

RESOLUTION

Approve Amendments to Transaction Agreements Required by the Commission's Final Order

WHEREAS, on December 19, 2018, the Chugach Electric Association, Inc. ("Chugach") Board of Directors authorized the Chief Executive Officer to execute and deliver the Asset Purchase and Sale Agreement ("APA"), the Eklutna Power Purchase Agreement ("Eklutna PPA"), the Beluga River Unit Fuel Agreement ("BRU Fuel Agreement"), and the Payment in Lieu of Taxes Agreement ("PILT Agreement") (collectively, the "Transaction Agreements") by and among Chugach and the Municipality of Anchorage ("MOA") (Resolution No. 12 01 18);

WHEREAS, Chugach and the MOA d/b/a Municipal Light and Power ("ML&P") filed their applications and requests for various regulatory approvals related to the Acquisition with the Regulatory Commission of Alaska ("Commission" or "RCA") on April 1, 2019, and April 5, 2019, respectively;

WHEREAS, the Commission suspended Chugach's and ML&P's filings, opened dockets U-19-020 and U-19-021 to investigate and consider the approvals requested by Chugach and ML&P, and consolidated those dockets with docket U-18-102 ("Acquisition Proceeding");

WHEREAS, Golden Valley Electric Association, Inc., Homer Electric Association, Inc., Matanuska Electric Association, Inc., Federal Executive Agencies, Providence Health & Services, Alaska Energy Authority, and the Office of the Attorney General, Regulatory Affairs & Public Advocacy Section (collectively "Intervening Parties") sought and were granted intervention into the Acquisition Proceeding;

WHEREAS, Chugach and some of the Intervening Parties reached a stipulated settlement resolving all disputes in the Acquisition Proceeding ("Settlement");

WHEREAS, on October 3, 2019, the Chugach Board of Directors approved the stipulated Settlement and associated Transaction Agreement amendments as being in the best interests of Chugach and not negatively impacting Chugach's ability to achieve a minimum utility net savings of \$110 million net present value with a five percent discount rate over 40 years (Resolution 10 03 19);

WHEREAS, the Settlement was filed with the Commission for acceptance and approval on October 28, 2019, and, on May 28, 2020, after additional hearings and statutory timeline extensions, the Commission issued Order U-18-102(44)/U-19-021(39)/U-19-021(39) accepting the Settlement subject to certain conditions ("Final Order");

WHEREAS, as a condition of approval, the Final Order requires certain amendments to the APA, Eklutna PPA, PILT Agreement, and BRU Fuel Agreement that must be authorized and approved by the Chugach Board of Directors ("Final Order Amendments");

WHEREAS, the APA Amendment No. 3, as modified to reflect the requirements of the Final Order, among other things (1) removes all provisions in the APA regarding Chugach's commitment not to raise base rates as a result of the Acquisition; (2) extends the time to Close from 120 days to 160 days after RCA Approval is received; (3) removes all references to the BRU Fuel Agreement; (4) requires MOA to provide copies of certain easements in a Laserfiche database; (5) reduces the Upfront Payment by \$10 million from \$767,800,000 to \$757,800,000; (6) eliminates any upward price adjustment if ML&P's net book value of the assets purchased by Chugach is greater than \$715.4 million at Closing, that is currently required by Amendment No. 1 to the APA; (7) recognizes a \$36 million Restricted Rate Reduction account to be funded by the MOA and conveyed to Chugach at Closing for the benefit of ML&P Legacy Customers; and (8) extends the APA termination date to October 31, 2020;

WHEREAS, the Eklutna PPA Amendment No. 3, as modified to reflect the requirements of the Final Order, among other things (1) recognizes Chugach's right to set-off payments thereunder to the extent the MOA does not fulfill its obligations respecting the \$15 million treatment facility as required by the Settlement, and (2) removes all references indicating that the Eklutna PPA was considered a power purchase agreement under AS 42.05.431(b);

WHEREAS, PILT Agreement Amendment No. 3 requires, among other things, that beginning not later than January 1, 2024, or as otherwise ordered by the Commission, costs incurred by Chugach as a result of the PILT Agreement shall be recovered through base rates charged to all Chugach ratepayers;

WHEREAS, the BRU Fuel Agreement Termination Agreement terminates the BRU Fuel Agreement, with the remaining BRU related provisions concerning market proxy value and ENSTAR's right of first refusal to be included in Chugach's Operating Tariff;

WHEREAS, on June 17, 2020, the Chugach Board of Directors accepted the conditions and modifications to the Acquisition imposed by the Commission in the Final Order as not being materially adverse to Chugach, specifically including, but not limited to, the Power Pool Agreement filing requirement, the Beluga River Unit contributed capital rate adjustment in the amount of \$17.6 million per year for a 10-year period, and the environmental study and remediation requirements;

WHEREAS, an acceptable Power Pool Agreement is being negotiated with Matanuska Electric Association, Inc., and will be brought to the Chugach Board of Directors for approval prior to filing with the Commission;

WHEREAS, Chugach management has represented that all conditions and requirements imposed by the Commission's Final Order have been incorporated as necessary into the Transaction Agreements through the Final Order Amendments;

WHEREAS, Chugach management has provided information to the Chugach Board of Directors on all costs associated with the acquisition and integration of ML&P into the Chugach system, and represented that those acquisition and integration costs were prudently incurred for a successful close and transition to a single combined utility;

WHEREAS, Chugach management has represented that the Final Order conditions and Amendments are in the best interests of Chugach and do not negatively impact Chugach's ability to achieve a minimum utility net savings of \$325 million net present value over 40 years with a 5 percent discount rate as a result of the transaction; and,

WHEREAS, the Chugach Board of Directors previously authorized the Chief Executive Officer to execute the Transaction Agreements without substantive changes from the form attached to Resolution 12 01 18 and further authorized the Chief Executive Officer to take all such other actions as he deems necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the transactions contemplated by, and the intent and purposes of, Resolution 12 01 18.

NOW THEREFORE BE IT RESOLVED, the Chugach Board of Directors authorizes the Chief Executive Officer to execute and deliver the Final Order Amendments in substantially the same form as described above and discussed in executive session;

BE IT FINALLY RESOLVED, that following execution and delivery of Final Order Amendments, the Chief Executive Officer be, and hereby is, authorized and empowered to take such further action and to execute and deliver (or delegate the execution and delivery of) all such further agreements, certificates, instruments and documents, in the name and on behalf of Chugach; to pay or cause to be paid all expenses; to take all such other actions as the Chief Executive Officer shall deem necessary, desirable, advisable or appropriate to consummate, effectuate, carry out or further the Transaction Agreements as amended by the Final Order Amendments; and that any and all such actions heretofore or hereafter taken by the Chief Executive Officer hereby are, adopted, affirmed, approved, and ratified in all respects as the act and deed of Chugach Electric Association, Inc.

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 8th day of July 2020; 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 the 8th day of July 2020.



Secretary