

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

AUDIT AND FINANCE COMMITTEE MEETING

AGENDA

Harold Hollis, Chair
Sam Cason, Vice Chair

James Henderson, Director
Mark Wiggin, Director
Rachel Morse, Director

November 16, 2021

4:00 p.m.

Chugach Board Room

- I. CALL TO ORDER (4:00 p.m.)
 - A. Roll Call
- II. APPROVAL OF THE AGENDA* (4:05 p.m.)
- III. APPROVAL OF THE MINUTES* (4:10 p.m.)
 - A. August 23, 2021 (Bigelow)
- IV. PERSONS TO BE HEARD (4:15 p.m.)
 - A. Member Comments
- V. CEO REPORTS AND CORRESPONDENCE (4:20 p.m.)
 - A. Employees 401K Plan Audit Report (Millen/Clarkson)
 - B. 3rd Quarter 2021 Contract Status Report (Vecera)
 - C. 3rd Quarter 2021 Capital Tracking Report (Sims/Highers)
 - D. 3rd Quarter 2021 Operating Budget Status Report (Sims/Highers)
- VI. NEW BUSINESS* (scheduled) (4:45 p.m.)
 - A. 3rd Quarter 2021 Financial Information and Variance Report (Harris/Highers)
 - B. Recommendation on Discounting 2022 Capital Credit Payments* (Miller)
- VII. EXECUTIVE SESSION* (scheduled) (5:10 p.m.)
 - A. BRU ARO Investment Fund Review
 - B. Review Chugach's 2021 Audit Plan
 - C. 3rd Quarter 2021 Financial Report
 - D. Capital Credit Retirement Discussion

- VIII. NEW BUSINESS* (*continued*) (6:40 p.m.)
 - A. *Pre-Approval for FY2021 Audit Services* (Highers)*
 - B. *Capital Credit Retirement** (Highers)*
- IX. DIRECTOR COMMENTS (6:50 p.m.)
- X. ADJOURNMENT* (7:00 p.m.)

* *Denotes Action Items*

** *Denotes Possible Action Items*

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

August 23, 2021
Wednesday
4:00 p.m.

AUDIT AND FINANCE COMMITTEE MEETING

Recording Secretary: Danielle Bigelow

I. CALL TO ORDER

Chair Hollis called the Audit and Finance Committee meeting to order at 4:03 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

A. Roll Call

Committee Members Present:

Harold Hollis, Chair

Sam Cason, Vice Chair (*absent*)

James Henderson, Director

Mark Wiggin, Director (*joined via teleconference and in person*)

Rachel Morse, Director

Board Members Present:

Bettina Chastain, Director

Guests and Staff Attendance

Present:

Sherri Highers

Matthew Clarkson

Julie Hasquet

Arthur Miller

Ron Vecera

Ashton Doyle

Brian Hickey

Via Teleconference:

Connie Owens

Arden Quezon

Blake Phillips, APCM

Kathy Harris

Debra Caldwell

Brandy Niclai, APCM

Karen Griffin

Curtis Sims

Vinay Sharma, APCM

Theresa Quigley

II. APPROVAL OF THE AGENDA

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

III. APPROVAL OF THE MINUTES

Director Henderson moved and Director Morse seconded the motion to approve the July 28, 2021, Audit and Finance Committee Meeting minutes. The motion passed unanimously.

IV. PERSONS TO BE HEARD

- A. *Member Comments*
None.

Sherri Highers, Chief Financial Officer (CFO) and Executive VP, Finance and Administration, introduced Curtis Sims, Senior Manager, Budget and Finance Reporting, and Debra Caldwell, Senior Financial Analyst.

V. CEO REPORTS AND CORRESPONDENCE

- A. *2nd Quarter 2021 Contract Status Report*
The 2nd Quarter 2021 Contract Status Report was provided in the meeting packet and discussed in Executive Session.
- B. *2nd Quarter 2021 Capital Tracking Report*
Sherri Highers, CFO and Executive VP, Finance and Administration, discussed the 2nd Quarter 2021 Capital Tracking Report.
- C. *2nd Quarter 2021 Operating Budget Status Report*
Sherri Highers, CFO and Executive VP, Finance and Administration, discussed the 2nd Quarter 2021 Operating Budget Status Report.

VI. NEW BUSINESS

- A. *2nd Quarter 2021 Financial Information and Variance Report*
Kathy Harris, Controller, and Sherri Highers, CFO and Executive VP, Finance and Administration, discussed the 2nd Quarter 2021 Financial Information and responded to questions from the Committee.

Arthur Miller, Executive VP, Regulatory and External Affairs, Brian Hickey, Chief Operating Officer, Matthew Clarkson, Executive VP, General Counsel also responded to questions from the Committee.

Ms. Highers thanked Kathy Harris, Controller, Nathan Golab, Assistant Manager, Plant Accounting, and Karen Griffin, Manager, General Accounting, for a job well done on the Variance Report.

VII. EXECUTIVE SESSION

- A. *BRU ARO Investment Fund Review*
- B. *BRU ARO Investment Strategy Discussion*
- C. *IRS Form 990*
- D. *2nd Quarter 2021 Financial Report*

At 4:47 p.m., Director Morse moved and Director Henderson seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Audit and Finance Committee go into executive session to: 1) discuss and receive reports regarding financial matters, the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and, 2) to discuss legal matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The motion passed unanimously.

Director Wiggin arrived during executive session.

The meeting reconvened in open session at 6:50 p.m.

VIII. NEW BUSINESS

A. BRU ARO Investment Strategy (Highers)

Director Morse moved and Director Henderson seconded the motion Audit and Finance Committee recommend the Board of Directors approve the attached resolution establishing an investment strategy and adopting investment guidelines to accomplish the purpose of the ARO Fund. The motion passed unanimously.

IX. DIRECTOR COMMENTS

Director comments were made at this time.

X. ADJOURNMENT

At 6:56 p.m., Director Wiggin moved and Director Henderson seconded the motion to adjourn. The motion passed unanimously.

CHUGACH ELECTRIC ASSOCIATION
CAPITAL PROJECT TRACKING REPORT
As of September 30, 2021

CIP Ref #	Project Name ¹	Project Manager	BOD Project Approval Date	Estimate			Actuals			Variance		Project Completion	Comments
				Estimate	Revisions to Estimate	Revised Estimate	Spending to Date	Forecast to Completion	Total Estimated Completion Cost	Total Estimated Cost vs. Revised Estimate			
										Amount	%		

SYSTEM IMPROVEMENT PROJECTS

Reliability

10.0240	Retire INSS 138kV Facilities E1720055	Wendling	1/24/2018	\$2,700,000	\$0	\$2,700,000	\$2,184,594	\$5,000	\$2,189,594	(\$510,406)	81%	99%	The retirement portion of this project has been completed by the OELCC Time and Materials Contractor brought on the summer of 2020 for COVID mitigation. Due to high commodity pricing associated with the affects of COVID on supply chains, the moving of transformers to new foundations will be addressed in a future project. In late August / September, the T-2 Shoo-Fly was removed and the T-2 Transformer feed was restored to its permanent configuration. The retired lattice structure and miscellaneous retired material was also removed from the west storage yard to complete onsite project tasks.
02.0142	Daves Creek 352 Reliability Improvements Phase I	Miller, Mike	5/26/2021	\$1,600,000	\$0	\$1,600,000	\$105,334	\$1,494,666	\$1,600,000	\$0	100%	10%	The project is in the construction phase. The contract bid and was awarded to the lowest responsible bidder. The contractor is scheduled onsite after freeze up with construction to be completed in the winter.
03.0810	Muldoon OH/UG: Northern Lights ² E1613660	Miller, Mike	11/27/2017 5/27/2020	\$2,500,000	\$1,208,831	\$3,708,831	\$2,899,637	\$25,000	\$2,924,637	(\$784,194)	79%	100%	OH to UG Muldoon Road from Northern Lights to Creekside Center Drive. Originally approved in the CIP on November 27, 2017, but revised due to Department of Transportation changes and design enhancements resulting in a \$1.2M increase to the estimate on May 27, 2020. Subsequently, Northern Powerline Constructors produced the lowest bid for the work, which was several hundred thousand dollars less than our original engineer's estimate and the competing bids. Construction on the project was completed in 2020. The project is in closeout.
03.0485	O'Malley OH/UG: Rockridge Drive to Hillside Drive ⁴ E1813812, E1913870	Willis, Victor	4/28/2021	\$4,100,000	\$0	\$4,100,000	\$131,667	\$3,968,333	\$4,100,000	\$0	100%	15%	The design is complete and the construction package is ready for bidding pending the DOT's construction schedule.
03.0810	Arctic Boulevard OH/UG: Raspberry Road to Dimond Boulevard ² E2013962	Willis, Victor	4/28/2021	\$2,100,000	\$0	\$2,100,000	\$1,292,932	\$807,068	\$2,100,000	\$0	100%	85%	Design on this project is complete. The project was bid and the successful contractor began construction as of August 3rd. The contractor has installed and energized new underground as well as retired overhead facilities from Raspberry Road to approximately 76th Ave and construction was completed in October.
03.0810	Old Seward OH/UG 12.5kV&34.5kV ² E1813853, E2020058	Wendling	7/22/2020	\$5,121,971	\$0	\$5,121,971	\$4,179,187	\$942,785	\$5,121,971	\$0	100%	90%	The scope of this project is undergrounding the 12.5kV and 34.5kV overhead facilities along the Old Seward Highway between O'Malley and Huffman Road. In response to constructability issues and stakeholder conflicts, the end of the project was changed to O'Malley Center Drive. This change was less than 10% of the overall project and related savings were offset by unanticipated increases for labor, equipment, and materials due to field conditions discovered during construction and hot changeover. The remaining overhead facilities up to O'Malley road will be addressed in a future project. In late September, substantial project completion was achieved with the retirement of Chugach facilities.

CHUGACH ELECTRIC ASSOCIATION
CAPITAL PROJECT TRACKING REPORT
As of September 30, 2021

CIP Ref #	Project Name ¹	Project Manager	BOD Project Approval Date	Estimate			Actuals			Variance		Project Completion	Comments
				Estimate	Revisions to Estimate	Revised Estimate	Spending to Date	Forecast to Completion	Total Estimated Completion Cost	Total Estimated Cost vs. Revised Estimate			
										Amount	%		

Retirements & Replacements

16.0000	Land Mobile Radio Replacement C1730001	Murray	11/26/2019 05/26/2021	\$1,995,169	\$428,075	\$2,423,244	\$2,115,786	\$682,195	\$2,797,981	\$374,737	115%	90%	Vehicle installation and system cutover is under way for Ph I Legacy CEA system. Estimate was updated to include May 26 BOD Contract Authorization for Phase II of the project. This will replace North District radios. Forecast to completion has been updated to reflect additional labor and professional services required Q4 2020/Q1 2021 for system integration and testing as well as 2018 microwave network improvements at sites that were not reflected in the overall 2019 BOD Project Authorization. Phase II installations have been pushed until the first week of December to support a smooth transition for the North to South Dispatch consolidation. Once contractors are onsite, installations should take two weeks to complete. At that point, Chugach Technicians will finalize all punch list items with the vendor and provide notice of System Acceptance and transition from the project team to our annual support contract.
20.0033 20.0035	Fuel Tank Replacement and Storm Drain Reconstruction A2040003, A2040004	Prior	2/24/2021	\$1,173,654	\$0	\$1,173,654	\$443,954	\$960,647	\$1,404,601	\$230,947	120%	80%	Project is on schedule. Fuel tanks and storm drains are installed. Construction to take place over the end of Summer/Fall 2021 and is anticipated to be complete by the end of November 2021.

Agency Mandated

20.0304	Eklutna Fish & Wildlife MY021283, P1990277	Brodie	2/24/2021	\$1,620,108 ³	\$0	\$1,620,108	\$591,303	\$1,028,805	\$1,620,108	\$0	100%	66%	Eklutna F&W is a multi-year project with final completion of the program in late 2024. The 2021 budget will be the first year of a 2-year study program on the Eklutna River, Lake, and plant facilities. The study plan has been approved and the year-one studies will occur through the end of October 2021. Development of year-two study plan and evaluation of study data will occur in the 4th quarter of the 2022 study program.
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Totals				\$22,910,902	\$1,636,906	\$24,547,808	\$13,944,394	\$9,914,498	\$23,858,892	(\$688,916)	97%	71%	
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¹ Report tracks projects with costs exceeding \$1M.
² Projects funded by the Undergrounding Ordinance.
³ Represents Chugach's portion.
⁴ Projects funded by a combination of the Undergrounding Ordinance and DOT.



TO: Sherri L. Highers, Chief Financial Officer

FROM: Kathy Harris, Controller

DATE: October 18, 2021

SUBJECT: *3rd Quarter 2021 Operating Budget Status Report*

There were no budget adjustments in the third quarter of 2021. See Operating Budget Status Report on page 2.

CHUGACH ELECTRIC ASSOCIATION, INC.
OPERATING BUDGET STATUS REPORT
3RD QUARTER 2021

CATEGORY	2021 AMENDED BUDGET	2021 Q3 BUDGET REVISIONS	2021 Q3 AMENDED BUDGET
REVENUES:			
TOTAL REVENUE	\$364,283,486	\$0	\$364,283,486
EXPENSES:			
FUEL EXPENSE	84,158,638	0	84,158,638
POWER PRODUCTION EXPENSE	36,368,956	0	36,368,956
COST OF PURCHASED POWER	24,495,588	0	24,495,588
TRANSMISSION EXPENSE	10,609,412	0	10,609,412
DISTRIBUTION EXPENSE-OPERATIONS	12,336,031	0	12,336,031
DISTRIBUTION EXPENSE-MAINTENANCE	15,623,002	0	15,623,002
CONSUMER ACCOUNTS EXPENSE	9,585,125	0	9,585,125
CUSTOMER SERVICE/INFO EXPENSE	1,110,320	0	1,110,320
ADMINISTRATIVE/GENERAL EXPENSE	42,554,894	0	42,554,894
TOTAL OPERATIONS/MAINTENANCE EXPENSE	\$236,841,966	\$0	\$236,841,966
DEPRECIATION/AMORTIZATION EXPENSE	64,373,484	0	64,373,484
TAX EXPENSE-OTHER	8,934,253	0	8,934,253
INTEREST ON DEBT	42,210,623	0	42,210,623
INTEREST ON CONSTRUCTION-CREDIT	(680,928)	0	(680,928)
OTHER DEDUCTIONS	400,000	0	400,000
TOTAL COST OF ELECTRIC SERVICE	\$352,079,398	\$0	\$352,079,398
PATRONAGE CAPITAL/OPERATING MARGINS	\$12,204,088	\$0	\$12,204,088
NON-OPERATING MARGINS-INTEREST	198,380	0	198,380
ALLOWANCE FUNDS USED DURING CONST.	226,980	0	226,980
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	0	0	0
EXTRAORDINARY ITEMS	0	0	0
PATRONAGE CAPITAL OR MARGINS	\$12,629,448	\$0	\$12,629,448
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MF/I	1.30		1.30

CHUGACH ELECTRIC ASSOCIATION, INC.
OPERATING BUDGET STATUS REPORT
2ND QUARTER 2021

CATEGORY	2021 AMENDED BUDGET	2021 Q2 BUDGET REVISIONS	2021 Q2 AMENDED BUDGET
REVENUES:			
TOTAL REVENUE	\$364,283,486	\$0	\$364,283,486
EXPENSES:			
FUEL EXPENSE	84,158,638	0	84,158,638
POWER PRODUCTION EXPENSE	36,368,956	0	36,368,956
COST OF PURCHASED POWER	24,495,588	0	24,495,588
TRANSMISSION EXPENSE	10,609,412	0	10,609,412
DISTRIBUTION EXPENSE-OPERATIONS	12,336,031	0	12,336,031
DISTRIBUTION EXPENSE-MAINTENANCE	15,623,002	0	15,623,002
CONSUMER ACCOUNTS EXPENSE	9,585,125	0	9,585,125
CUSTOMER SERVICE/INFO EXPENSE	1,110,320	0	1,110,320
ADMINISTRATIVE/GENERAL EXPENSE	42,554,894	0	42,554,894
TOTAL OPERATIONS/MAINTENANCE EXPENSE	\$236,841,966	\$0	\$236,841,966
DEPRECIATION/AMORTIZATION EXPENSE	64,373,484	0	64,373,484
TAX EXPENSE-OTHER	8,934,253	0	8,934,253
INTEREST ON DEBT	42,210,623	0	42,210,623
INTEREST ON CONSTRUCTION-CREDIT	(680,928)	0	(680,928)
OTHER DEDUCTIONS	400,000	0	400,000
TOTAL COST OF ELECTRIC SERVICE	\$352,079,398	\$0	\$352,079,398
PATRONAGE CAPITAL/OPERATING MARGINS	\$12,204,088	\$0	\$12,204,088
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ALLOWANCE FUNDS USED DURING CONST.	226,980	0	226,980
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	0	0	0
EXTRAORDINARY ITEMS	0	0	0
PATRONAGE CAPITAL OR MARGINS	\$12,629,448	\$0	\$12,629,448
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MF/I	1.30		1.30

CHUGACH ELECTRIC ASSOCIATION, INC.
OPERATING BUDGET STATUS REPORT
1ST QUARTER 2021

CATEGORY	2021 APPROVED BUDGET	2021 Q1 BUDGET REVISIONS	2021 Q1 AMENDED BUDGET
REVENUES:			
TOTAL REVENUE	\$364,283,486	\$0	\$364,283,486
EXPENSES:			
FUEL EXPENSE	84,158,638	0	84,158,638
POWER PRODUCTION EXPENSE	36,368,956	0	36,368,956
COST OF PURCHASED POWER	24,495,588	0	24,495,588
TRANSMISSION EXPENSE	10,609,412	0	10,609,412
DISTRIBUTION EXPENSE-OPERATIONS	12,336,031	0	12,336,031
DISTRIBUTION EXPENSE-MAINTENANCE	15,623,002	0	15,623,002
CONSUMER ACCOUNTS EXPENSE	9,499,422	85,703	9,585,125
CUSTOMER SERVICE/INFO EXPENSE	1,110,320	0	1,110,320
ADMINISTRATIVE/GENERAL EXPENSE	42,640,597	(85,703)	42,554,894
TOTAL OPERATIONS/MAINTENANCE EXPENSE	\$236,841,966	\$0	\$236,841,966
DEPRECIATION/AMORTIZATION EXPENSE	64,373,484	0	64,373,484
TAX EXPENSE-OTHER	8,934,253	0	8,934,253
INTEREST ON DEBT	42,210,623	0	42,210,623
INTEREST ON CONSTRUCTION-CREDIT	(680,928)	0	(680,928)
OTHER DEDUCTIONS	400,000	0	400,000
TOTAL COST OF ELECTRIC SERVICE	\$352,079,398	\$0	\$352,079,398
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NON-OPERATING MARGINS-INTEREST	198,380	0	198,380
ALLOWANCE FUNDS USED DURING CONST.	226,980	0	226,980
NON-OPERATING MARGINS-OTHER	0	0	0
GENER./TRANS. CAPITAL CREDITS	0	0	0
OTHER CAPITAL CREDITS/DIVIDENDS	0	0	0
EXTRAORDINARY ITEMS	0	0	0
PATRONAGE CAPITAL OR MARGINS	\$12,629,448	\$0	\$12,629,448
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MF/I	1.30		1.30

CHUGACH ELECTRIC ASSOCIATION, INC.

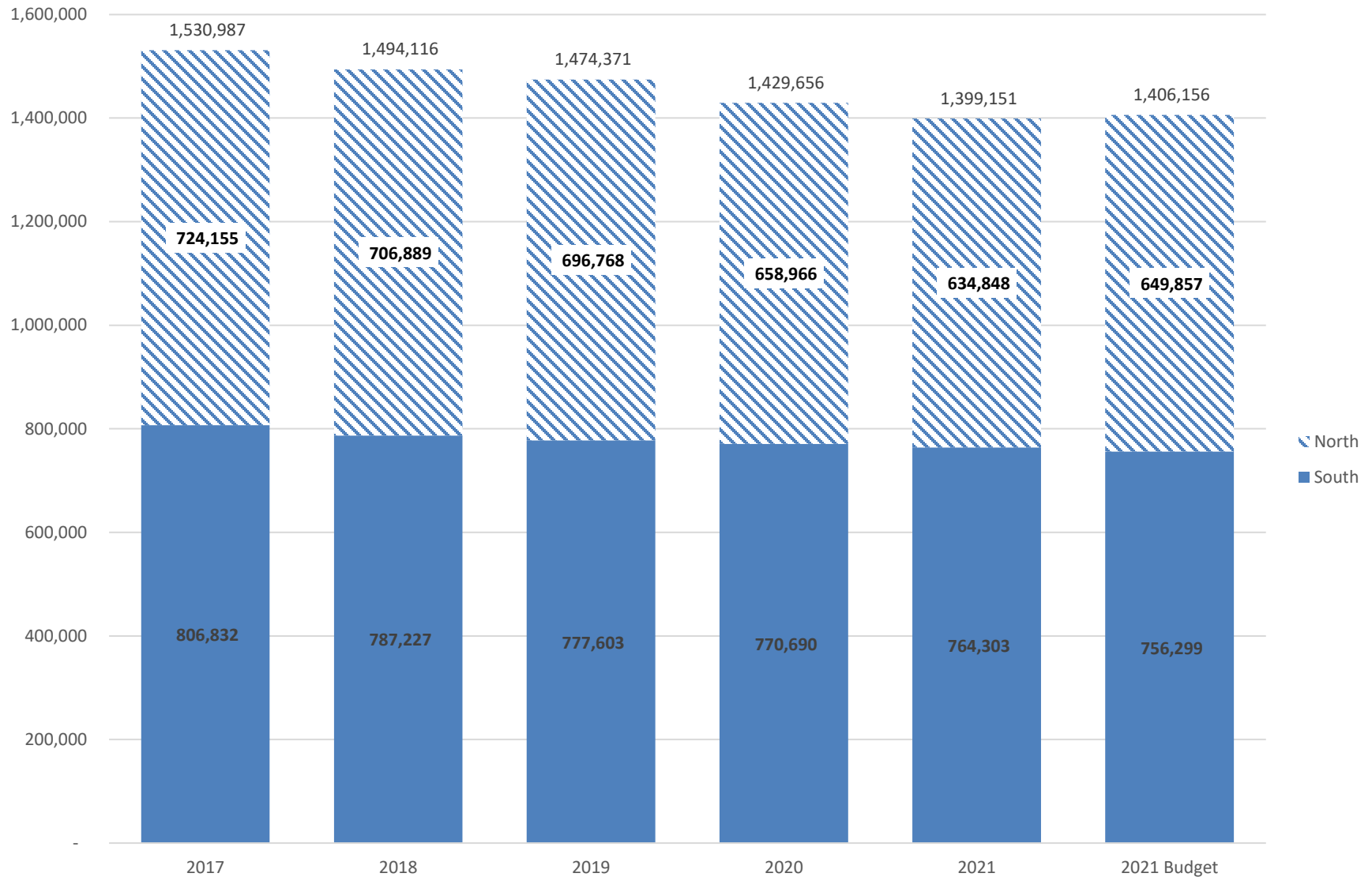
September 2021 YTD Financial Information
November 16, 2021



- ▶ MWH Sales
- ▶ Statement of Operations
- ▶ Balance Sheet
- ▶ Statements of Cash Flows

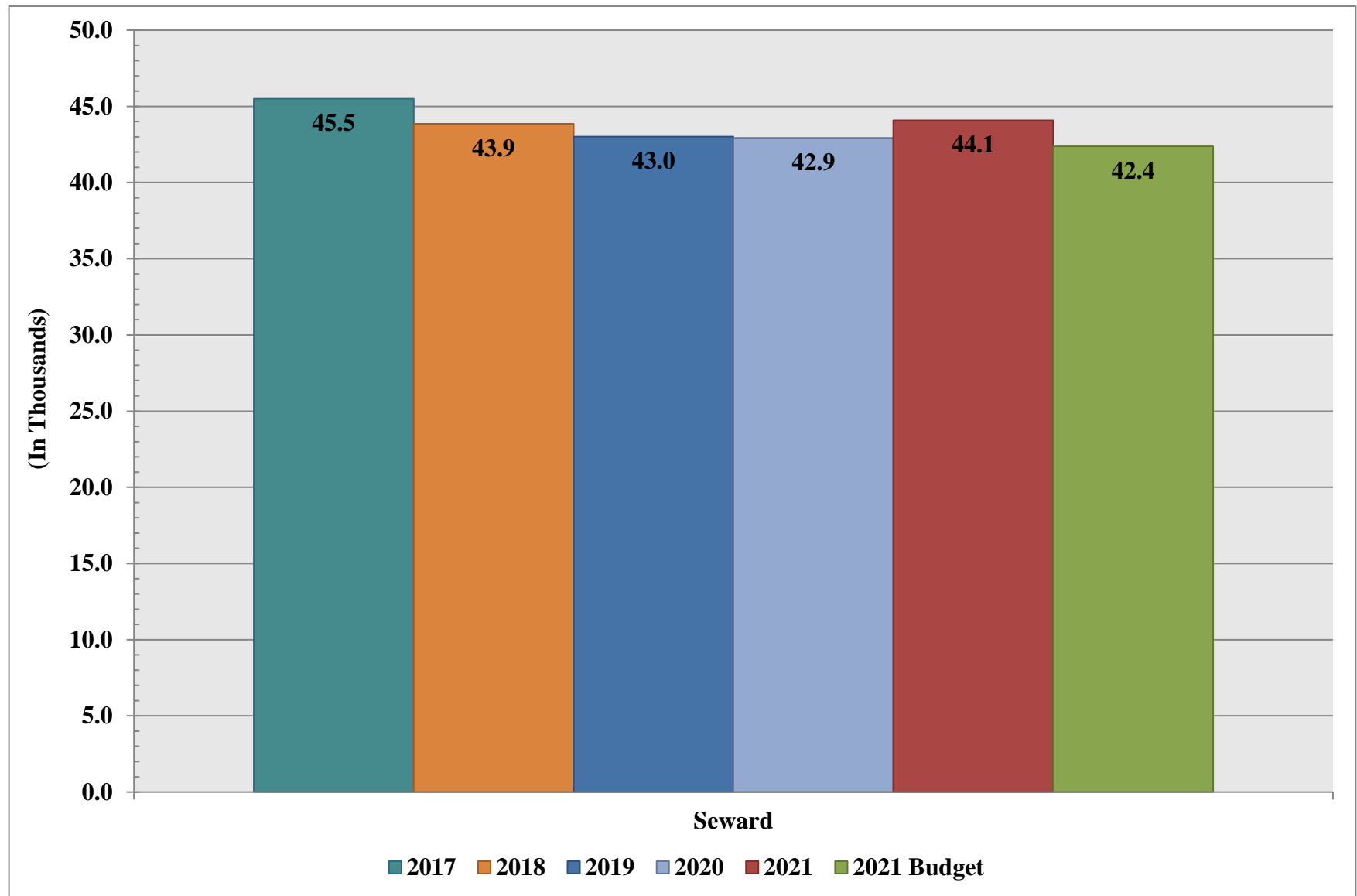
September 2021 YTD Financial Information

2021 Retail MWh Sales Comparison



September 2021 YTD Financial Information

5 Year Seward MWh Sales Comparison



September 2021 YTD Financial Information

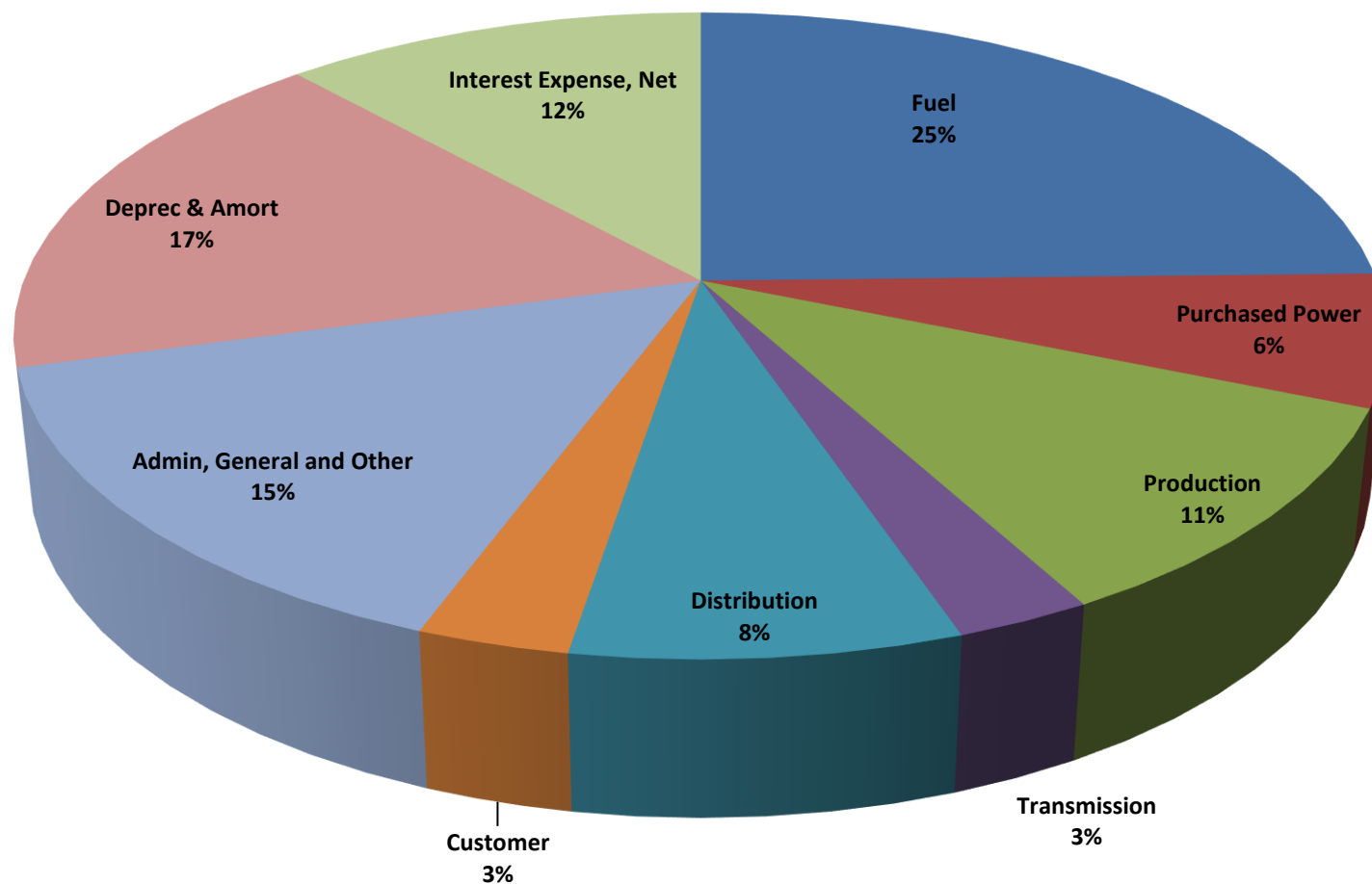
Comparative Statement of Operations



CATEGORY	ACTUAL	BUDGET	VARIANCE
Operating Revenues	\$ 259,280,252	\$ 267,718,991	\$ (8,438,739)
Fuel	63,288,443	60,737,599	2,550,844
Production	27,691,002	26,782,426	908,576
Purchased Power	16,918,932	18,032,617	(1,113,685)
Transmission	7,075,336	7,921,137	(845,801)
Distribution	20,140,798	20,584,314	(443,516)
Consumer Accounts	7,875,904	8,000,729	(124,825)
Administrative, General and Other	38,669,083	39,200,563	(531,480)
Depreciation and Amortization	45,039,708	48,223,122	(3,183,414)
Total Operating Expenses	\$ 226,699,206	\$ 229,482,507	\$ (2,783,301)
Interest Expense, Long-Term and Other	32,125,284	31,780,660	344,624
Interest Charged to Construction	(1,984,723)	(510,696)	(1,474,027)
Net Interest Expense	\$ 30,140,561	\$ 31,269,964	\$ (1,129,403)
Net Operating Margins	\$ 2,440,485	\$ 6,966,520	\$ (4,526,035)
Interest Income	220,503	148,785	71,718
Allowance Funds Used During Const.	85,154	170,235	(85,081)
Capital Credits, Patronage Dividends, Other	9,542	0	9,542
Patronage Capital or Margins	\$ 2,755,684	\$ 7,285,540	\$ (4,529,856)
MFI/I	1.09	1.23	
TIER	1.09	1.23	

September 2021 YTD Financial Information

Total Operating and Interest Expense



September 2021 YTD Financial Information

Comparative Balance Sheet, Assets & Other Debits



ASSETS & OTHER DEBITS	09/30/21	12/31/20	CHANGE
Electric Plant in Service	2,072,702,344	1,941,080,063	131,622,281
Construction Work in Progress	36,446,182	38,075,575	(1,629,393)
Total Utility Plant	\$ 2,109,148,526	\$ 1,979,155,638	\$ 129,992,888
Accumulated Depreciation	(625,499,256)	(581,506,871)	(43,992,385)
Net Utility Plant	\$ 1,483,649,270	\$ 1,397,648,767	\$ 86,000,503
Nonutility Property	76,889	76,889	0
Financing & Operating Lease Right-of-Use Assets	4,200,150	4,102,328	97,822
Investment in Assoc. Organizations	7,279,992	7,595,197	(315,205)
Special Funds	32,088,552	19,862,119	12,226,433
Restricted Cash Equivalents & Other	64,310	64,310	0
Long-term Prepayments	272,265	423,404	(151,139)
Total Other Property & Investments	\$ 43,982,158	\$ 32,124,247	\$ 11,857,911
Cash and Restricted Cash	33,644,577	60,392,108	(26,747,531)
Special Deposits and Marketable Securities	58,300	58,300	0
Accounts Receivable - Net	53,827,208	53,679,921	147,287
Materials and Supplies, Fuel Stock	60,040,106	62,430,009	(2,389,903)
Prepayments	8,659,772	4,672,489	3,987,283
Other Current Assets	449,244	241,983	207,261
Total Current Assets	\$ 156,679,207	\$ 181,474,810	\$ (24,795,603)
Deferred Charges, Net	112,274,893	110,489,123	1,785,770
Total Assets	\$ 1,796,585,528	\$ 1,721,736,947	\$ 74,848,581

September 2021 YTD Financial Information

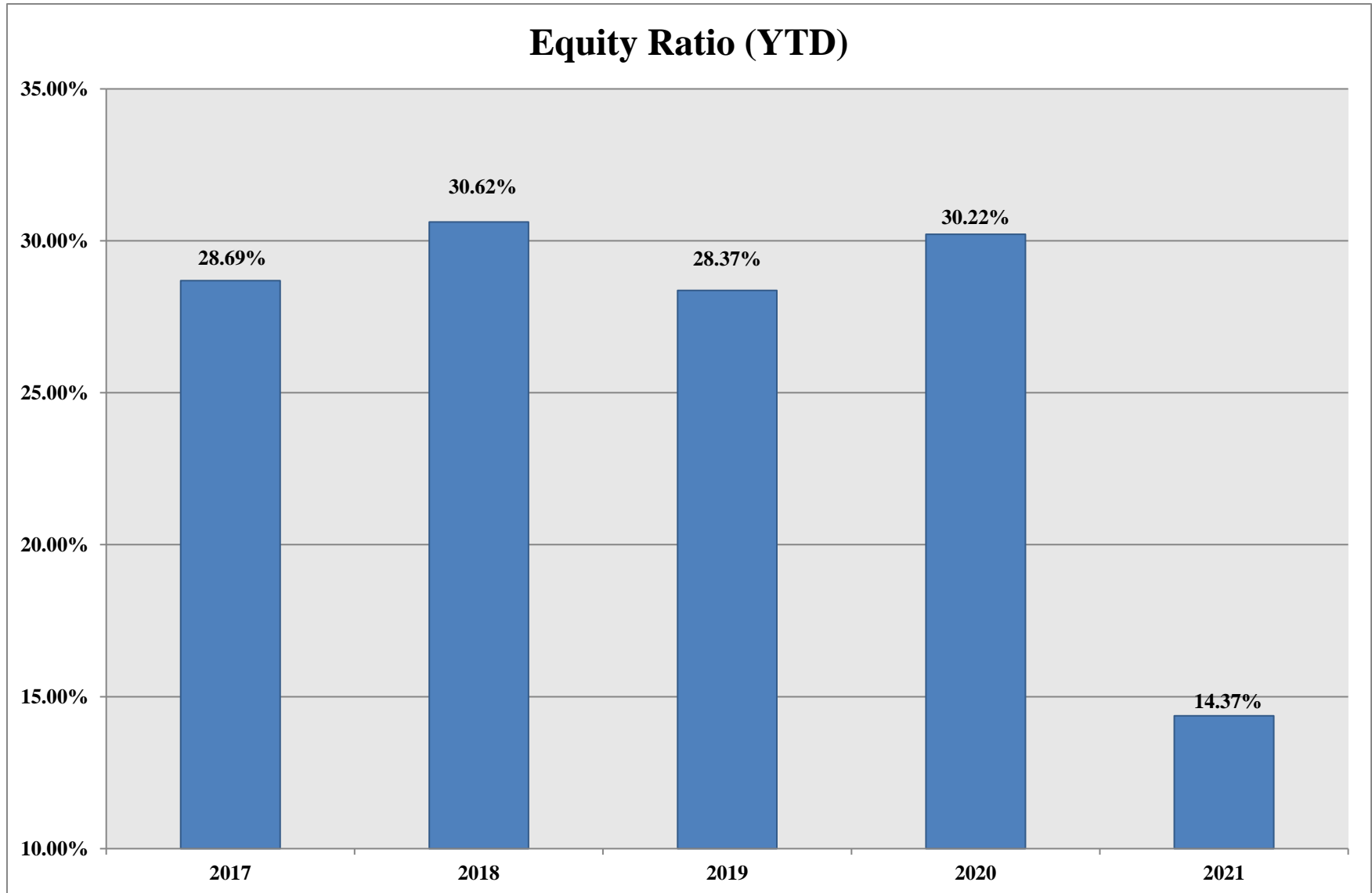
Comparative Balance Sheet, Liabilities & Other Credits



LIABILITIES & OTHER CREDITS	09/30/21	12/31/20	CHANGE
Memberships	1,939,617	1,908,432	31,185
Patronage Capital	184,014,789	181,564,419	2,450,370
Other	15,453,566	15,376,562	77,004
Total Equities and Margins	\$ 201,407,972	\$ 198,849,413	\$ 2,558,559
Bonds Payable	1,182,366,663	1,211,683,330	(29,316,667)
National Bank for Cooperatives	24,054,000	26,904,000	(2,850,000)
Unamortized Debt Issuance Costs	(6,104,967)	(6,179,476)	74,509
Operating & Finance Lease Liabilities	3,924,183	3,873,394	50,789
Total Long-Term Obligations	\$ 1,204,239,879	\$ 1,236,281,248	\$ (32,041,369)
Current Installments of Long-Term Obligations	42,358,205	42,197,115	161,090
Commercial Paper	12,000,000	10,000,000	2,000,000
Accounts Payable	12,455,140	19,170,493	(6,715,353)
Consumer Deposits	5,271,168	5,249,272	21,896
Other Current & Accrued Liabilities	56,291,648	53,612,254	2,679,394
Total Current Liabilities	\$ 128,376,161	\$ 130,229,134	\$ (1,852,973)
Deferred Compensation	1,996,234	1,821,222	175,012
Other Liabilities, Non-Current	791,624	548,570	243,054
Deferred Liabilities	27,741,555	36,899,176	(9,157,621)
BRU Regulatory Liability	109,699,726	-	109,699,726
Cost of Removal Obligation / ARO	122,332,377	117,108,184	5,224,193
Total Liabilities, Equities and Margins	\$ 1,796,585,528	\$ 1,721,736,947	\$ 74,848,581

September 2021 YTD Financial Information

5 Year Equity Ratio



September 2021 YTD Financial Information

Statements of Cash Flows

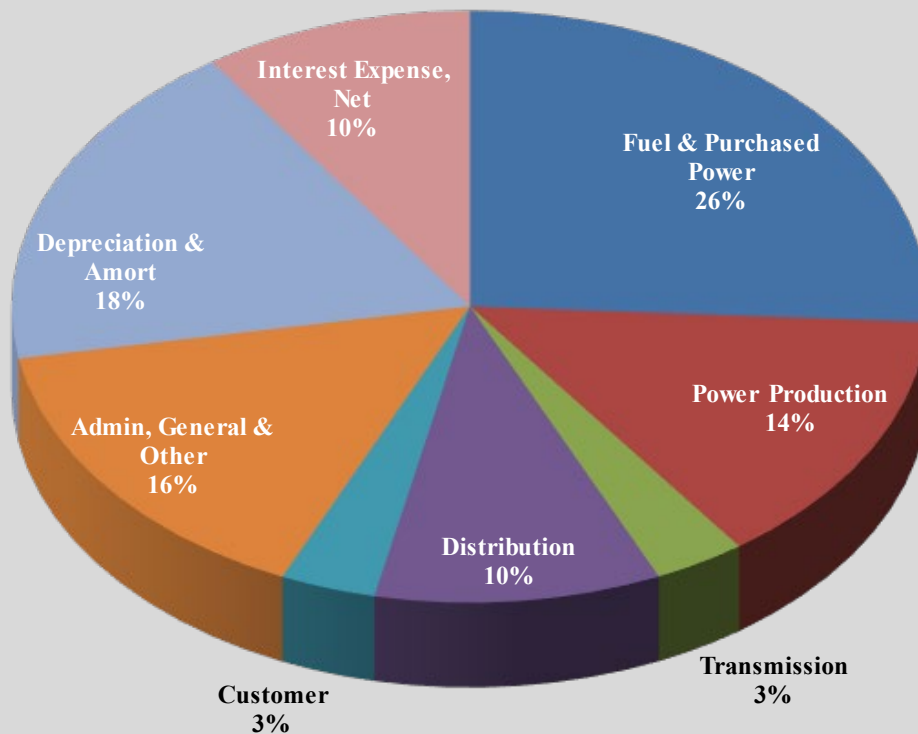
	09/30/21	09/30/20
1. Cash flows from operating activities:		
Assignable margins	\$ 2,755,684	\$ 3,219,522
Adjustments to reconcile assignable margins to net cash provided (used) by operating activities:		
Depreciation and amortization	55,142,519	29,205,147
Allowance for funds used during construction	(85,154)	(86,705)
Other	296,098	305,736
Increase in assets	(11,510,736)	(16,109,986)
Decrease in liabilities	(13,501,955)	(4,297,355)
Net cash provided by operating activities:	\$ 33,096,457	\$ 12,236,359
2. Cash flows from investing activities:		
Return of capital from investment in associated organizations	317,218	359,638
Investment in special funds	(12,051,421)	(318,269)
Investment in marketable securities and investments-other	0	(4,921)
Proceeds from capital grants	109,650	0
Extension and replacement of plant	(23,440,956)	(22,758,750)
Net cash used in investing activities:	\$ (35,065,509)	\$ (22,722,302)
3. Cash flows from financing activities:		
Payments for debt issue costs	(110,629)	(155,644)
Net increase (decrease) in short-term obligations	2,000,000	29,000,000
Net increase (decrease) in long-term obligations	(32,052,667)	(25,924,667)
Net increase (decrease) in consumer advances/retired patronage/other	5,384,817	2,945,830
Net cash provided by (used in) financing activities:	\$ (24,778,479)	\$ 5,865,519
Net change in cash, cash equivalents & restricted cash	(26,747,531)	(4,620,424)
4. Cash, cash equivalents & restricted cash at beginning of period	\$ 60,456,418	\$ 8,623,975
5. Cash, cash equivalents and restricted cash at end of period	\$ 33,708,887	\$ 4,003,551

Questions?

**COMPARATIVE FINANCIAL REPORT
STATEMENT OF OPERATIONS
2021 MTD ACTUAL TO BUDGET**

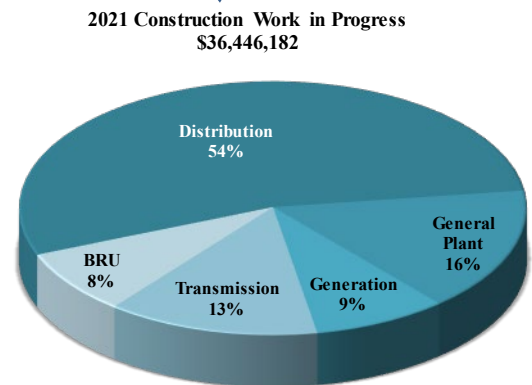
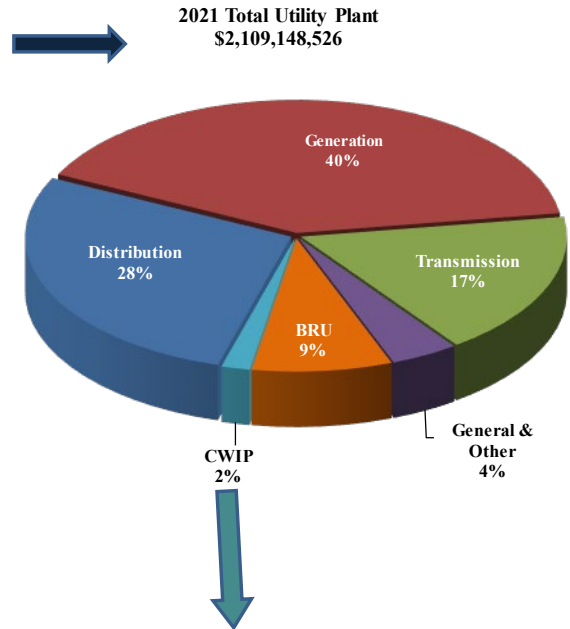
CATEGORY	2021 MTD ACTUAL	2021 MTD BUDGET	2021 MTD VARIANCE
Operating Revenue and Patronage Capital	\$ 25,782,931	\$ 27,301,147	\$ (1,518,216)
Fuel and Purchased Power Expense	6,773,352	7,400,046	(626,694)
Power Production Expense	3,715,997	3,028,695	687,302
Transmission Expense	846,524	777,047	69,477
Distribution Expense	2,645,418	2,173,837	471,581
Customer Expense	881,847	907,789	(25,942)
Administrative, General and Other	4,059,032	4,222,219	(163,187)
Depreciation & Amortization Expense	4,794,412	5,386,530	(592,118)
Interest Expense, Net	2,495,297	3,435,431	(940,134)
Total Cost of Electric Service	\$ 26,211,879	\$ 27,331,594	\$ (1,119,715)
Patronage Capital & Operating Margins	\$ (428,948)	\$ (30,447)	\$ (398,501)
Non-Operating Margins - Interest	24,020	16,531	7,489
Allowance for Funds Used During Construction	9,282	18,915	(9,633)
Non-Operating Margins - Other	400	-	400
Patronage Capital or Margins	\$ (395,246)	\$ 4,999	\$ (400,245)

Total Cost of Electric Service (MTD Actual)



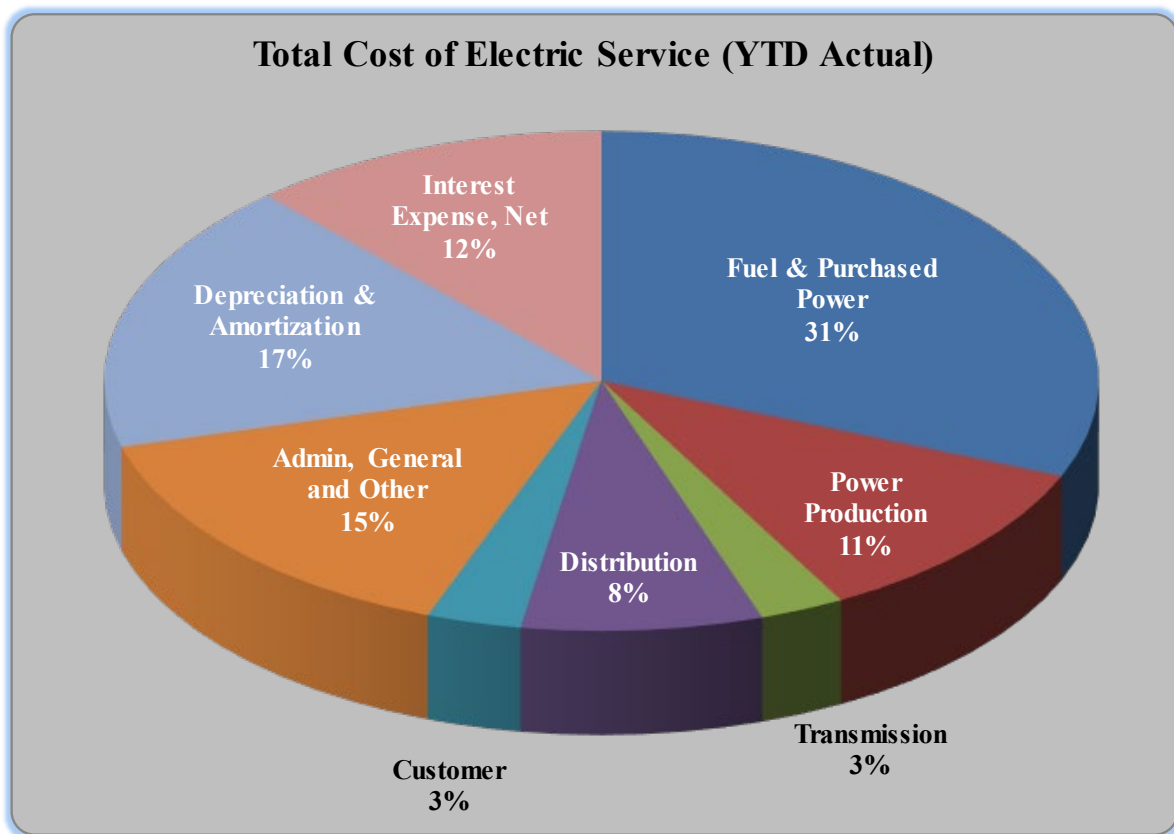
BALANCE SHEET

ASSETS & OTHER DEBITS	9/30/2021	12/31/2020
Electric Plant in Service	2,072,702,344	1,941,080,063
Construction Work in Progress	36,446,182	38,075,575
Total Utility Plant	\$ 2,109,148,526	\$ 1,979,155,638
Accum. Prov. for Depreciation/Amortization	(625,499,256)	(581,506,871)
Net Utility Plant	\$ 1,483,649,270	\$ 1,397,648,767
Nonutility Property - Net	76,889	76,889
Financing & Operating Lease Right-of-Use Assets	4,200,150	4,102,328
Investment in Assoc. Organizations	7,279,992	7,595,197
Special Funds	32,088,552	19,862,119
Restricted Cash Equivalents & Other	64,310	64,310
Long-term Prepayments	272,265	423,404
Total Other Property & Investments	\$ 43,982,158	\$ 32,124,247
Cash & Restricted Cash	33,644,577	60,392,108
Special Deposits and Marketable Securities	58,300	58,300
Accounts Receivable - Net	53,827,208	53,679,921
Materials and Supplies, Fuel Stock	60,040,106	62,430,009
Prepayments	8,659,772	4,672,489
Other Current & Accrued Assets	449,244	241,983
Total Current & Accrued Assets	\$ 156,679,207	\$ 181,474,810
Deferred Debits	112,274,893	110,489,123
Total Assets & Other Debits	\$ 1,796,585,528	\$ 1,721,736,947
LIABILITIES & OTHER CREDITS	9/30/2021	12/31/2020
Memberships	1,939,617	1,908,432
Pat. Capital, Margins & Equities	199,468,355	196,940,981
Total Margins & Equities	\$ 201,407,972	\$ 198,849,413
Long-Term Debt - Bonds	1,182,366,663	1,211,683,330
Long-Term Debt - Other	24,054,000	26,904,000
Unamortized Debt Issuance Costs	(6,104,967)	(6,179,476)
Operating Lease Liabilities	3,909,445	3,866,092
Finance Lease Liabilities	14,738	7,302
Total Long-Term Debt	\$ 1,204,239,879	\$ 1,236,281,248
Notes Payable	54,358,205	52,197,115
Accounts Payable	12,455,140	19,170,493
Consumer Deposits	5,271,168	5,249,272
Other Current & Accrued Liabilities	56,291,648	53,612,254
Total Current & Accrued Liabilities	\$ 128,376,161	\$ 130,229,134
Deferred Compensation	1,996,234	1,821,222
Other Liabilities, Non-Current	791,624	548,570
Deferred Liabilities	27,741,555	36,899,176
BRU Regulatory Liability	109,699,726	-
Cost of Removal Obligation	122,332,377	117,108,184
Total Liabilities & Other Credits	\$ 1,796,585,528	\$ 1,721,736,947



COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS 2021 YTD ACTUAL TO BUDGET

CATEGORY	2021 YTD ACTUAL	2021 YTD BUDGET	2021 YTD VARIANCE
Operating Revenue and Patronage Capital	\$ 259,280,252	\$ 267,718,991	\$ (8,438,739)
Fuel and Purchased Power Expense	80,207,375	78,770,216	1,437,159
Power Production Expense	27,691,002	26,782,426	908,576
Transmission Expense	7,075,336	7,921,137	(845,801)
Distribution Expense	20,140,798	20,584,314	(443,516)
Customer Expense	7,875,904	8,000,729	(124,825)
Administrative, General and Other	38,669,083	39,200,563	(531,480)
Depreciation & Amortization Expense	45,039,708	48,223,122	(3,183,414)
Interest Expense, Net	30,140,561	31,269,964	(1,129,403)
Total Cost of Electric Service	\$ 256,839,767	\$ 260,752,471	\$ (3,912,704)
Patronage Capital & Operating Margins	\$ 2,440,485	\$ 6,966,520	\$ (4,526,035)
Non-Operating Margins - Interest	220,503	148,785	71,718
Allowance Funds Used During Const.	85,154	170,235	(85,081)
Non-Operating Margins - Other	9,542	-	9,542
Patronage Capital or Margins	\$ 2,755,684	\$ 7,285,540	\$ (4,529,856)
MFI/I	1.09	1.23	
TIER	1.09	1.23	

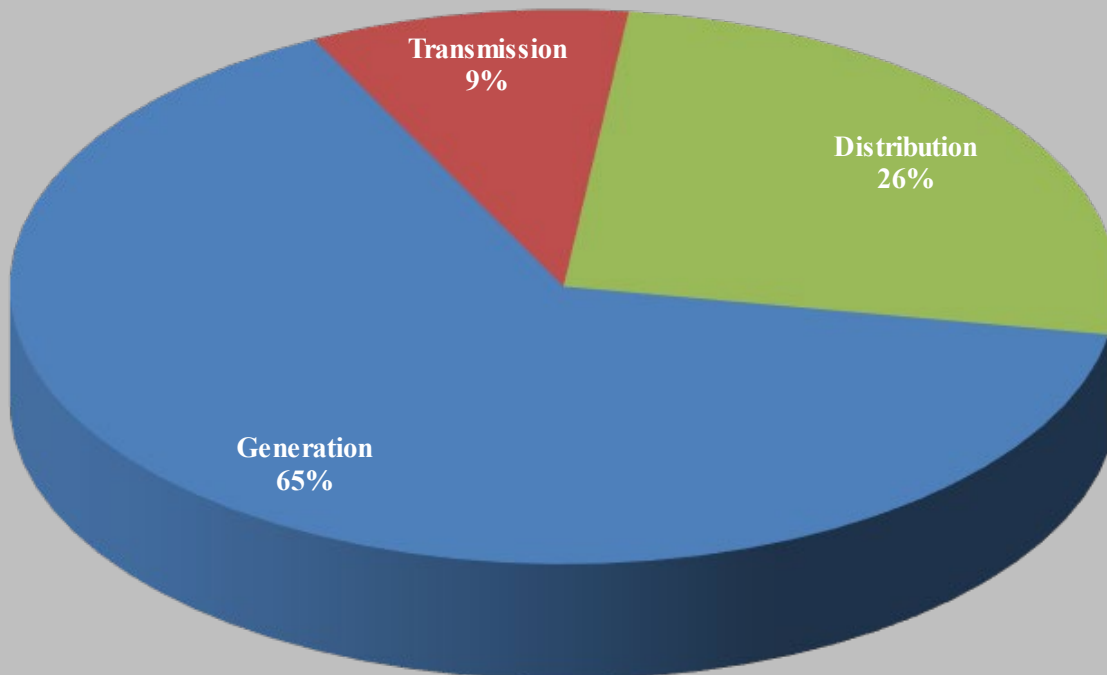


FUNCTIONAL STATEMENT OF OPERATIONS

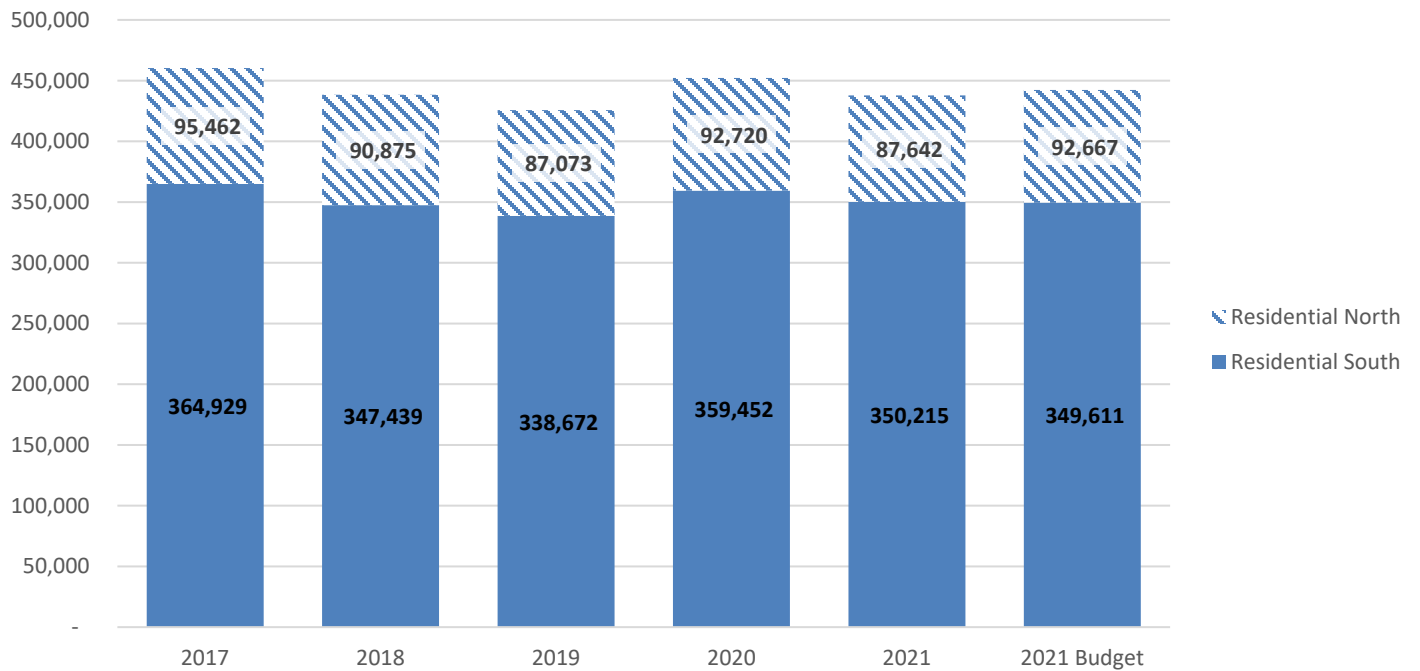
September 30, 2021

CATEGORY	2021 YTD TOTAL	2021 YTD GEN	2021 YTD TRANS	2021 YTD DIST
Operating Revenue and Patronage Capital	\$ 259,280,252	\$ 167,942,545	\$ 24,198,938	\$ 67,138,769
Fuel and Purchased Power Expense	80,207,375	80,207,375	-	-
Power Production Expense	27,691,002	27,691,002	-	-
Transmission Expense	7,075,336	-	7,075,336	-
Distribution Expense	20,140,798	-	-	20,140,798
Customer Expense	7,875,904	-	-	7,875,904
Administrative, General and Other	38,669,083	13,016,120	4,973,769	20,679,194
Depreciation & Amortization Expense	45,039,708	25,439,984	5,561,302	14,038,422
Interest Expense, Net	30,140,561	20,007,298	6,360,758	3,772,505
Total Cost of Electric Service	\$ 256,839,767	\$ 166,361,779	\$ 23,971,165	\$ 66,506,823
Patronage Capital & Operating Margins	\$ 2,440,485	\$ 1,580,766	\$ 227,773	\$ 631,946
Non-Operating Margins - Interest	220,503	124,547	27,227	68,729
Allowance for Funds Used During Construction	85,154	4,888	5,149	75,117
Non-Operating Margins - Other	9,542	2,917	1,263	5,362
Patronage Capital or Margins	\$ 2,755,684	\$ 1,713,118	\$ 261,412	\$ 781,154

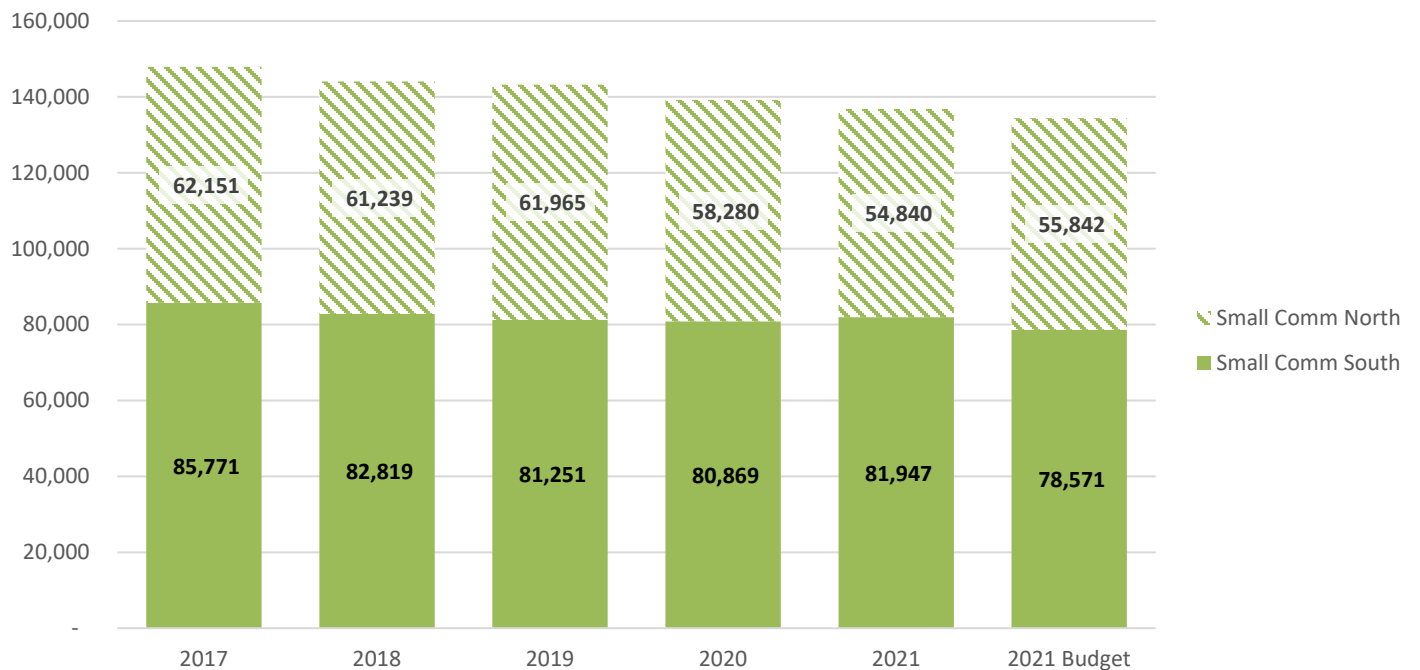
Total Cost of Electric Service (YTD Actual)



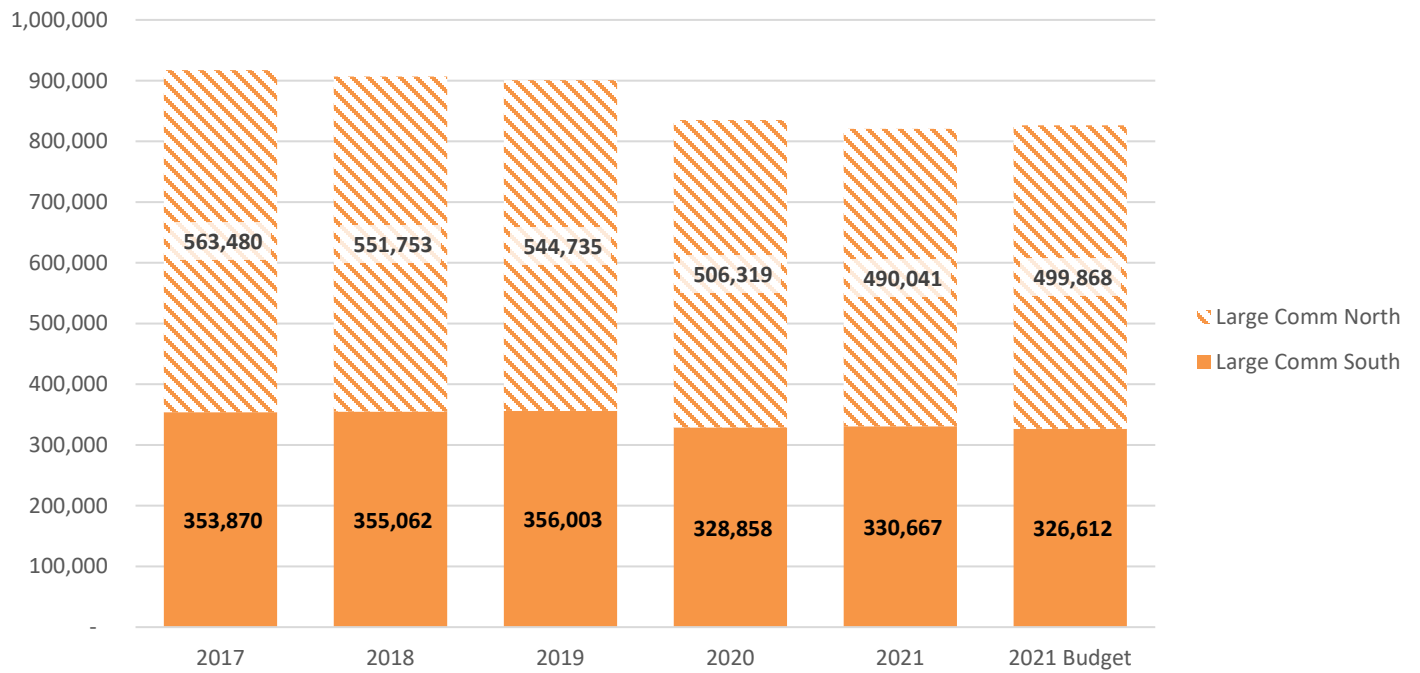
Residential YTD MWh Sales



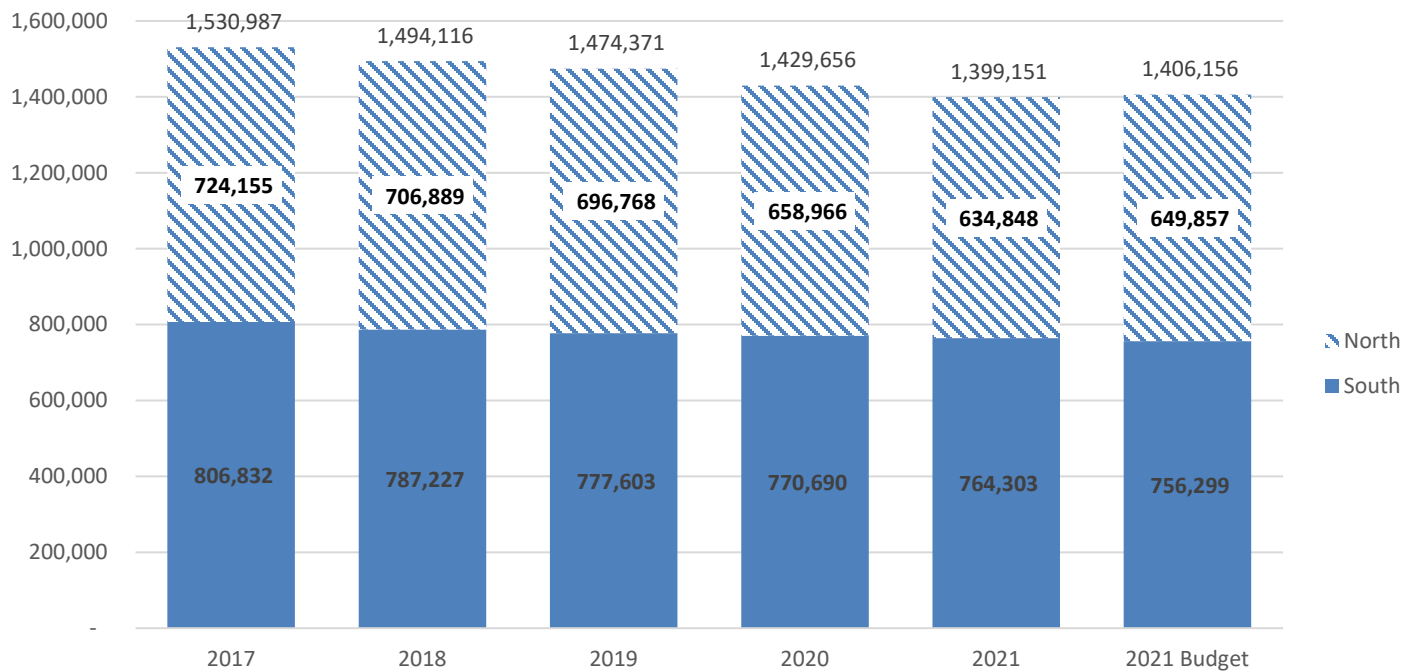
Small Commercial YTD MWh Sales

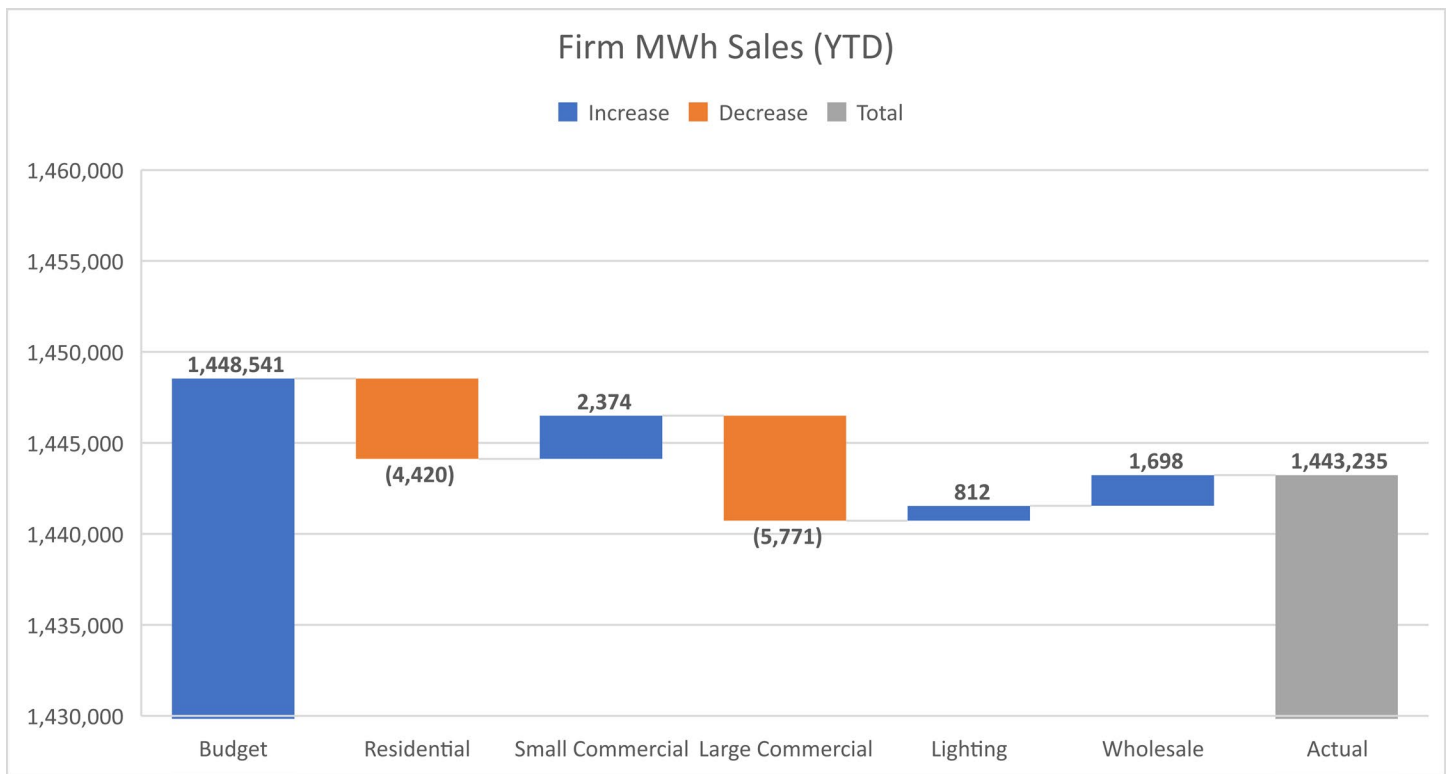
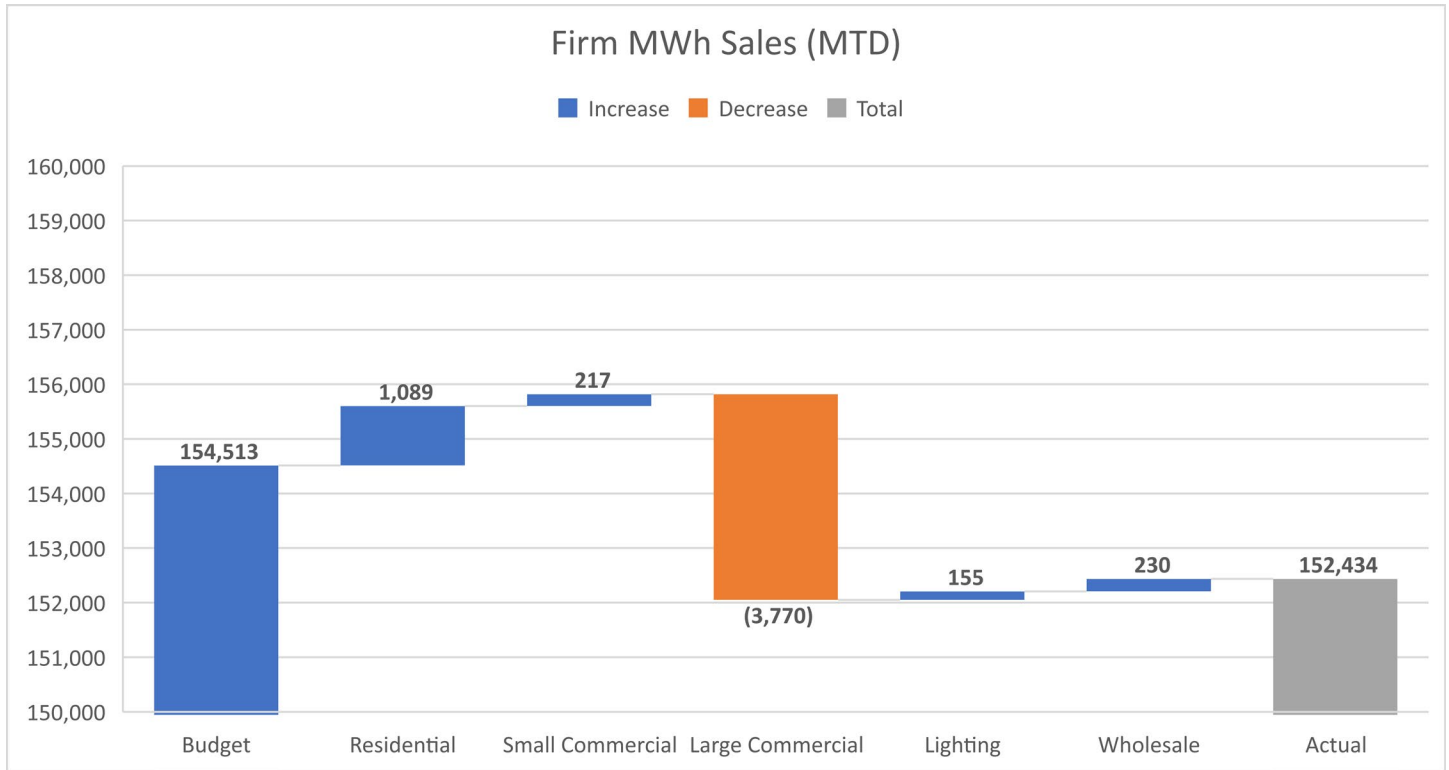


Large Commercial YTD MWh Sales



Total Retail YTD MWh Sales





ENERGY SALES (kWh)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Energy Sales	1,399,151,224	1,406,156,157
Wholesale Energy Sales	<u>44,083,309</u>	<u>42,385,012</u>
Total Firm Energy Sales	1,443,234,533	1,448,541,169
Economy Energy/Capacity	56,452,000	81,854,000
Power Pool Sales	<u>57,142,000</u>	<u>0</u>
Total Energy Sales	1,556,828,533	1,530,395,169

Firm energy sales totaled 1,443,234,533 kWh, which was a 0.4% unfavorable variance compared to budget. Retail energy sales were under budget 0.5% primarily due to lower than anticipated residential and large commercial energy sales, which was somewhat offset by higher than anticipated small commercial energy sales. This variance was somewhat offset by higher than anticipated wholesale energy sales which were over budget by 4.0%. Economy energy and capacity sales were under budget by 31.0% due to lower than anticipated economy sales to GVEA caused by limited gas availability, MEA pricing competition and unit availability capable of the heat rate requirement, due in part to the impact of power pooling to unit availability. Power pool sales were over budget by 100% due to sales to MEA beginning in April.

ENERGY REVENUE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Retail Revenue	\$ 246.5	\$ 254.8
Wholesale Revenue	<u>3.8</u>	<u>3.7</u>
Total Firm Revenue	250.3	258.5
Economy Energy/Capacity Revenue	4.8	6.7
Power Pool Revenue	0.6	0
Other Operating Revenue	<u>3.6</u>	<u>2.5</u>
Total Revenue	\$ 259.3	\$ 267.7

Revenue from firm sales totaled \$250.3 million compared to \$258.5 million in the budget. Firm revenue was lower than expected primarily due to lower than anticipated residential and large commercial energy sales and large commercial demand revenue. Economy energy, capacity and power pool revenue was \$4.8 million compared to \$6.7 million in the budget. This unfavorable variance was due to lower than anticipated sales to GVEA as discussed above. Other operating revenue includes late fees, pole rental, wheeling, microwave, BRU royalties, grants, AWWU revenue, miscellaneous service, and other electric revenue. Other operating revenue totaled \$3.6 million compared to \$2.5 million in the budget, primarily due to higher than anticipated wheeling from GVEA, AWWU revenue and FEMA grants associated with the 2018 earthquake.

FUEL AND PURCHASED POWER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Fuel	\$ 63.3	\$ 60.8
Purchased Power	<u>16.9</u>	<u>18.0</u>
Total	\$ 80.2	\$ 78.8

Fuel expense includes fuel, storage, transportation, and BRU operating costs. Fuel expense was \$63.3 million compared to \$60.8 million in the budget. This unfavorable variance was primarily due to higher than anticipated BRU operating costs and more fuel purchased from providers due to less fuel produced at BRU, which was somewhat offset by lower storage and transportation costs.

Actual fuel purchased or withdrawn from inventory for production was 5,881,516 Mcf compared to 4,841,905 Mcf in the budget.

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 \$16.9 million compared to \$18.0 million in the budget, caused primarily by lower than anticipated Bradley Lake operations and maintenance costs resulting in a lower average effective price.

Actual energy purchased was 261,719 MWh at an average effective price of 4.91 cents per kWh compared to 238,699 MWh budgeted at an average effective price of 5.96 cents per kWh.

POWER PRODUCTION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Power Production	\$ 27.7	\$ 26.8

Power production expense was \$27.7 million compared to \$26.8 million in the budget. This unfavorable budget variance is primarily due to unbudgeted labor and the amortization of deferred maintenance.

TRANSMISSION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Transmission	\$ 7.1	\$ 7.9

Transmission operations and maintenance expense was \$7.1 million compared to \$7.9 million in the budget. This favorable variance is primarily due to lower than anticipated expense labor charged to this financial category and lower engineering studies and survey costs.

DISTRIBUTION OPERATIONS AND MAINTENANCE (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Distribution	\$ 20.1	\$ 20.6

Distribution operations and maintenance expense was \$20.1 million compared to \$20.6 million in the budget. This favorable variance is primarily due to lower than anticipated labor which was somewhat offset by higher than anticipated costs allocated to this financial category for garage and warehouse costs.

CONSUMER ACCOUNTS / CUSTOMER INFORMATION (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Total Consumer / Customer Information	\$ 7.9	\$ 8.0

Consumer accounts and customer information expense was \$7.9 million compared to \$8.0 million in the budget. This favorable variance is primarily due to lower labor expense which was somewhat offset by higher than anticipated payment processing.

ADMINISTRATIVE, GENERAL AND OTHER (in millions)

	<u>YTD Actual</u>	<u>YTD Budget</u>
Administrative, General and Other	\$ 38.7	\$ 39.2

Administrative, general and other expense includes tax, donations, other deductions associated with preliminary survey and investigation charges of projects, and obsolete inventory write-offs that are not attributable to operating or maintenance accounts. Administrative, general and other expense was \$38.7 million compared to \$39.2 million in the budget. This favorable budget variance is primarily due to lower than anticipated audit fees and legal, regulatory, and human resources initiatives, as well as RRC implementation and deferred power pool settlement costs, which was somewhat offset by higher than anticipated PILT.

SUMMARY

Depreciation, interest, and interest during construction expense totaled \$75.2 million compared to \$79.5 million in the budget. This favorable variance compared to budget was primarily due to lower than anticipated depreciation expense and the change in accounting treatment of BRU Asset Retirement Obligation depreciation expense.

All the foregoing expenses resulted in total cost of electric service of \$256.8 million compared to \$260.8 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 \$315.2 thousand compared to \$319.0 thousand in the budget which was primarily due to higher than anticipated interest income which was offset by lower AFUDC.

The quarterly BRU ARO Investment Fund Review to the Audit and Finance Committee includes the market value and rate of return on that investment. The other investment associated with BRU, the future natural gas purchases investment account had a balance of \$9.7 million on September 30, 2021, and had a 30-day yield of 0.03%.

The net result of revenue and expenses was margins of \$2.8 million compared to projected margins of \$7.3 million in the budget. The current forecast projects year-end margins of \$7.1 million, an MFI/I of 1.17, and TIER of 1.17.

COMPARATIVE FINANCIAL REPORT STATEMENT OF OPERATIONS YEAR-END FORECAST

CATEGORY	2021 APPROVED BUDGET	2021 AMENDED BUDGET	2021 YTD ACTUALS	2021 REVISED FORECAST
Operating Revenue and Patronage Capital	\$ 364,283,486	\$ 364,283,486	\$ 259,280,252	353,692,518 ^{1,2}
Fuel and Purchased Power Expense	108,654,226	108,654,226	80,207,375	110,133,106 ^{1,2}
Power Production Expense	36,368,956	36,368,956	27,691,002	37,441,099 ²
Transmission Expense	10,609,412	10,609,412	7,075,336	10,065,190 ²
Distribution Expense	27,959,033	27,959,033	20,140,798	27,037,521 ²
Customer Expense	10,609,742	10,695,445	7,875,904	10,544,526 ²
Administrative, General & Other	51,974,850	51,889,147	38,669,083	51,579,631 ²
Depreciation and Amortization Expense	64,373,484	64,373,484	45,039,708	60,140,070 ^{1,2}
Interest Expense, Net	41,529,695	41,529,695	30,140,561	40,050,292 ^{1,2}
Total Cost of Electric Service	\$ 352,079,398	\$ 352,079,398	\$ 256,839,767	\$ 346,991,435
Patronage Capital & Operating Margins	\$ 12,204,088	\$ 12,204,088	\$ 2,440,485	\$ 6,701,083
Non-Operating Margins - Interest	198,380	198,380	220,503	270,099 ¹
Allowance for Funds Used During Construction	226,980	226,980	85,154	141,899 ¹
Non-Operating Margins - Other	-	-	9,542	9,542 ¹
Patronage Capital or Margins	\$ 12,629,448	\$ 12,629,448	\$ 2,755,684	\$ 7,122,623
MFI/I	1.30	1.30	1.09	1.17
TIER	1.30	1.30	1.09	1.17

¹ Forecast based on 9 month actual and 3 month forecast

² Forecast has been adjusted to reflect anticipated changes

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

AUDIT AND FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

November 16, 2021

ACTION REQUIRED

AGENDA ITEM NO. VI.B.

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

TOPIC

Discounting for 2022 Capital Credit Payments

DISCUSSION

Chugach Electric Association, Inc. (Chugach) Board Policy 304 provides for the retirement of capital credits on a discounted basis for estate payments and former members that are no longer receiving electric service on the Chugach distribution system. Section II.D. of Board Policy 304 states:

Special / Discounted Capital Credits Retirements: The Association may retire capital credits on a discounted basis as approved by the Board to reflect the net present value of the capital credits. Approval of special or discounted capital credit retirements may reduce allowable amounts in a general retirement to the extent required to comply with Indenture and debt agreements. Amounts approved for discounting will be either (1) estate payments or (2) former members that are no longer on the Association's distribution system.

The attached Board resolution authorizes the retirement of capital credits in calendar-year 2022 in an amount not-to-exceed \$350,000 on a discounted basis for estate payments and former members that are no longer on Chugach's distribution system. The \$350,000 amount is \$50,000 higher than 2021 authorized levels to reflect the increased member base resulting from Chugach's 2020 acquisition of the Municipality of Anchorage d/b/a Municipal Light & Power. The early retirement of capital credits in an amount not-to-exceed \$350,000 for calendar-year 2022 will not adversely impact the Association's financial condition.

Chugach's Bylaws require Board of Directors approval for the retirement of capital credits. If the funding and approval of payments is preauthorized, Chugach can process the requests without having to seek Board approval for each specific retirement processed.

MOTION

Move that the Audit and Finance Committee recommend the Board of Directors approve the attached resolution authorizing early (discounted) capital credit payments in calendar-year 2022 for estate payments and former members that are no longer on Chugach's distribution system in an amount not-to-exceed \$350,000.



RESOLUTION

Discounting for 2022 Capital Credit Payments

WHEREAS, Chugach Electric Association, Inc. (Chugach) Board Policy 304 provides for the retirement of capital credits on a discounted basis for estate payments and to former members who are no longer receiving electric service on Chugach's distribution system;

WHEREAS, Chugach received a Private Letter Ruling from the Internal Revenue Service stating that the discounting of capital credits as provided for under Board Policy 304 does not jeopardize Chugach's tax-exempt status;

WHEREAS, Chugach's Bylaws require Board of Directors approval of capital credit retirements;

WHEREAS, amounts available for discounted capital credit payments can be increased or decreased at the discretion of the Chugach Board of Directors;

WHEREAS, the discounting of capital credit payments for estates and former members who are no longer receiving electric service on Chugach's distribution system in an amount of up to \$350,000 in 2022 will not adversely impact the Association's financial condition;

WHEREAS, estate and other early payments will be made on a frequent basis throughout 2022 and Board approval of each specific early retirement would cause delay in issuing the payments; and,

WHEREAS, the Board of Directors has determined that retirements under this early payment plan in 2022 will not impair the financial condition of the Association.

NOW THEREFORE, BE IT RESOLVED, Chugach shall make early payments of capital credits for estate payments and former members who request early retirements in the actual discounted amount, not-to-exceed \$350,000 in cash payments for calendar-year 2022.

BE IT FURTHER RESOLVED, any payments under the plan for 2022 will be at the present value based on a discount rate derived using the NRUCFC 10-year long-term fixed borrowing rate plus of 3%.

BE IT FURTHER RESOLVED, before receiving a payment under this plan, any member with an outstanding electric debt balance will be required to first pay the outstanding debt or acknowledge the capital credit payment will be reduced by the amount necessary to satisfy the outstanding debt.

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 22nd day of November, 2021; 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 22nd day of November, 2021.

Secretary

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

AUDIT AND FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

November 16, 2021

ACTION REQUIRED

AGENDA ITEM NO. VIII.A.

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

TOPIC

Pre-Approval for FY2021 Audit Services

DISCUSSION

KPMG performs a year-end audit of Chugach's financial statements and supplemental schedules, all of which are included in Chugach's annual financial report. KPMG issues a debt compliance letter and a report on our FERC-1 filing and, if applicable, also performs state and/or federal single audits.

MOTION

Move that the Audit and Finance Committee recommend the Board of Directors approve the retention of KPMG for audit services for FY2021 in accordance with the fees outlined in KPMG's contract, due to expire April 15, 2023.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

AUDIT AND FINANCE COMMITTEE MEETING
AGENDA ITEM SUMMARY

November 16, 2021

ACTION REQUIRED

AGENDA ITEM NO. VIII.B.

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

TOPIC

Capital Credit Retirement

DISCUSSION

The Audit and Finance Committee reviewed a capital credit retirement.

MOTION

Move that the Audit and Finance Committee recommend the Board of Directors approve a capital credit retirement as discussed in executive session.



RESOLUTION

Wholesale Capital Credit Retirement and Payment

WHEREAS, the Board of Directors desires to proceed with a wholesale capital credit retirement and payment; and

WHEREAS, the Board of Directors has determined that this retirement and payment will not impair the financial condition of the Association;

NOW, THEREFORE BE IT RESOLVED, Chugach establishes the amount of the capital credit retirement and payment to MEA and SES at \$2,198,440, which will retire the balance of MEA and SES's capital credits for 2012, and approximately 79.5% of their capital credits for 2013, which totals \$2,088,248 and \$110,192 respectively.

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 22nd day of November, 2021; 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 22nd day of November, 2021.

Secretary