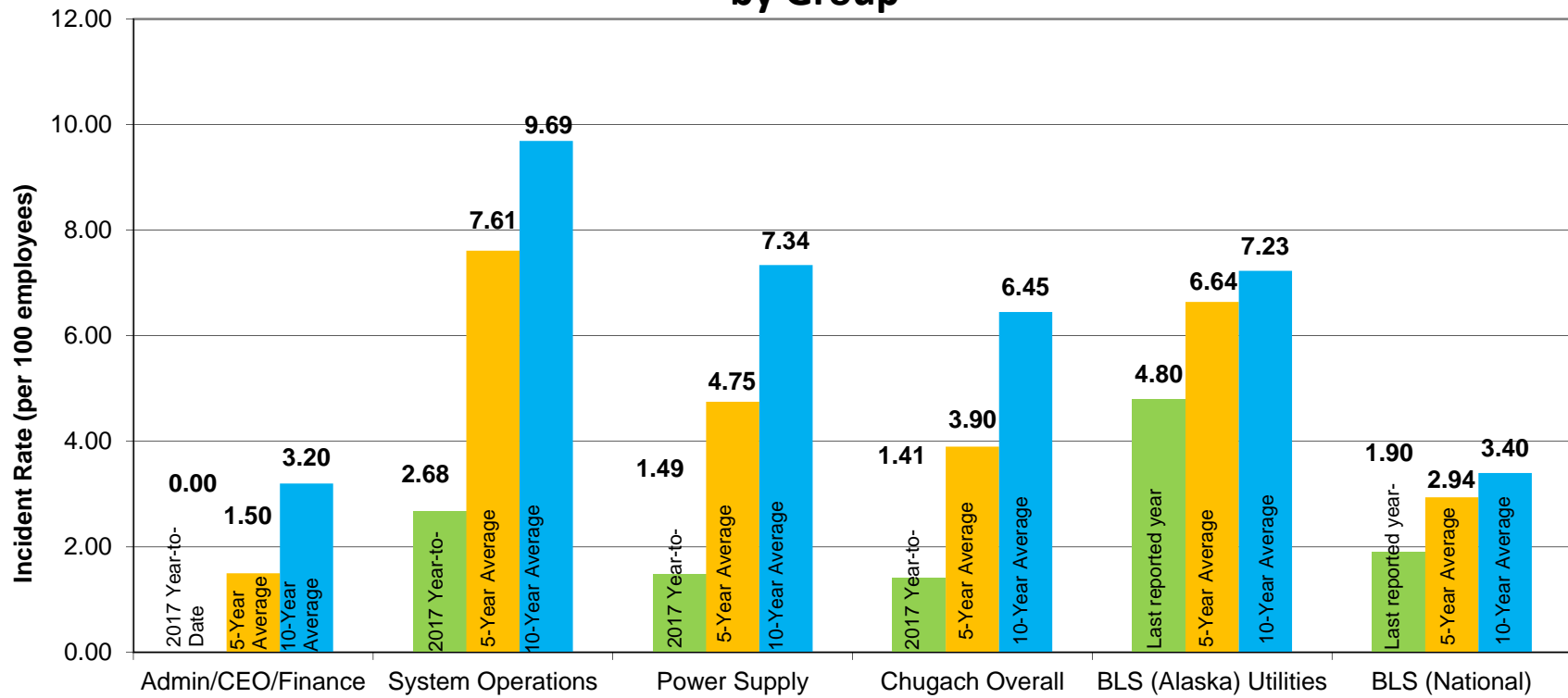


Recordable Incident Rate 2017

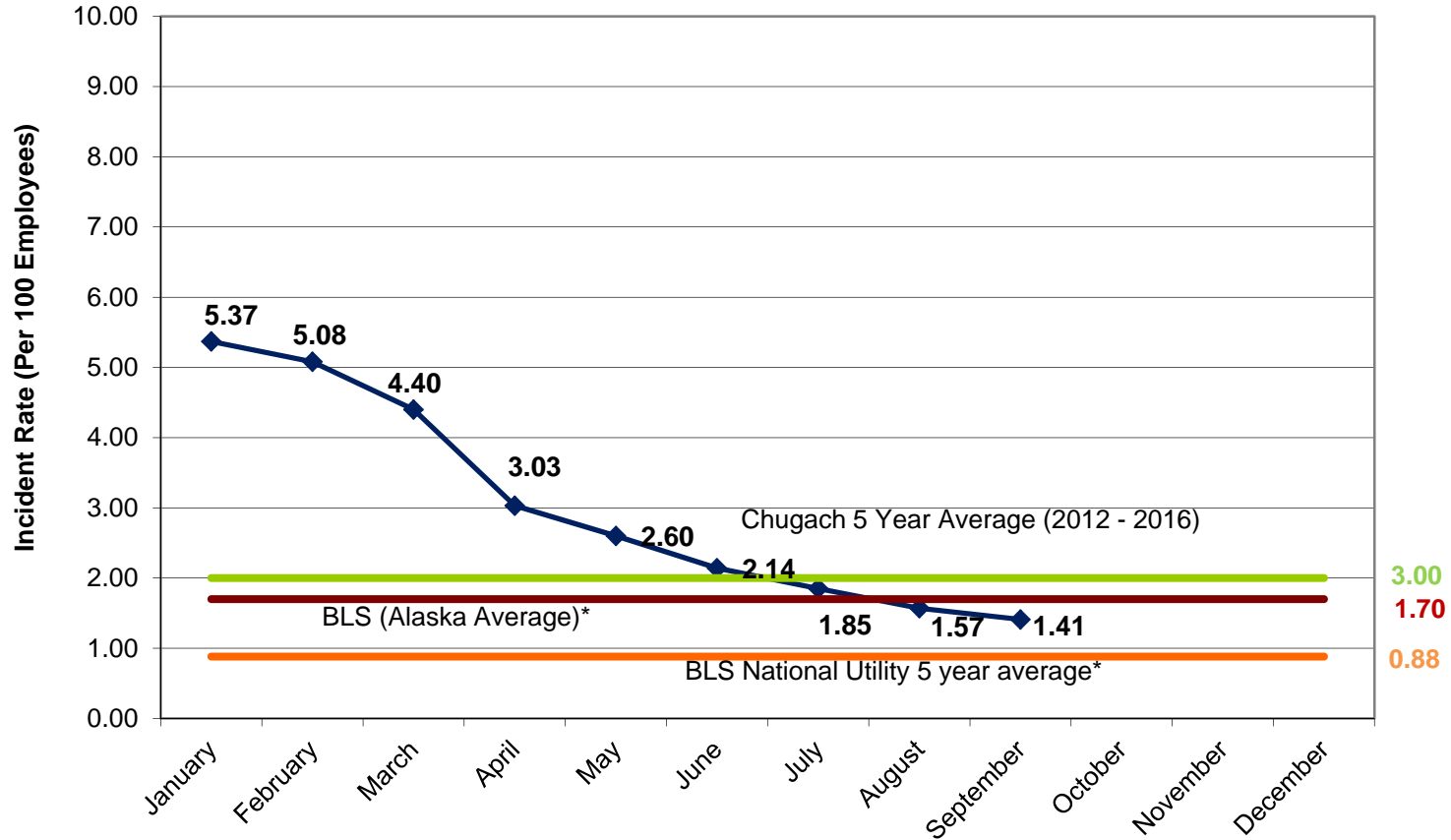


* Based on data reported to the Bureau of Labor Statistics (BLS) under NAICS Code 2211

Recordable Incident Rate 2017 by Group

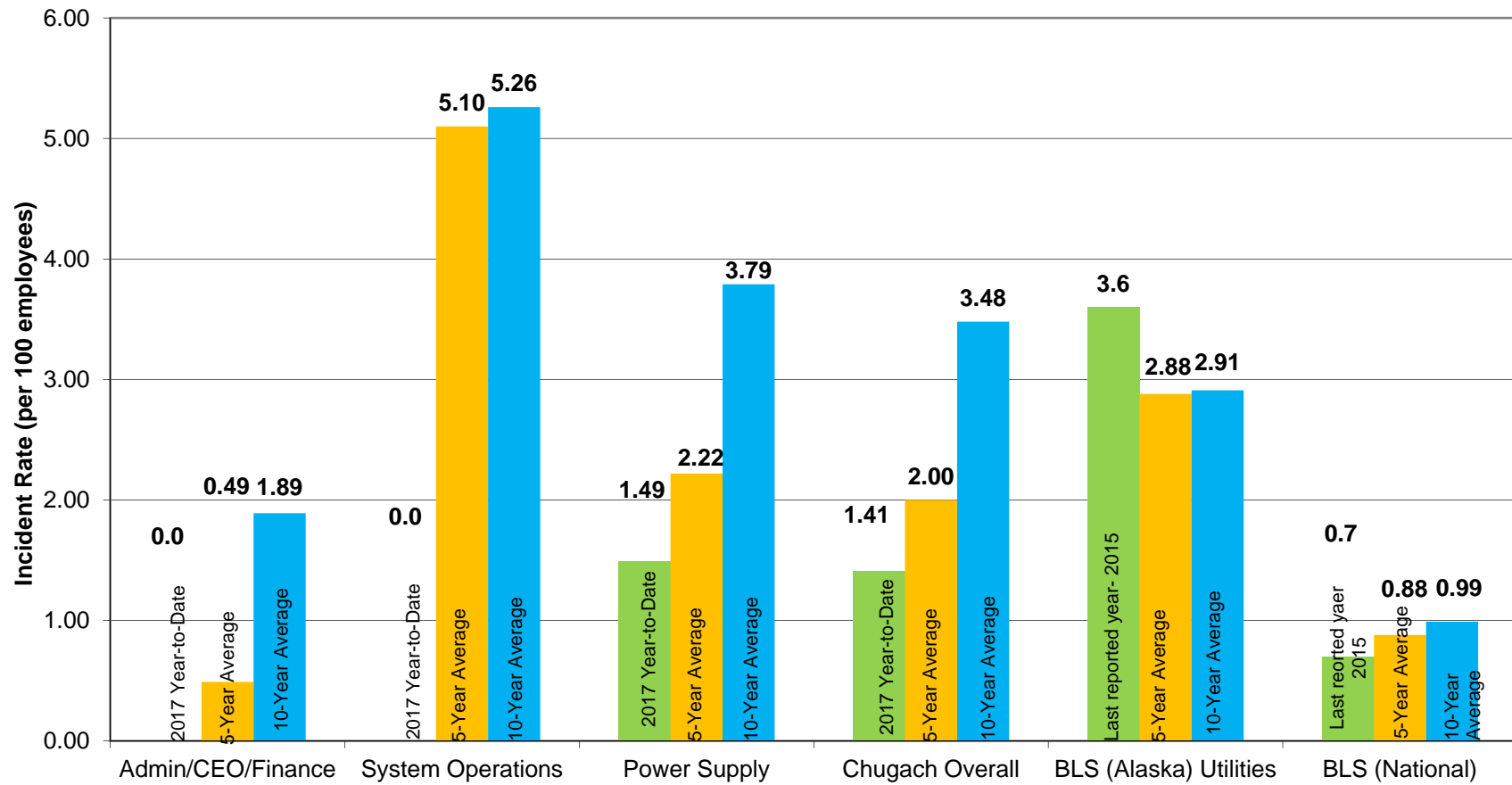


Lost Time Rate YTD 2017

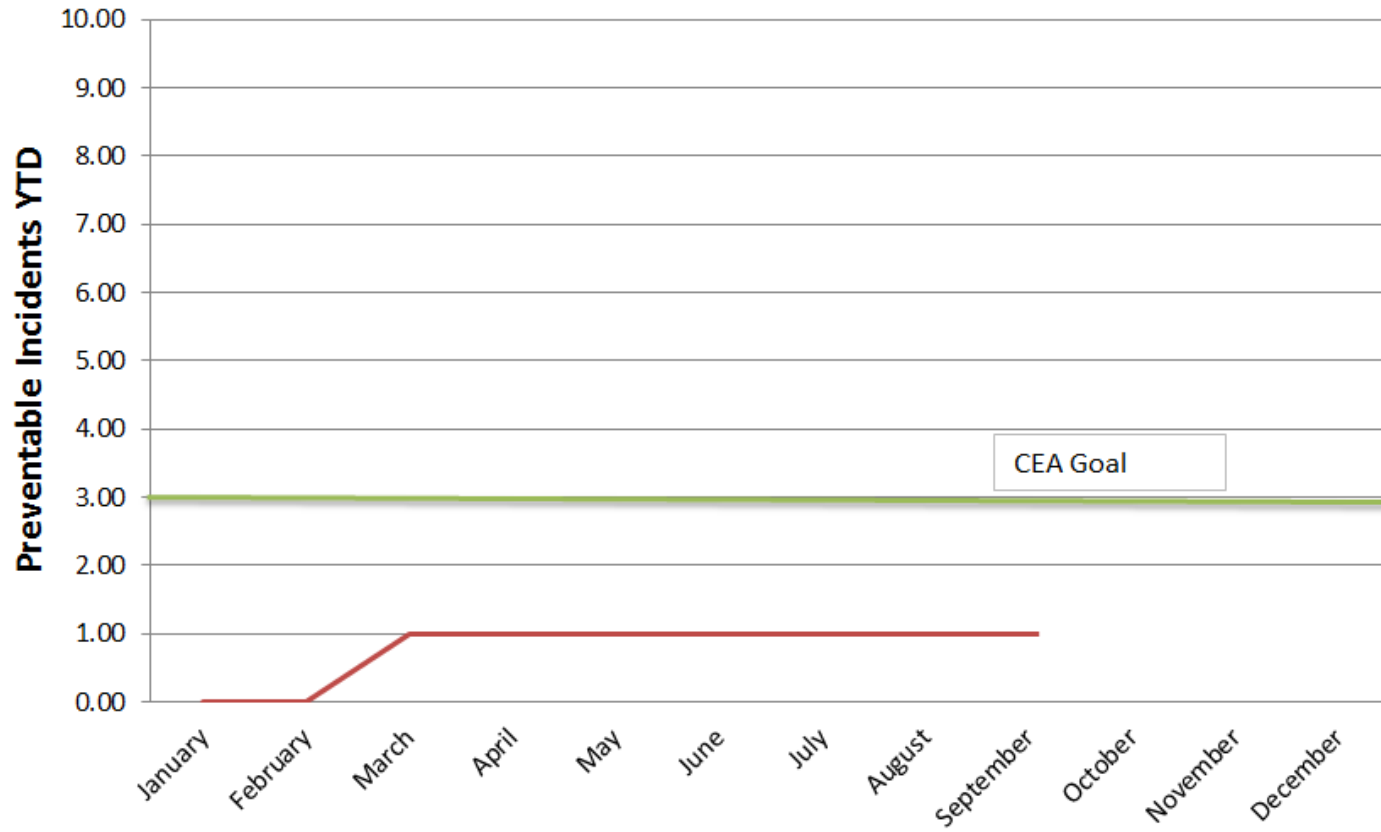


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Lost Time Rate 2017 YTD by Group



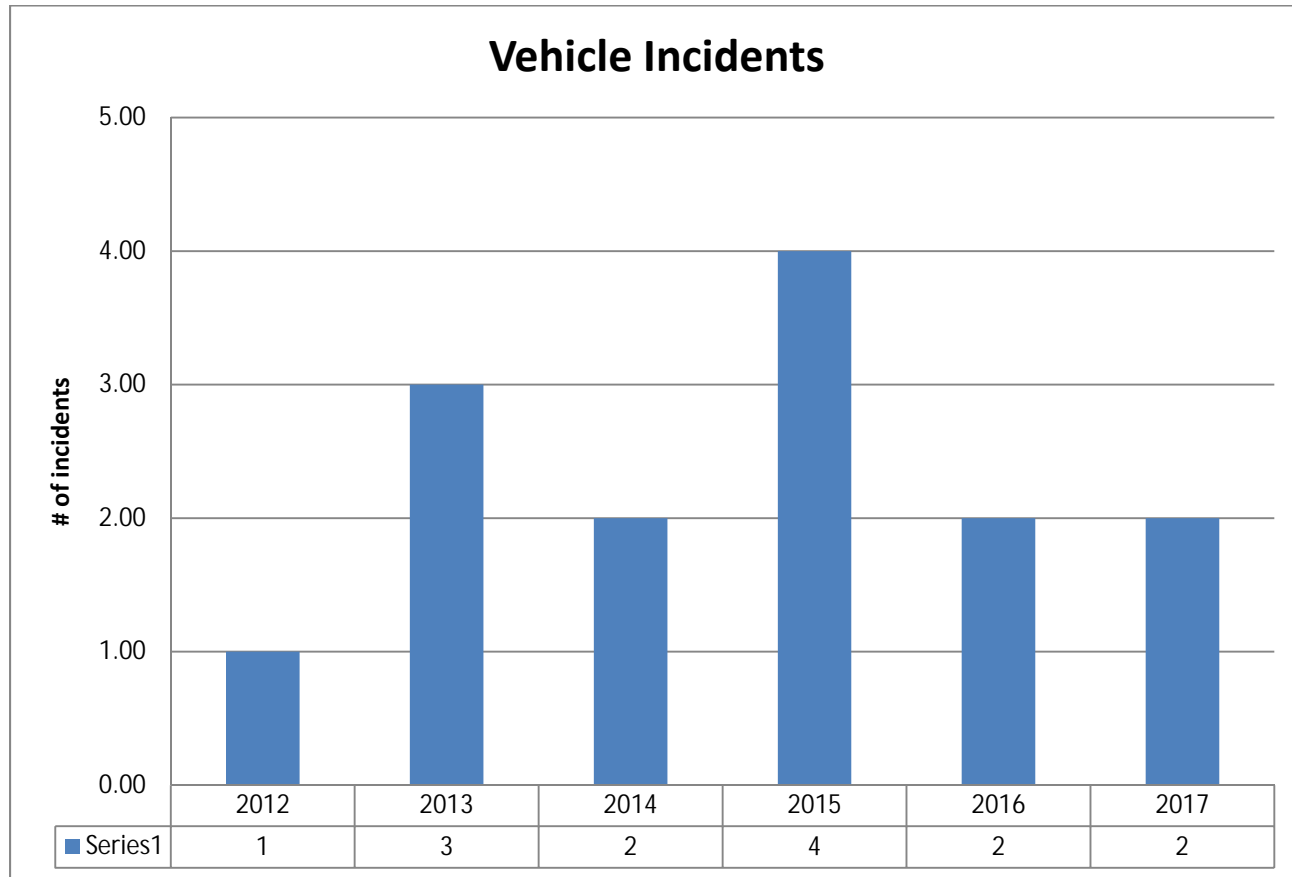
Number of Preventable Incidents



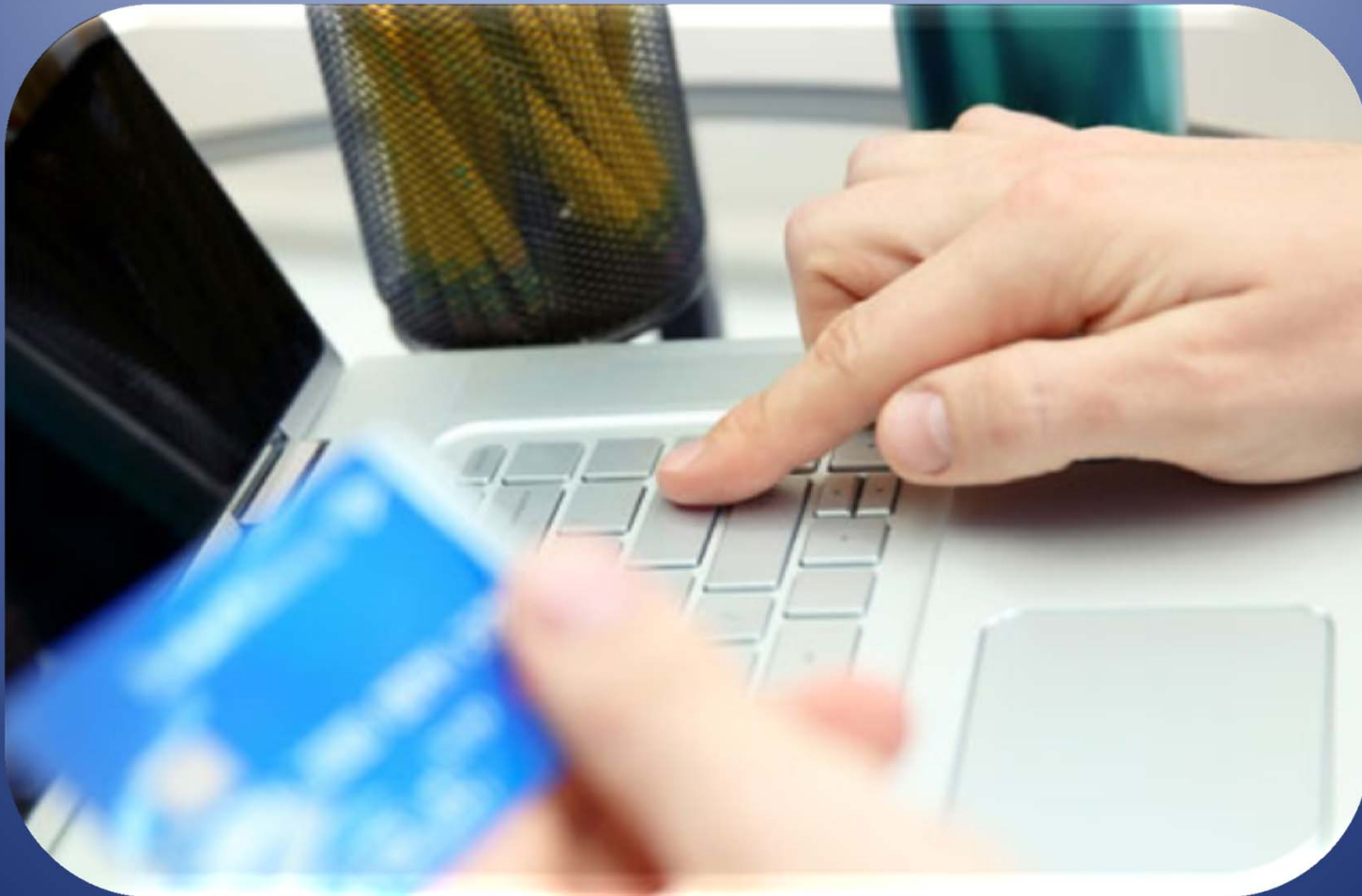


Vehicle Incidents:

There have been 2 vehicle incidents YTD.



Credit Card Payment Update



Regular Board of Directors' Meeting
October 25, 2017

Progress To Date

- April 2017 – Board Resolution Passed
- June 2017 – Vendor Selected
 - Contracting and Project Development Underway
- October 2017 – Project Kickoff
- Mid-October 2017 – Regulatory Filing
- December 2017 – RCA Decision Expected
- February 2018 – Project Completion (EOM)
- March 2018 – Go-Live - Soft Launch
- May 2018 – Announce at Annual Meeting

What Are We Getting?

- Expanded Member Services & Convenience
 - Two-Way Text Messages and Payment
 - Smart Payment Reminders
 - AutoPay by Credit Card
- Integrated with
 - Member Engagement Portal – single sign-on
 - Customer Information System – near real-time payments
 - Interactive Voice Response-IVR/Phone System
 - Voice or touch tone control
 - Fast Track – “recognizes” payer
- Member Control of Financial Information
 - Accessible 24/7

Questions?

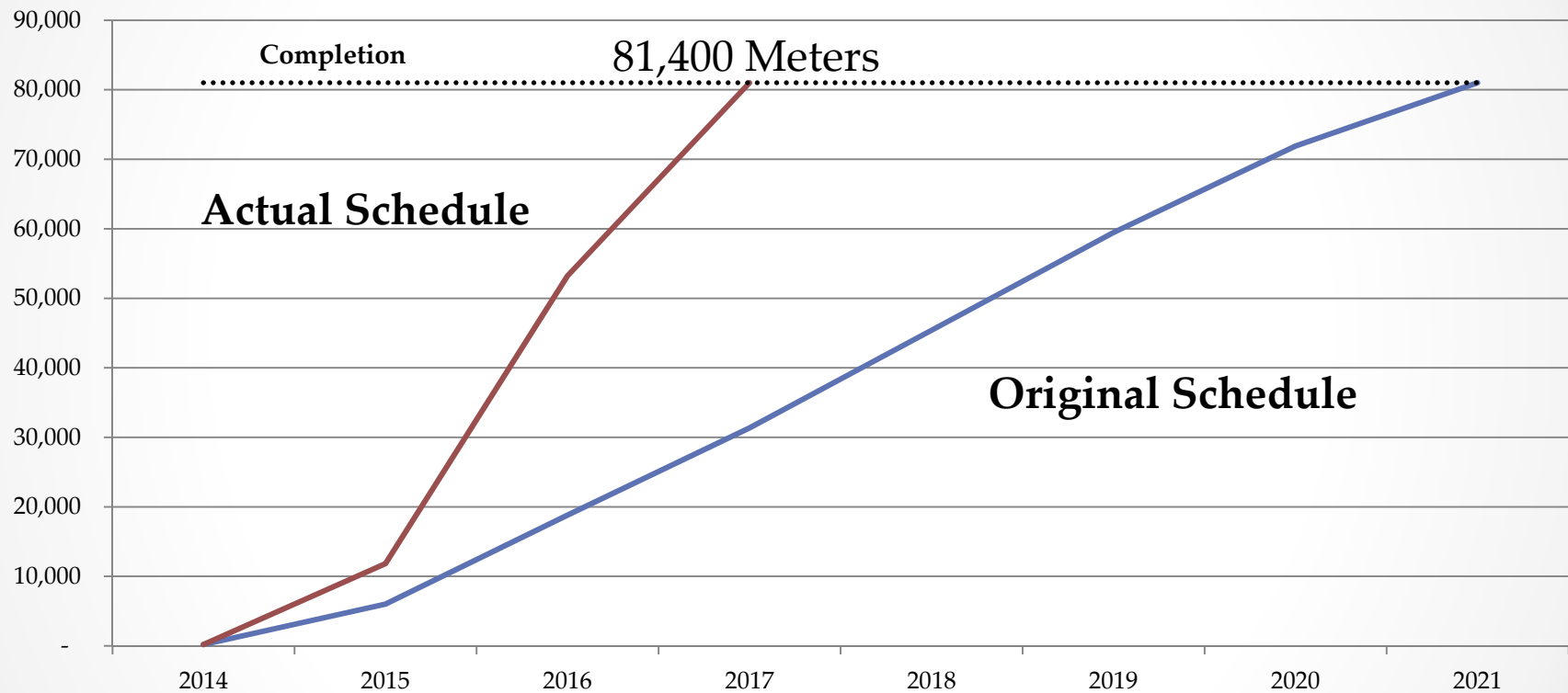


AMI Project Completion

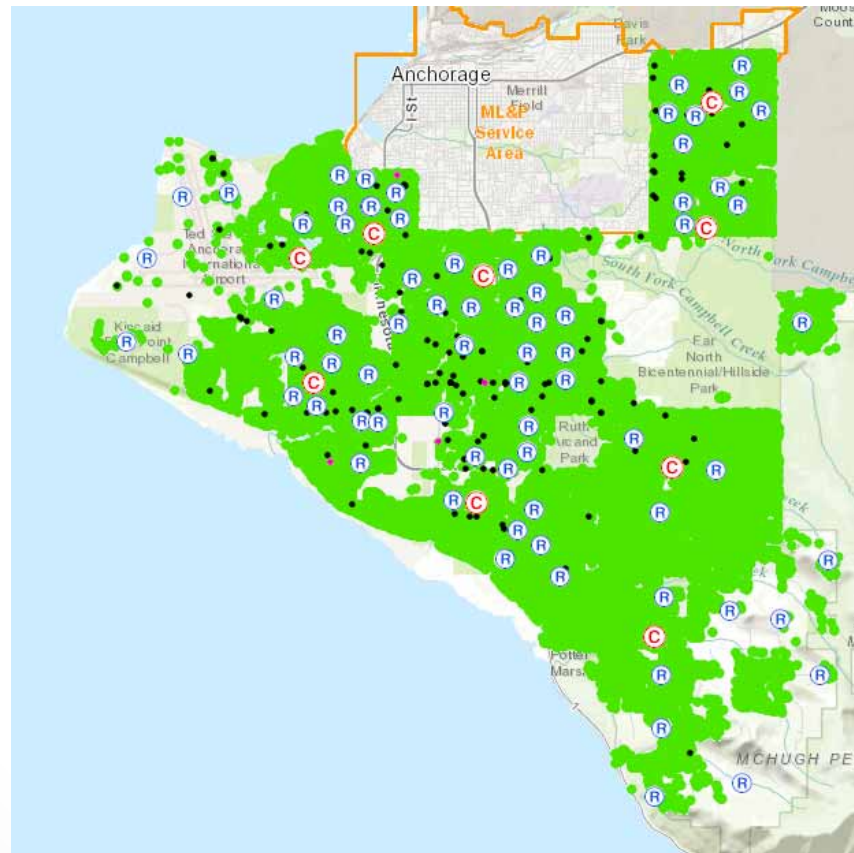


Chugach Electric Association, Inc.
Regular Board of Directors' Meeting
October 25, 2017

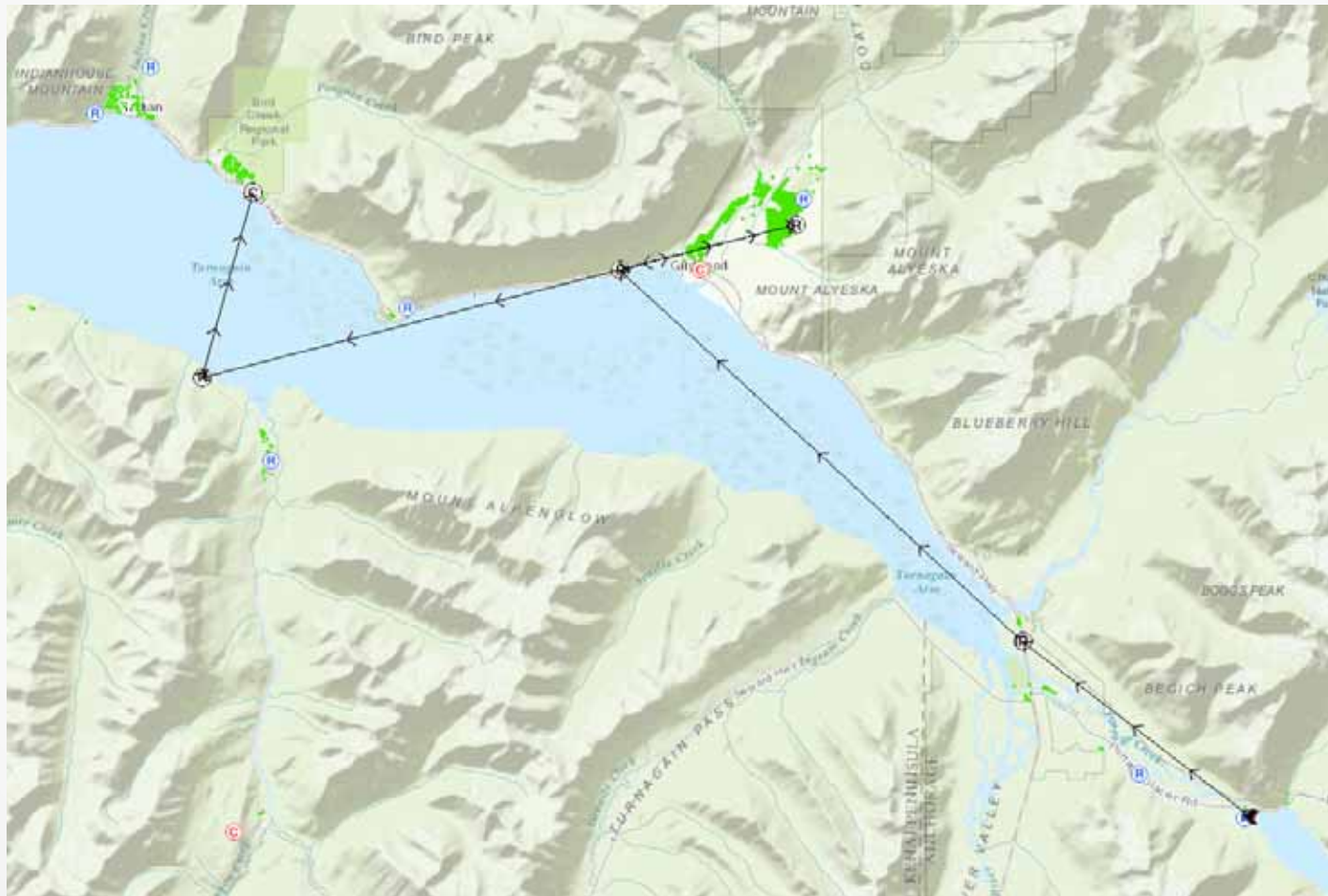
AMI Installation Schedule



Installation Map



AMI Network



Communication Path from Portage to Collector

Remaining Meters

- 236 Meters Remaining
 - 63 Deferrals
 - 50 Hazards/Obstructions
 - 68 480v Services
 - 55 CT Meters
- Tariff being developed



Sample Hazards / Obstructions

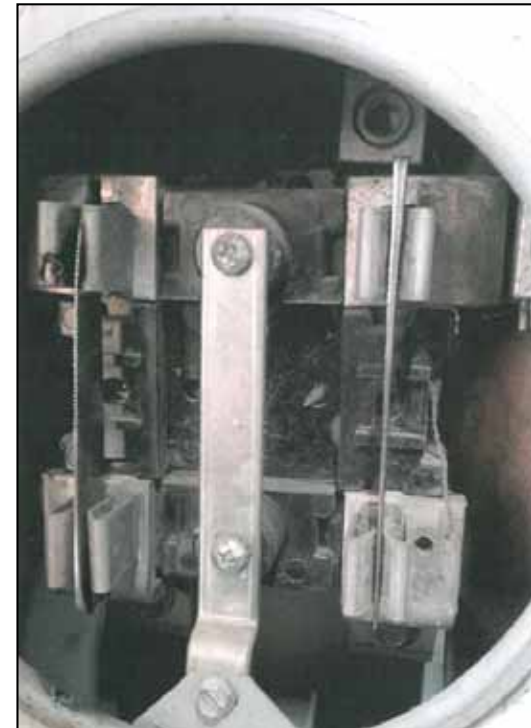
Meter Reading

- 99.7% of Meter reads through AMI
- 15,116 YTD Move in/ Move out reads in 2017
- Annual Savings
 - 3 Meter Readers - \$403,400
 - Vehicles - \$23,900
 - Software - \$30,000
 - Load Research - \$54,465



(Dis) Connects

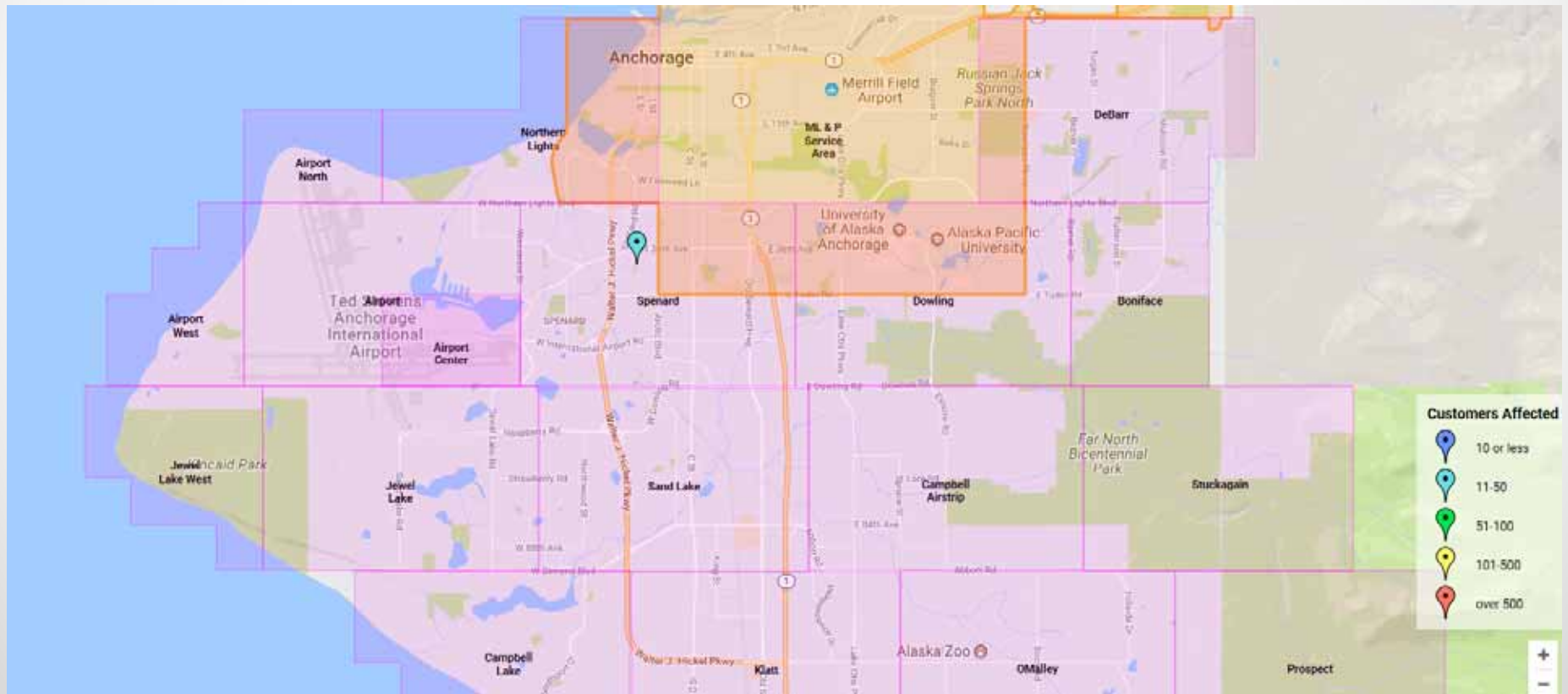
- Thru September: 10,513 services connected or disconnected remotely in 2017
- 2017 Savings YTD - \$599,815
- Forecast \$797,754
- Reduction in tampers by 50%



*AMI Meter with
Creative Jumpers*

Outage Management

- With estimated 10min / outage improvement
- Unserved Energy - \$213,202



Total Savings

Saving	Total
Meter Reading	\$496,765
Disconnects	\$797,754
OMS – Unserved Energy	\$213,202
Total Annual Value	\$1,507,721

AMI Project Summary

Schedule
Completion Schedule
2017 vs. 2021

Initial Scope
79,995 Meters
110 Routers
15 Collectors

Safety
No Incidents

Final Scope
81,400 meters
113 Routers
17 Collectors

Cost
Project Authorization: \$14.05M
Project Cost: \$14.58M

We Alaskans

August 2, 2015

adn.com

Death to a deadbeat dam

A 61-foot dam
that helped kill
off Eklutna
River salmon
runs will finally
be removed.
Will the fish
return one day?

BY
RICK SINNOTT

Dateline: Barbecuing beast » 2

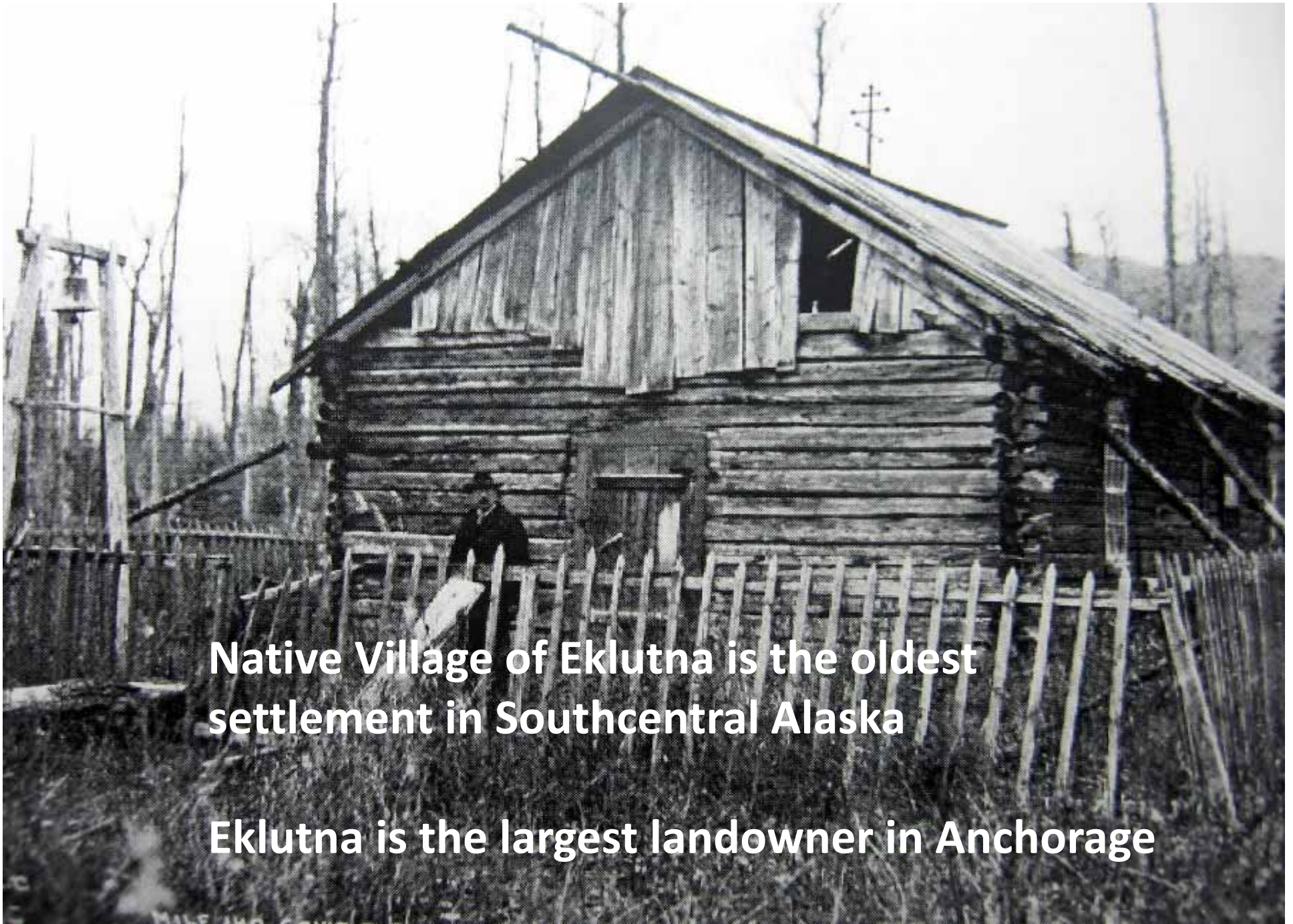
Education: Sitka Fine Arts » 8

Books: A marine tragedy » 9

conservationfund.org

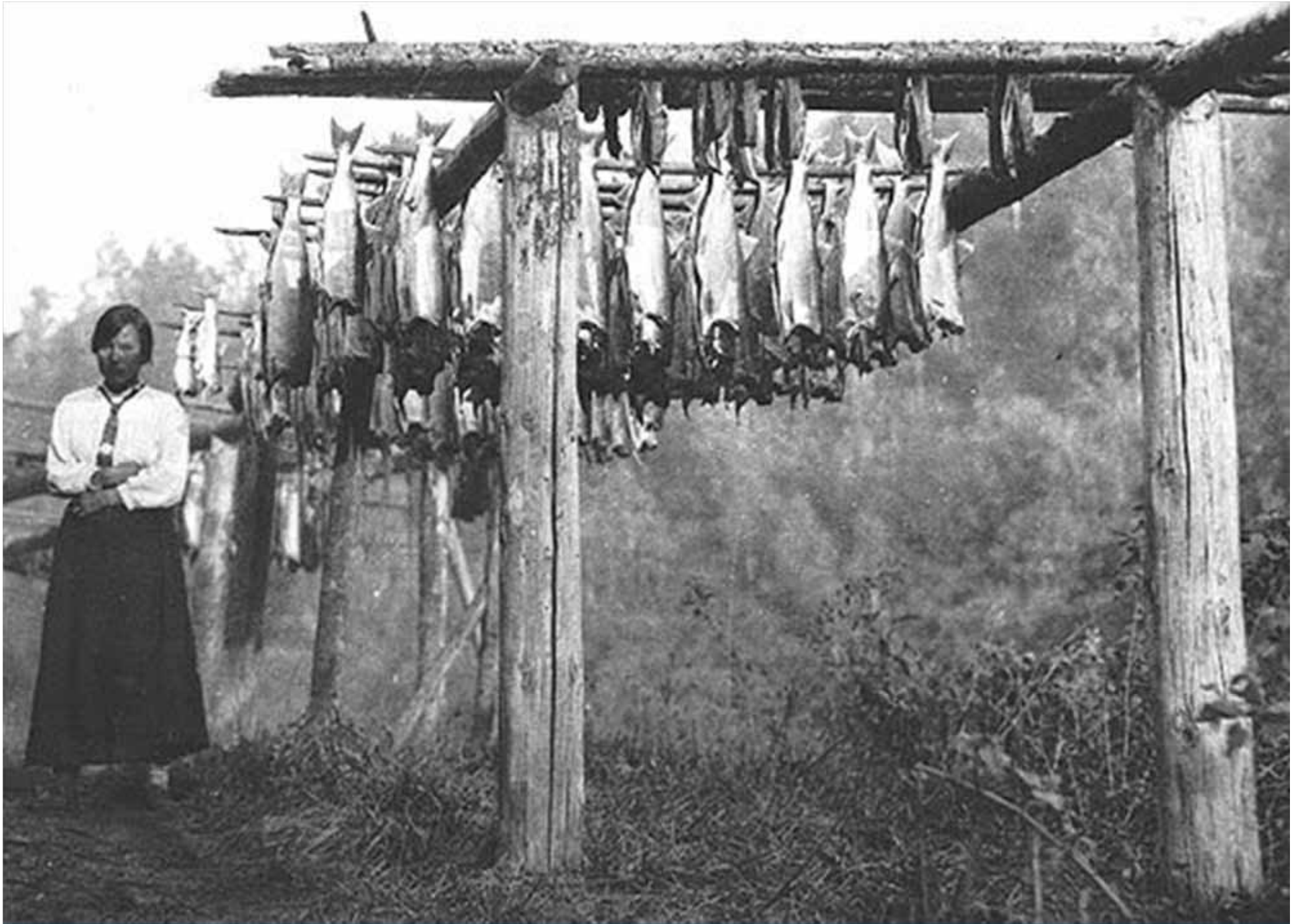


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**Native Village of Eklutna is the oldest
settlement in Southcentral Alaska**

Eklutna is the largest landowner in Anchorage







Eklutna Dam Removal

THE
CONSERVATION FUND

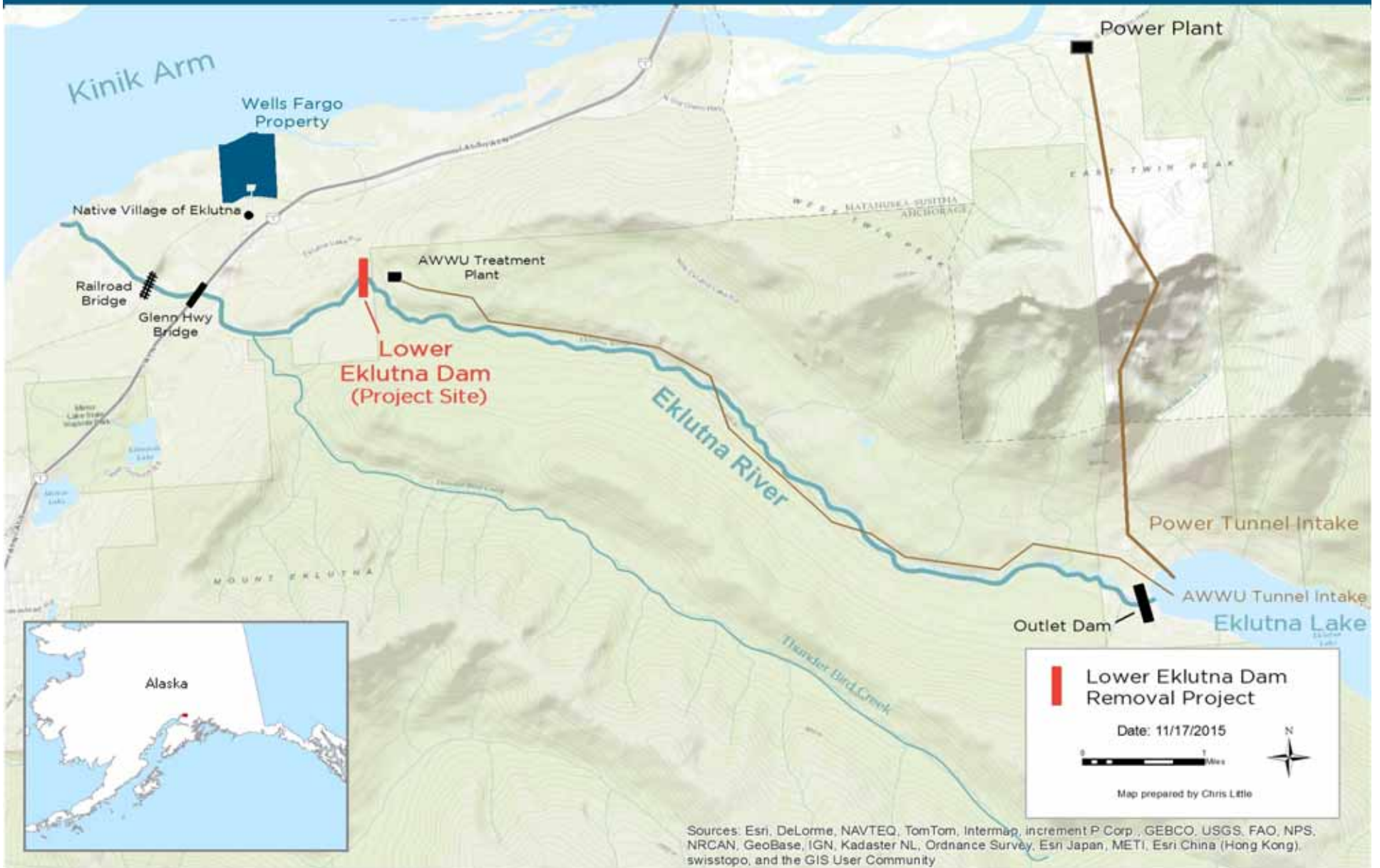
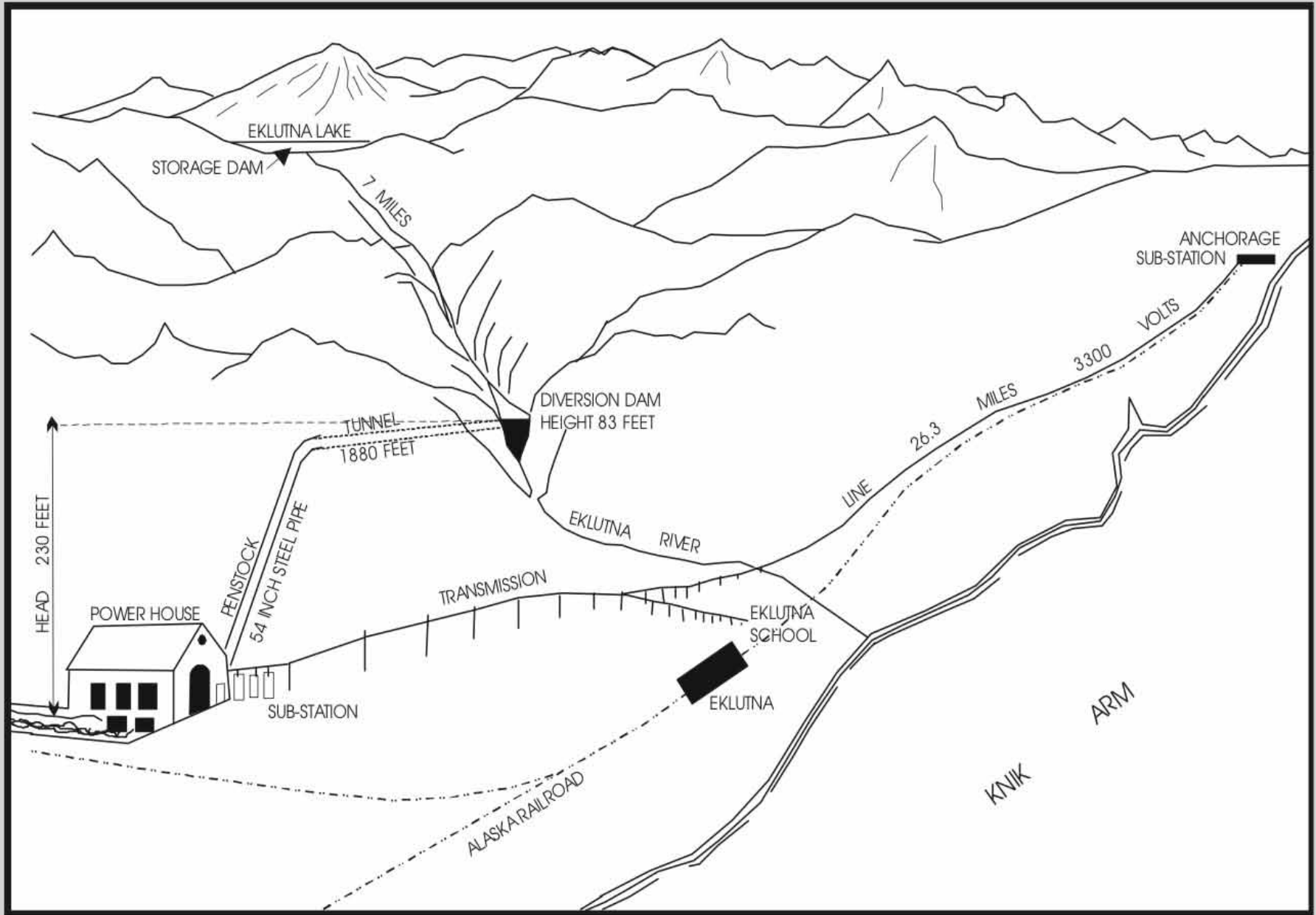
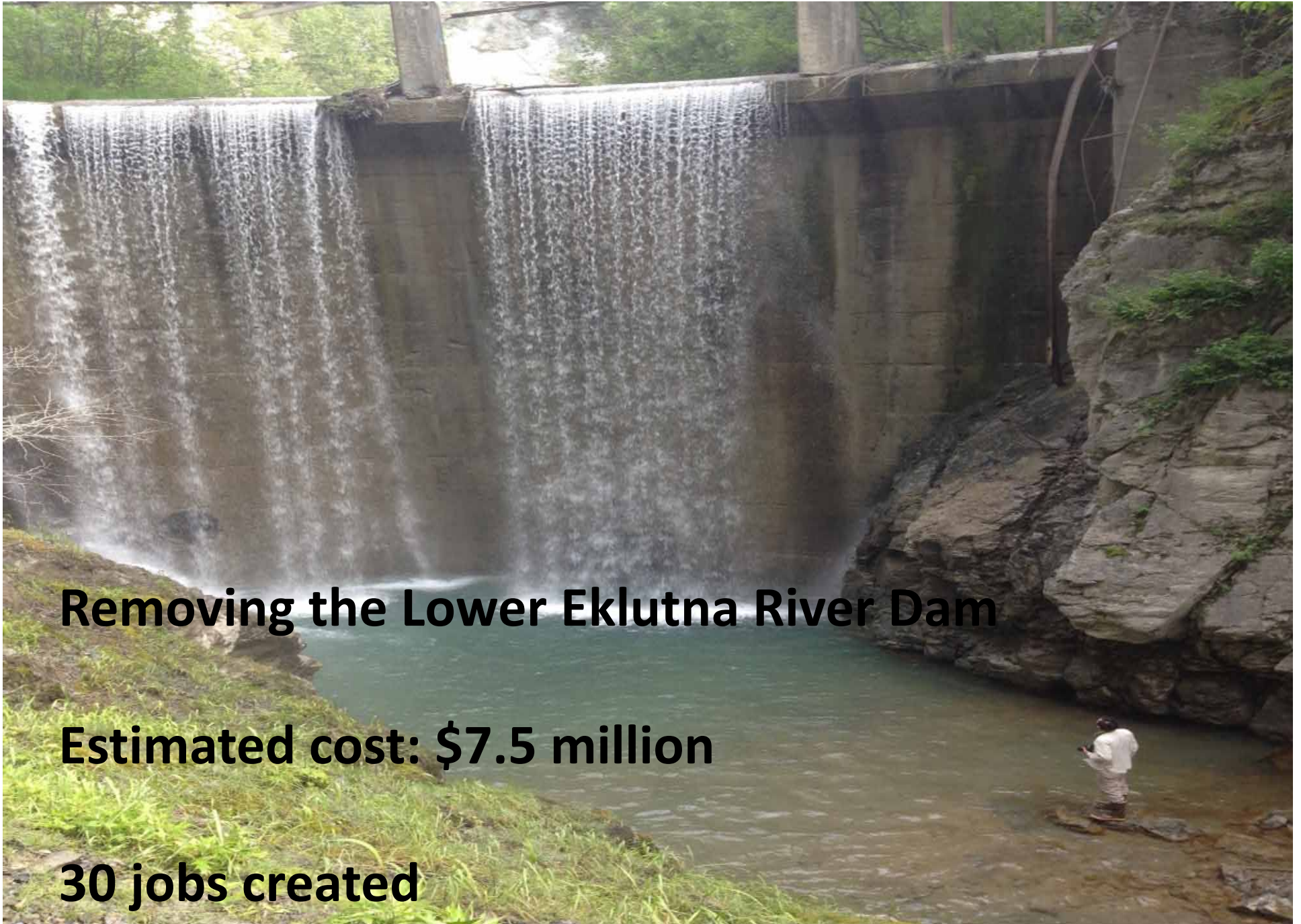




Figure 12. Upstream face of diversion dam under construction.



Source: Anchorage Daily Times, 21 Sept. 1929



Removing the Lower Eklutna River Dam

Estimated cost: \$7.5 million

30 jobs created





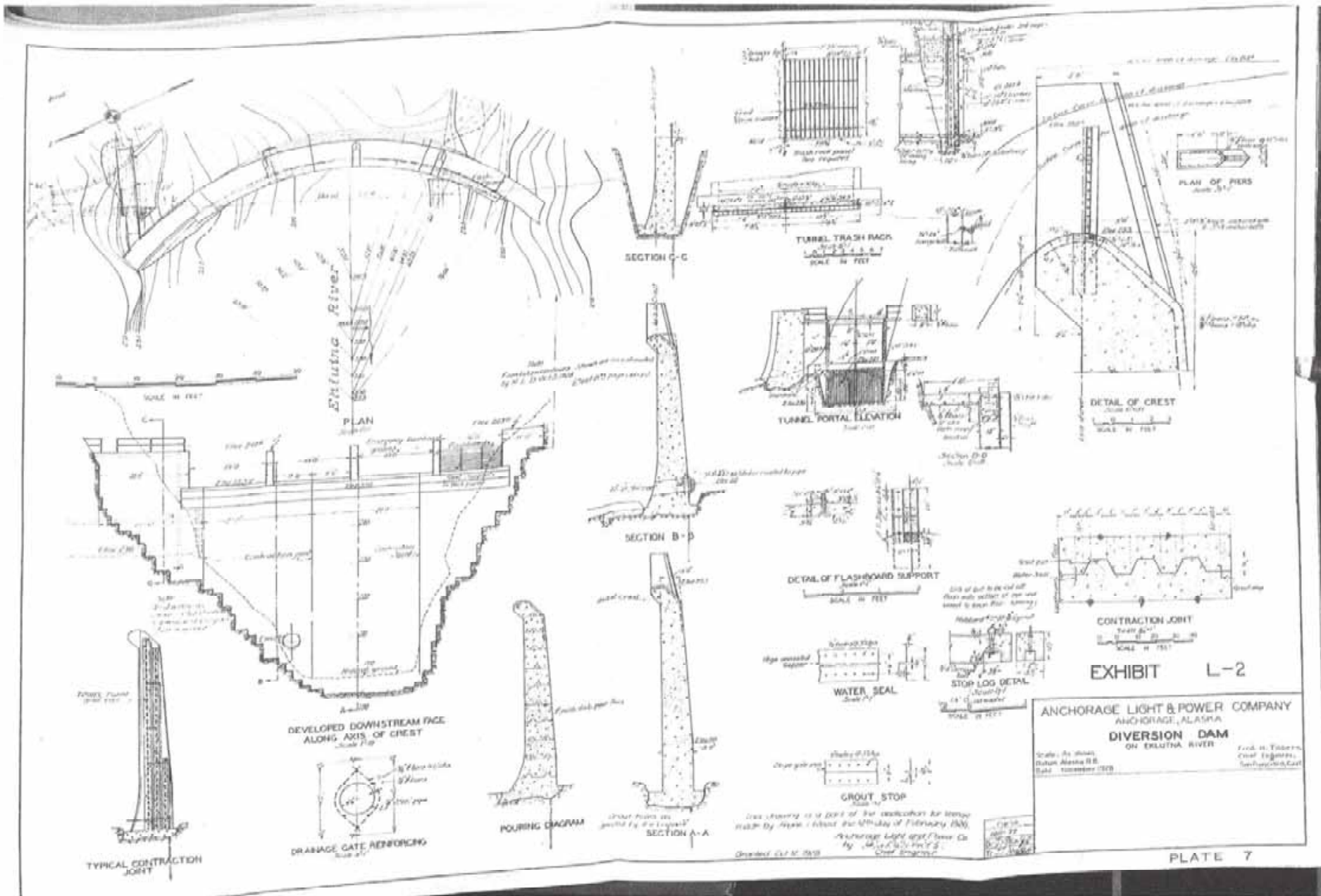
eklutna
INC.

www.eklutnainc.com

Eklutna Construction & Maintenance, LLC **– Eklutna River Lower Dam Removal**

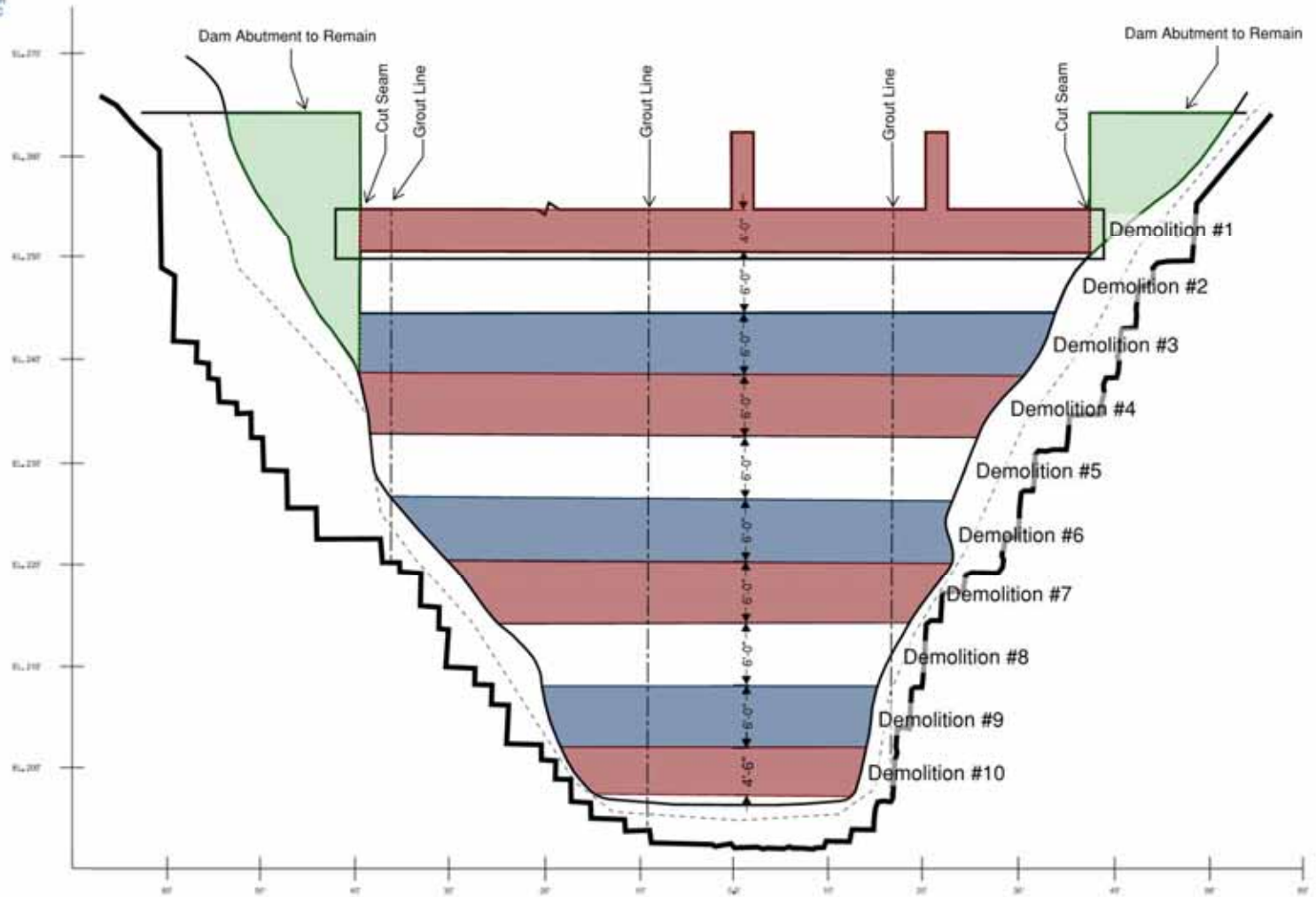








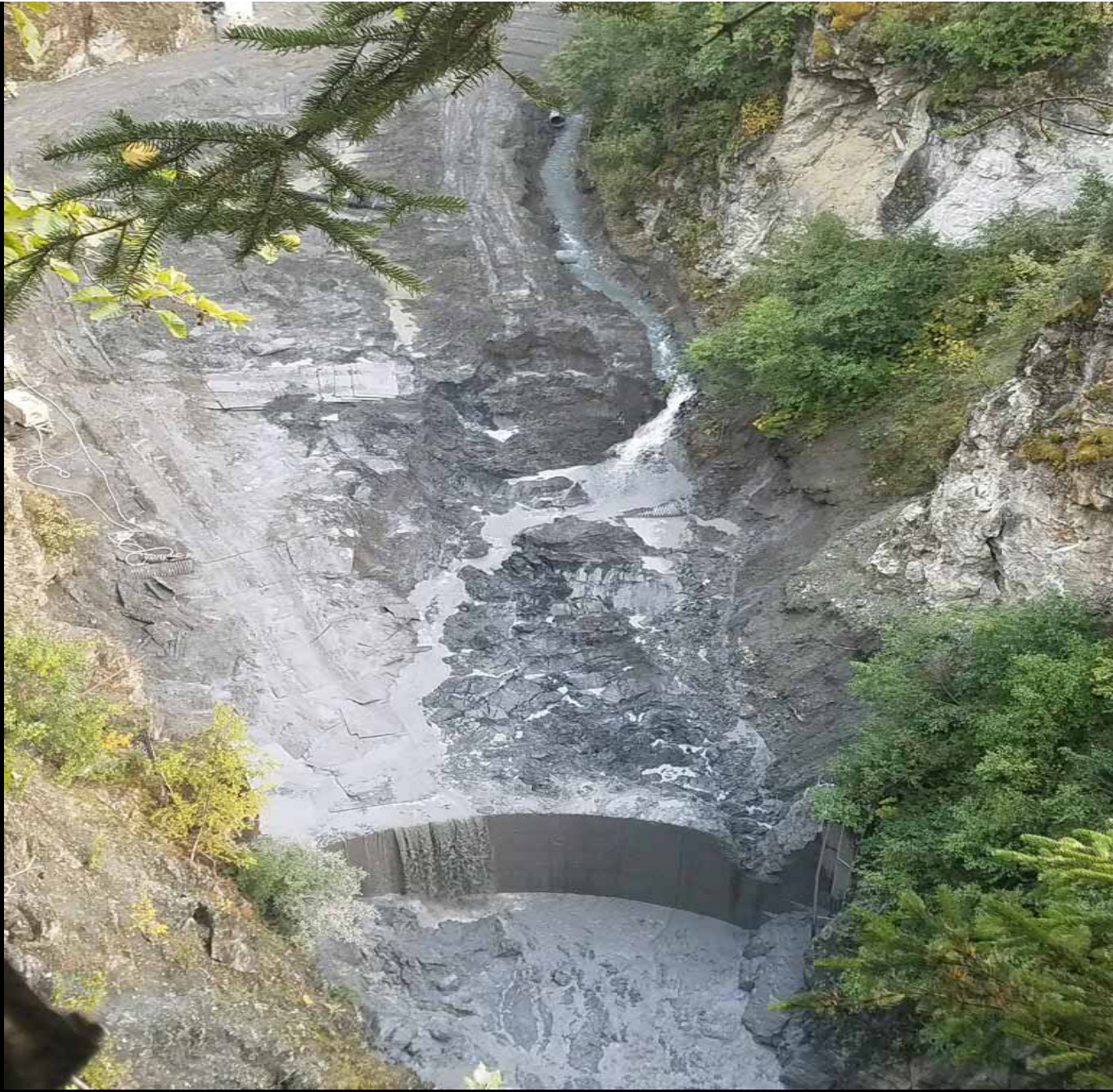
Dam Demolition Profile - Dam Demolition Sequence























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Eklutna Construction & Maintenance, LLC **– Eklutna River Lower Dam Removal**



Fixing a Broken River

Partners and Agencies

The Conservation Fund

Eklutna Inc

Eklutna Construction and Management

Native Village of Eklutna

HDR

Rasmuson Foundation

National Fish and Wildlife Foundation

Patagonia

Trout Unlimited

Resources Legacy Fund

US Army Corps of Engineers

State of Alaska Governor's Office

State of Alaska Office of Dam Safety

State of Alaska Department of Fish and Game

State of Alaska Department of Environmental Conservation

Eklutna Lake, Alaska

N6123 W14907

Rec'd 7/22/41 from 2nd Photo Sqdn., Elmendorf
Field, Anchorage, Alaska. *Original Neg.*
rec'd 1 May 1944.



(OI-2507-2ND)(6-29-41-10:00A)(12-6000) EKLUTNA LAKE, ALASKA

INDEXED

28776-AC.





Taking ALL the water out of a salmon river is not acceptable practice





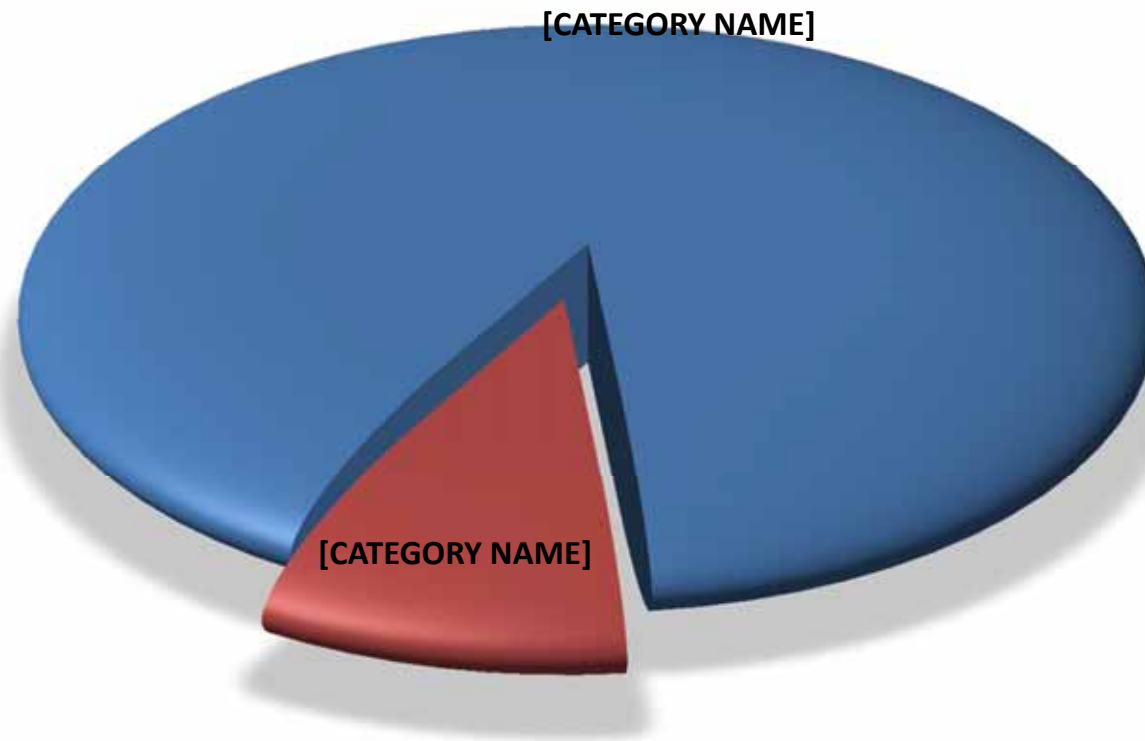
THIS AREA IS BEING MAINTAINED FOR YOUR
CONVENIENCE BY ALASKA POWER ADMINISTRATION
AND COOPERATIVE AQUACULTURE ASSOCIATION.
PLEASE TAKE OUT WHAT YOU PACK IN AND USE
RESTROOMS PROVIDED.
SUBJECT TO THESE AND OTHER RULES AND REGULATIONS,
THIS PORCH/PLAZA WILL BE CLOSED TO NON-COOPERATIVE
OR VANDALISM.
ALASKA POWER ADMINISTRATION
COOPERATIVE AQUACULTURE ASSOCIATION







Eklutna Lake Water Allocation





August 7, 1991

**Fish and Wildlife Agreement
Snettisham and Eklutna Projects**

**Municipality of Anchorage
d/b/a Anchorage Municipal Light and Power**

Chugach Electric Association, Inc.

Matanuska Electric Association, Inc.

Alaska Energy Authority

**United States Department of Commerce
National Marine Fisheries Service**

**United States Department of Interior
Fish and Wildlife Service**

State of Alaska

“During initial reviews of the legislative proposal, **one significant problem was identified; namely, loss of a Sockeye salmon run that once spawned in Eklutna Lake.** The loss was caused by a small private power development constructed in 1929. This problem was not identified in pre-authorization studies for the Federal Eklutna Project and the Federal project does not include any mitigation. This specific problem and the desires of the fish and wildlife agencies to provide appropriate consideration to fish and wildlife resources over the long run led first to recommendation that the two projects be placed under FERC jurisdiction; and subsequently to the August 7, 1991 Agreement that provides a process similar to FERC’s but without a requirement for Federal regulation.”

Environmental Assessment for the Sale of the Eklutna Project, March 1992, Department of Energy

J.L.Dobbins - 2

And another third reason is that he made some statements that
I am
e
c
gned
statement, I want to
call your attention to the killing of the lynx by Mr. Shaw.
In commenting on this, I can only say again that it is necessary
that we be on friendly terms; that is, the Anchorage Light and
Power Company, with the Indians around Eklutna Lake. It has
been proven many times by the Bureau of Education that the
uneducated Indian has only the mind of a 12-year old child.
It is a very bad breach of etiquette and trust in this country
for one man to rob another's trap line. It is ten times worse
to rob a native's trap line when this is the only way that he
has of making a living. Around Eklutna Lake is old Alec's
hunting ground and trap line site and has been for many year's
past. I have sent word back to Mr. Alec, the native, by Mr.
Erbacher that his boat will be returned to the spot where it
was taken from and if broken will be repaired. I also told Mr.
Erbacher to tell Alec that his lynx skin will be paid for. It
is very natural for these natives, when they have been wronged,
to fight back. After our work is completed at the lake, it
would be very easy for old Alec and his gang to blow up our
dam or do any other damage in the way of setting fire to our
cache or cabin. After talking the situation over with Mr.
Montgomery and Mr. Gattaford, our next step will be to

The River Spirit



Dena'ina believe that everything in their environment serves a purpose and each has a spirit.



Eklutna's Energy

The Eklutna River historically provided an abundance of salmon for Dena'ina. Tribal elders recall salmon so numerous, you could almost walk across the river on the backs of the fish. Over the years, the river's energy has been harnessed by dams diverting water from the river for hydroelectricity. Low flows from the dams and overfishing have altered the spirit of the river, trading abundant fish for abundant electricity.

Measuring the Flow

The flow of a river is measured by scientists in cubic feet per second. Salmon cannot spawn in shallow water and very little water flows between the upper dam and the river's confluence with Thunder Bird Creek. In fact, at the upper dam, zero cubic feet of water is released from Eklutna Lake into the watershed.

Solutions for the Future

How can we restore the unique qualities of this river? Some people want to remove the lower dam that has been decommissioned for decades, hoping it will increase spawning salmon in the lower river. However, a balance is desired between using the river's spirit and energy to generate electricity and drinking water, and to reestablish salmon spawning habitat.



Photo: James Smith, Red Bluff on the Eklutna River, ca. 1882. Photo courtesy of the University of Alaska Museum of Northern Science and History.



These graphics were developed for the Eklutna River Bridge Replacement Project by the Municipality of Anchorage, the Native Village of Eklutna, and Alaska Department of Environmental Conservation.



An aerial photograph of a river flowing through a lush, green forest. The water is a vibrant turquoise color, and a large, dense school of salmon is visible, swimming in a circular pattern in the center of the river. The surrounding forest is dense with various shades of green, and the banks are visible on either side.

The Eklutna River has been broken for 88 years.

Native people and salmon have been neglected.

It's time to fix this river.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

October 25, 2017

ACTION REQUIRED

AGENDA ITEM NO. X.A.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Approval of Gas Contract

DISCUSSION

As discussed in Executive Session at the October 25, 2017, Regular Board of Directors' Meeting.

MOTION

Move that the Board of Directors authorize the Chief Executive Officer to negotiate and finalize the terms and conditions of a gas contract essentially the same as discussed in Executive Session.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

October 25, 2017

ACTION REQUIRED

AGENDA ITEM NO. X.B.

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

TOPIC

Strategic Planning: Update to Vision, Mission and Value Statements

DISCUSSION

The strategic plan is a guide to how Chugach Electric Association, Inc.'s ("Chugach" or "Association") intends to meet its vision and mission by identifying key strategic priority areas and focusing on activities to meet those priorities. Integral to the strategic plan is the vision, mission and value statements that, collectively, establish the foundation of strategic planning.

The electric utility industry has undergone significant change over the past decade, driven in large part by advances in distributed generation (renewable and non-renewable), battery storage, metering infrastructure, energy efficiency and a heightened awareness of impacts to the environment. Combined with these changes, the Board of Directors recently adopted sustainability as a business management philosophy that broadens the focus of the financial bottom line to include social and environmental responsibility measures to create greater long-term business value. Sustainability is integral to Chugach's strategic planning initiatives and its on-going business practices that support the long-term viability of the Association. The current vision, mission and value statements are not fully reflective of these changes.

As part of the Association's strategic planning process, a strategic planning committee recommended changes to Chugach's vision, mission and value statements, which were discussed in executive session. Based on the result of a subsequent strategic planning committee meeting, it is recommended that Chugach update its vision, mission and value statements to:

Vision Statement: Responsibly developing energy to build a clean, sustainable future for Alaska.

Mission Statement: We provide safe, reliable and affordable electricity through superior service and sustainable practices, powering the lives of our members.

Value Statement: Guided by our values of safety, accountability and sustainability, we are committed to serving our members, the community, and the Chugach team.

MOTION

Move that the Board of Directors approve the Resolution updating the Association's vision, mission and value statements as described herein.

RESOLUTION

Strategic Planning: Vision, Mission and Value Statements

WHEREAS, the strategic plan is a guide to how Chugach Electric Association, Inc. (“Chugach” or “Association”) intends to meet its vision and mission by identifying key strategic priority areas and focusing on activities to meet those priorities;

WHEREAS, the Association undertakes on-going strategic planning by which it transforms its mission and values into actionable, measureable goals;

WHEREAS, the Chugach Board of Directors continuously assesses the strategic direction of the Association in consideration of internal and external factors that impact its business environment;

WHEREAS, integral to the strategic plan are the vision, mission and value statements that, collectively, establish the foundation of the strategic plan;

WHEREAS, the Association’s current vision, mission and value statements do not fully reflect changes to its business environment, including the adoption of sustainability as a core business philosophy by which financial, environmental and social measures are expressly considered in the Association’s overall performance; and,

WHEREAS, in consideration of the results of strategic planning, the Association desires to update its vision, mission and value statements.

NOW, THEREFORE, BE IT RESOLVED, Chugach shall update its vision, mission and value statements into its strategic plan as follows:

Vision Statement: Responsibly developing energy to build a clean, sustainable future for Alaska.

Mission Statement: We provide safe, reliable and affordable electricity through superior service and sustainable practices, powering the lives of our members.

Value Statement: Guided by our values of safety, accountability and sustainability, we are committed to serving our members, the community, and the Chugach team.

CERTIFICATION

I, Jim Henderson, 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 25th day of October, 2017; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation on on the 25th day of October, 2017.

Secretary

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

October 25, 2017

ACTION REQUIRED

AGENDA ITEM NO. X.C.1.

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

TOPIC

Community Solar Project Authorization

DISCUSSION

Chugach Electric Association, Inc. (Chugach) is finalizing the development of a 500 kW (AC system installed capacity) community solar project on Chugach headquarters property at the north end of the Southcentral Power Project laydown yard. The installation is expected to include approximately 2,000 solar panels and generate 550 MWh per year at a capacity factor of 13 percent. Construction is expected to be completed during second quarter 2018.

This project is being developed to fulfill member interest, to match Chugach's sustainability business philosophy, to continue to develop renewable energy sources, to allow any retail member to use solar energy, and to provide a lower barrier to entry for retail members to use solar by achieving economies of scale. Chugach recently polled its members and found that 63 percent favor development of a community solar project and that 61 percent of those responding favorably indicated a willingness to pay more for solar power.

Chugach is requesting authorization to proceed with the project, subject to the total project cost not to exceed \$2.0 million, a levelized-cost-of-power not to exceed \$0.30 per kWh (including capital O&M expense), receiving New Clean Renewable Energy Bond (NCREB) financing, and obtaining pre-subscribership of at least 80 percent of the available shares prior to construction.

The solar project will be offered to retail members as a premium renewable energy product that will be paid for by the member-subscribers who voluntarily purchase shares of the solar project. Subscribers will receive the energy output of their share(s) during the 25-year project life. The member receives the actual energy output from their share of the solar project as a credit on each

monthly electric bill. The solar energy production will be credited through virtual net metering, matching Chugach's net metering tariff. Unsold shares will be used as a Chugach system generation resource at the same rate as subscribing customers, subject to Commission approval. To mitigate the risk of unsold shares, Chugach will also seek cornerstone shareholders to agree to purchase all or a portion of unsold shares.

Additional project details are contained in the Project Authorization.

MOTION

Move that the Chugach Board of Directors approve the attached resolution authorizing the Chief Executive Officer to approve project expenditures for the Chugach Community Solar Project at a cost not to exceed \$2,000,000 and with an estimated completion date of second quarter 2018.

RESOLUTION

Community Solar Project Authorization

WHEREAS, Chugach Electric Association, Inc. (“Chugach” or “Association”) adopted sustainability or triple bottom line as a core business philosophy by which financial, environmental and social measures are expressly considered in its overall performance;

WHEREAS, investments in renewable generation are desirable for the long-term transformation towards a sustainable energy future;

WHEREAS, Chugach’s 2016 / 2017 Strategic Plan identifies Renewable Generation and Conservation initiatives as a strategic priority area of the Association and the evaluation of a community energy project is identified as a key action item within this priority area;

WHEREAS, the Community Solar Project matches the sustainability business philosophy and member requests for solar generation;

WHEREAS, a recent poll of Chugach’s members found that 63 percent favor development of a community solar project and, of those in favor, 61 percent would be willing to pay more for solar power;

WHEREAS, Chugach has completed its initial evaluation of a 500 kW community solar project and has estimated the total cost for the project at \$2.0 million or less;

WHEREAS, project risk will be mitigated by pre-subscribing 80 percent of shares prior to construction and by seeking cornerstone shareholders who will agree to purchase all or a portion of unsold shares; and,

WHEREAS, the energy from unsold shares throughout the life of the project will be used as a Chugach system generation resource.

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of Chugach Electric Association, Inc., approve expenditures for a Chugach Community Solar Project of up to 500 kW, with a total estimated cost not to exceed \$2,000,000, a levelized-cost-of-power not to exceed \$0.30 per kWh, and contingent upon receiving favorable project financing, pre-subscribing 80 percent of the available shares and obtaining necessary approvals by the Regulatory Commission of Alaska prior to construction.

CERTIFICATION

I, Jim Henderson, 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 25th day of October, 2017; 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 25th day of October, 2017.

Secretary

Chugach Project Authorization

Project Name: Chugach Community Solar Project

Project Category:

Safety	Incremental Load Growth	X	New Service	R&R T&D
Agency Mandated	Reliability		Operating Efficiency	R&R Generation

Accountabilities & Approvals

Signatures Date

Board of Directors:	Jim Henderson, Secretary	_____	___/___/___
CEO	Lee Thibert, CEO	_____	___/___/___
Executive Sponsor:	Arthur Miller, Ex. Mgr., Reg. & Ext.	_____	___/___/___
Project Manager:	Paul Risse, Sr. VP Prod. & Engineer.	_____	___/___/___
Program Developer:	Sean Skaling, Mgr. Bus./Sust. Prog.	_____	___/___/___

Purpose

This community solar project is being developed to fulfill member interest, to continue to develop renewable energy resources, to allow any retail member to use solar energy, to provide a lower barrier to entry for retail members to use solar by achieving economies of scale and by providing both a subscription and lump-sum payment option for participation. The project is consistent with Chugach’s sustainability business philosophy.

Project Description

Chugach is finalizing the development of a 500 kW (AC system installed capacity) community solar project on Chugach headquarters property at the north end of the Southcentral Power Project laydown yard. The installation is expected to include approximately 2,000 solar panels and generate 550 MWh per year at a capacity factor of 13 percent. Construction is expected to be completed in second quarter 2018.

Project advancement is contingent upon:

1. Receiving favorable financing (New Clean Renewable Energy Bonds);
2. Achieving a 25-year levelized cost of power (capital and O&M expense) of \$0.30 per kWh or less;
3. Achieving 80 percent subscribership prior to construction; and,
4. Obtaining necessary approvals by the Regulatory Commission of Alaska.

Procurement: Chugach will request proposals from qualified bidders seeking the best price and quality for a design-build solar project. The proposals will be compared against the cost and quality of Chugach managing the project and its design, and hiring a contractor for construction.

Approval Amount: Not to exceed \$2,000,000



Community Solar Program Update

PRESENTED TO:

**Chugach Electric Association, Inc.
Regular Board of Directors' Meeting**

October 25, 2017

CHUGACH

POWERING ALASKA'S

ENGINEERING DESIGN

Summary of Project



- + Project Size: 500 kW
 - + ~2,000 panels
 - + 13 percent capacity factor
 - + 550 MWh/year (avg.)
- + Location:
 - + SPP laydown yard
- + Construction Cost: <\$2 million

All figures are subject to change until project design is finalized.

BASED ON BEST PRACTICES

Program Design Review

- + Pay upfront, or monthly (subscription)
- + Participants receive energy output of their share
- + Virtual net-metering:
 - + Kilowatt hours generated are subtracted from monthly bill
- + Available to any retail member
- + Maximum 25 kW per member
- + Shares can be gifted to members



LOOKING AHEAD

Timeline

October 2017 to January 2018

- + Apply for NCREB allocation
- + Develop internal systems, marketing materials, etc.
- + Receive regulatory approval
- + Seek construction proposals
- + Seek anchor tenant

February to March 2018

- + Receive NCREB allocation
- + Initiate marketing and enrollment

April to June 2018

- + Construct, pending 80% subscribership
- + Begin commercial operations



FEDERAL SUBSIDY

Financing

NCREBs Financing

- + Options are NRUCFC or CoBank
- + Loan match 25 yr project life
- + Net interest rate is just above 1%
- + NCREBs approval rate - high
- + Minimal complexities





RESOLUTIONS

Today's Actions

1. Project Authorization Resolution

+Authorized project:

+Up to 500 kW

+Not to exceed \$2.0M

+Bid or build

+Contingent upon:

+Receiving favorable financing

+Levelized cost of power not to exceed \$0.30 per kWh
(includes program costs)

+80 percent subscribership before construction

2. NCREBs Financing Resolution

+Required for financing



Questions?

Project Site Viewed from Minnesota Drive



CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

REGULAR BOARD OF DIRECTORS' MEETING
AGENDA ITEM SUMMARY

October 25, 2017

ACTION REQUIRED

AGENDA ITEM NO. X.C.2

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

TOPIC

Community Solar Project Financing

DISCUSSION

Chugach Electric Association, Inc. (“Chugach”) has been evaluating alternative financing options for funding a 500 kW community solar project located on Chugach headquarters property at the north end of the Southcentral Power Project laydown yard. The cost of the project is not to exceed \$2 million. Given the size of the project and Chugach’s desire to match financing with a 25 year life, it has been determined that New Clean Renewable Energy Bonds (NCREBs) financing is the lowest price option. Financing under NCREBs requires approval by the Internal Revenue Service (“IRS”). The application for NCREBs financing requires, in part, an approved board resolution authorizing the project and related financing. The NCREBs application is expected to be submitted to the IRS by December 31, 2017. The submittal of the application to the IRS does not bind Chugach to the project in any way nor are there any penalties if the project does not advance.

MOTION

Move that the Board of Directors authorize the Chief Executive Officer to 1) Seek approval of a \$2 million NCREBs allocation with the IRS; and 2) Finalize the terms and conditions and enter into a long-term debt financing arrangement not to exceed \$2 million with CFC or CoBank, conditioned on the project meeting final board approval.

RESOLUTION

Expressing Official Intent and Authorizing Borrowing Regarding Certain Capital Expenditures to be Reimbursed with Proceeds of New Clean Renewable Energy Bonds (Community Solar Project Financing)

WHEREAS, Chugach Electric Association, Inc. (“Chugach” or “Association”), a cooperative electric company described in Section 501(c)(12) desires to construct a solar project (the “Project”) as described in Section 1, and the expenditures relating to the Project (the “Expenditures”) will not be paid prior to the approval of the allocation of the New Clean Renewable Energy Bonds (“NCREBs”) volume cap for the Project by the Internal Revenue Service (“IRS”);

WHEREAS, Chugach is applying for an allocation of NCREBs volume cap for the Project under IRS Notice 2015-12;

WHEREAS, Chugach reasonably expects to reimburse all or a portion of the Expenditures with proceeds from NCREBs issued pursuant to Section 54C of the Code to the fullest extent permitted by law;

WHEREAS, Chugach shall keep and retain sufficient records evidencing the Expenditures and use of property financed with the proceeds from NCREBs.

NOW THEREFORE BE IT RESOLVED, by the Board of Directors that:

Section 1. Chugach reasonably expects to reimburse a majority of the Expenditures for the Project with proceeds from NCREBs to the fullest extent permitted by law. The Project, located in the Municipality of Anchorage, Alaska, consists of equipment and facilities to be constructed by Chugach for a solar photovoltaic energy project.

Section 2. The maximum principal amount of funds from the proceeds of NCREBs to be used for the Project is \$2,000,000.

Section 3. Chugach is authorized (i) to issue its NCREBs to National Rural Utilities Cooperative Finance Corporation (“CFC”) or CoBANK, ACB (“CoBank”) in a principal amount up to the maximum principal amount set forth in Section 2 herein, (ii) to pay interest thereon, (iii) to secure the such issuance with the Association’s assets, and (iv) to pay all other fees and expenses as may be set forth in the terms, conditions and provisions of the documentation to be executed as authorized herein.

Section 4. Each of the individuals listed below (each, an “Authorized Person”) is authorized, in the name and on behalf of the Borrower, to negotiate, to execute and to deliver to CFC or CoBank one or more credit agreements, promissory notes and security instruments (including any future amendments thereto) in such form and containing such terms, conditions

and provisions as the Authorized Person or Authorized Persons so acting may determine, including but not limited to interest rate provisions and maturity dates, *provided, however*, that such documents and any amendments shall not increase the maximum principal amount set forth in Section 2 herein.

Section 5. Each Authorized Person is further authorized in the name and on behalf of Chugach to negotiate, to execute and to deliver all such other documents and instruments relating to Chugach's application for or issuance of NCREBs as may be necessary or appropriate, to make all payments, and to do all such other acts as the Authorized Person or Authorized Persons so acting may deem necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions:

Officer or Title	Printed Name
<u>Board Chair</u>	<u>Janet Reiser</u>
<u>Board Treasurer</u>	<u>Sisi Cooper</u>
<u>Chief Executive Officer</u>	<u>Lee D. Thibert</u>
<u>Chief Financial Officer</u>	<u>Sherri L. Highers</u>

Section 6. All actions of the officers, agents and employees of the Association that are in conformity with the purposes and intent of this Resolution, whether taken before or after the adoption hereof, are hereby ratified, confirmed and adopted.

Section 7. CFC or CoBank shall be entitled to rely upon the authority granted herein without further action of this Board.

Section 8. This Resolution shall be in full force and effective immediately upon its adoption.

CERTIFICATION

I, James Henderson, 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 25th day of October, 2017; 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 25th day of October, 2017.

Secretary