



RESOLUTION

Petition to Defer Expense Associated with Eklutna PPA and Secondary Regulatory Asset in 2022 and 2023

WHEREAS, on July 1, 2021, Chugach submitted a petition to the Regulatory Commission of Alaska ("Commission") requesting approval to defer expensing all or a portion of the Secondary Regulatory Asset and Eklutna Power Purchase Agreement ("Eklutna PPA") payments to the extent necessary for Chugach to report an achieved Margins for Interest over Interest (MFI/I) of 1.20 in calendar-years 2021, 2022, and 2023;

WHEREAS, Chugach made clear to the Commission that if its petition was not granted, the only alternatives (in order of preference) were as follows: (1) a decoupling adjustment, (2) a streamlined rate case, or (3) a full rate case (which could not be filed any earlier than 2023). Chugach further explained the only alternative that could be completed and submitted by the end of 2021 was a decoupling request;

WHEREAS, on November 9, 2021, the Commission issued Order U-21-059(7) ("Order 7"), granting Chugach's request for calendar year 2021 but not calendar years 2022 or 2023. Order 7 further required Chugach to file by December 9, 2021, "a proposal to correct any projected 2022 and 2023 calendar year margin shortfalls *without deferring recognition of expenses incurred in those years*";

WHEREAS, considering Chugach's statements to the Commission regarding preparation time constraints for the proposed alternatives, Chugach interpreted the December 9 deadline as an indication the Commission preferred to see a decoupling adjustment proposal over the longer lead-time alternatives.

WHEREAS, although Chugach continued to believe an expense deferral approach was superior to any rate increase alternative, Chugach submitted its decoupling filing in compliance with Order 7 on December 9, 2021;

WHEREAS, following public notice, the Commission received comments from various interested companies and individuals, including, but not limited to, Providence Health & Services ("Providence") and Federal Executive Agencies ("FEA");

WHEREAS, both Providence and FEA opposed approval of a decoupling mechanism and expressed a preference for expense deferrals as Chugach originally proposed as a more palatable alternative to a rate increase;

WHEREAS, all commenters unanimously opposed a rate increase at this time;

WHEREAS, considering those comments, Chugach engaged in discussions with Providence and FEA regarding potential alternatives to the decoupling filing;

WHEREAS, those discussions were fruitful and resulted in an acceptable mechanism for dealing with a potential margin shortfall in 2022 that would avoid an immediate rate increase;

WHEREAS, Chugach filed its Motion to Permit Withdrawal of Compliance Filing on January 20, 2022;

WHEREAS, the Commission granted Chugach's motion on February 8, 2022, indicating that Chugach's decoupling filing would have been suspended absent withdrawal and requiring Chugach to submit an alternative proposal no later than February 28, 2022;

WHEREAS, because Chugach achieved an MFI of 1.20 in calendar-year 2021 without deferral of expenses associated with either the secondary regulatory asset or the Eklutna PPA, Chugach will now seek Commission approval to collectively defer up to \$8.8 million in calendar-years 2022 and 2023, an amount equal to the unused 2021 authorized deferral;

WHEREAS, this approach maintains the Commission's goal of minimizing deferrals and rate increases while providing Chugach with protection for 2022 and potentially 2023; and,

WHEREAS, Chugach will continue to monitor actual results throughout the year and assess whether additional relief is needed.

NOW THEREFORE BE IT RESOLVED, the Board of Directors authorizes the Chief Executive Officer to seek necessary regulatory approval and take such action as otherwise required to modify the stipulation by reducing annual expense amounts, to the extent necessary, of the Secondary Regulatory Asset and/or the expensing of Eklutna PPA amounts to allow Chugach to achieve an MFI/I of up to 1.20 as determined in each year in December of 2022 and 2023.

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 23rd day of February 2022; that a quorum was present at the meeting; that the resolution is set forth in the minutes of the meeting and has not been rescinded or modified.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of this corporation the 23rd day of February 2022.


Secretary