

**Minutes of the January 6, 2012 Board of Directors Regular Meeting  
Alaska Village Electric Cooperative, Inc.**

1. Call to Order, Determination of Quorum, Introduction of Guests

Chairman Charlie Curtis called the regular meeting of the Alaska Village Electric Cooperative Directors to order at 10:34 a.m. A quorum was ascertained with the following board members in attendance:

Walter Sampson	Helena Jones	Fred Sagoonick
Robert Beans	Phyllis Clough	Charlie Curtis

The following managers/guests were in attendance:

Meera Kohler	Mark Teitzel	Debbie Bullock
Katie Millen	Roger Kempel	Mark Bryan
Brent Petrie	Amy Murphy	

2. Declaration of Conflicts of Interest

Chairman Curtis asked if there were any conflicts of interest to declare and there were none.

3. Approval of Minutes

**Upon a motion duly made and seconded, the minutes of the Regular Meeting of the AVEC Board of Directors, dated November 4, 2011, were approved as presented.**

4. Director Trip Reports

There were no trips to report on.

5. Committee Reports

5a. Budget & Audit Committee: Committee Chair Walter Sampson said they had some good training this morning with Joy from Mikunda Cottrell. She outlined and reinforced the responsibilities of the committee and its relationship with management. They now have a better understanding of the audit system. The committee approved signing the audit agreement letter with Mikunda Cottrell to perform this year's audit. The CFC book that was distributed is a really good resource.

6. President's Report:

6a. Investment Report: Mark Barnum of UBS gave a presentation on the status of AVEC's investments. This has been a pretty rough year for investments. Overall there's a negative year to date return as of the end of the third quarter. However, it's estimated that AVEC will have a very small positive rate of return at the end of the year due to a fairly decent fourth quarter performance. Mark reviewed the investment expectations going forward and discussed key events that occurred during 2011 that impacted the market. He discussed the outlook for 2012 and trends that will impact the economy and financial markets.

6b. Denali Commission Projects Update: Brent Petrie provided an overview of the status of projects funded by the Denali Commission and the Alaska Energy Authority. We have received \$47 million and spent \$38 million. He mentioned the projects that we are closing out or finishing. He said NANA has been helping out with monitoring the Cosmos Hills stream gauging project. We prepared a wish list to give to the state that contains \$138 million in proposed projects. There are few or no renewable energy projects on this list as we can get renewable energy funds from other programs. Brent gave a brief overview of the storm damage that occurred to the Brevig Mission – Teller intertie, which was nearly completed before the big storm hit. We have to wait for the ice to melt to assess the full extent of the damage. One of the submerged cables was damaged. Discussion ensued.

Meera said \$2 million was applied for to clean, demolish, cut up and dispose of old fuel tanks. RAFS is working with ANICA and the school district to dispose of old fuel tanks in Gambell. This plan requires communities to allow disposal of the cut-up tanks in the landfill. It costs between \$2,000 to \$3,500 per tank to clean and cut them up. This is exciting news for rural communities. We are trying to work with the Denali Commission to address removing old power plant buildings. Discussion ensued.

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Meera asked Mark Bryan to provide an overview of key operating issues that may be mentioned during the annual meeting. Mark said we fared fairly well during the recent epic storm. We had technicians in some of the villages and they helped to keep the power on. We had a few broken poles, which crews fixed.

We have had some recurring problems in St. Mary's, Emmonak and Chevak. Technicians have been out there, trying to resolve the problems. We are doing well in other places and we send help as fast as we can.

6c. Financial Statement: Meera Kohler said a copy of the latest financial statement was included in the board packet. It looks pretty dismal. One of the primary reasons is that we saw a large increase in fuel costs this year. We received a lot of fuel in August and October and we under-collected fuel due to timing of the Cost of Power Adjustment filing, resulting in a negative margin. We have submitted a new COPA filing with the RCA and once that is approved, we can start to recover fuel costs, hopefully beginning with the next billing. In other areas we are tracking close to budget and overall we have positive margins.

Vitus Marine Update: Vitus arranged the logistics to have a Russian ice-classed tanker deliver fuel to Nome as they didn't get their fall fuel delivery. Vitus plans to move the vessels in Seward to Dutch Harbor soon as they hope to do some work in that region this winter. We will extend our contract with Vitus for one year, so we will still have lower pricing for fuel for five years. Meera expressed appreciation that Crowley was very cooperative and provided fuel in 2011. The AVEC vessels should start delivering fuel in April.

6d. Building Addition Update: Meera said the building is finally done and signage is going up.

6e. Delinquency Update: Katie Millen provided a list of delinquent accounts in the board packet. The list is very short. The delinquent city account is very low with only three villages listed. The list of delinquent accounts with balances over \$2,000 is also very short, with six accounts listed. Member Services is doing a good job collecting money and the electronic meters are working great. The department maintains contact with consumers with delinquent accounts and follow up on DPAs and still work on collections through the winter, even though we won't disconnect meters in the winter.

6f. APA Legislative Conference: Meera, Robert, and Walter will attend the conference in Juneau, February 14-15.

6g. ACRE/CARE Membership: Each board member agreed to contribute \$50 to the ACRE/CARE program, except for Robert Beans who wants to contribute \$100 at the Century Level. The money will be deducted from their next per diem check. Once again we will again obtain 100% board participation. Meera encouraged the management team to contribute as well, hoping to also have 100% management participation.

6h. Annual Meeting Update: Katie Millen provided a list of 21 villages that held their village annual meetings for 2011-12 and attained a quorum. So far we have received the standard resolutions, with no surprises. Her department is contacting villages who haven't held or scheduled meetings yet to see if they need anything to hold a meeting prior to the February 15 deadline. The annual meeting is March 27 at the Coast hotel. Michelle Polty of Pilot Station won the chairman's drawing for holding a meeting in November.

Meera said we received a letter from the executor of a deceased person's estate questioning the lack of response regarding his late father's capital credits. This was the first time we had heard about the request. We sent him a packet of information and re-issued one check. We haven't heard back from him.

Tommy Heckman of Pilot Station was mentioned. He's 82 years old and one of our longest-serving plant operators.

**Upon a motion duly made and seconded, the President's Report was approved as presented.**

## 7. New Business

### 7a. Public Hearing on Revised Streetlight Tariff

Chairman Charlie Curtis called the Public Hearing on Revisions to the Streetlight Tariff to order at 12:03 p.m. Meera Kohler said that we received very little response to the Notice of Public Hearing and no requests to participate telephonically. Meera answered questions from a few consumers who contacted her. The revisions would provide for the installation of LED streetlights and detailed the various costs and rates. The installation charge for LED lights is higher and the cost of the streetlight fixtures is also higher than our normal streetlights. There was discussion about the differences in the light provided and how PCE will affect the rates. This is our first streetlight rate change in 20 years. AVEC did a lot of research on this issue. Discussion ensued on how the light provided will provide a smaller footprint and not be as visible from a distance. Some villages may want to try just a few of the

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LED lights to see how they like them. Some villages can get grant funds to convert to LED streetlights. The grants pay for the installation cost.

There were no public comments received, written or verbal.

Chairman Curtis closed the public hearing at 12:22 p.m.

**7b. Resolution 12-01 Consent Agenda, including Resolutions 12-02 Director Expenses; 12-03 New Memberships; and 12-04 Collections Representatives – Member & Employee Relations Staff, was approved as presented.**

**7c. Upon a motion duly made and seconded, Resolution 12-05 Statement of Nondiscrimination, was approved as presented.**

**7d. Upon a motion duly made and seconded, Resolution 12-06 Year-End Consumer Charge Offs, was approved as presented.** There was some discussion. The total amount of \$142,000 is higher than last year. The new software caused some problems finding things. We will continue trying to collect on these accounts and may turn them over to a collection agency. Having the new AMRs is great as it makes the disconnection process easier and it will be easier to prevent large accounts from building up.

**7e. Upon a motion duly made and seconded, Resolution 12-07 Revisions to Streetlight Tariff, was approved as presented.**

8. Old Business

8a. Strategic Plan Comments. Meera said we're making progress on the goals the board set. We're looking forward to increasing wind generation and have built more interties and are striving to build more. We re-use our old gensets where possible, depending on their condition. The board said they would like to have another strategic planning session at the June meeting and work session. The two-day meetings are May 31 and June 1, 2012.

9. Executive Session

There was no need to hold an Executive Session.

10. Board Comments

Robert Beans said it was a good meeting. Happy New Year.

Phyllis Clough agreed that it was another good meeting. She's happy we continue to use and strongly support the PCE program. She likes the new tariff revisions. She appreciates the efforts of Meera, the board and the staff. We have longevity, which is good. Thank you to everybody and happy New Year.

Walter Sampson said we should think of a good theme for the annual meeting that's coming up. We have to fill Julie's seat. The theme could reflect unity or something and we can mentioned past board members and their commitment and dedication to the cooperative. The board agreed on a theme of "Celebrating Commitment" to honor the longevity of the board, staff, delegates and plant operators.

Helena Jones said Merry Christmas and happy New Year. It was a good meeting and she looks forward to the next.

Fred Sagoonick asked who is up for election this year. Phyllis, Helena and Julie's seats are up for election.

**Chairman Curtis appointed the nominating committee: Chair Fred Sagoonick; Walter Sampson and Robert Beans.**

Charlie Curtis asked if everybody remembers our vision, to be the best utility. We are the best and have an amazing staff and board. He hopes other utilities view us as an example of how to do business. We are the best, but we can still make improvements. He hopes everybody has a safe flight home.

11. Next Meeting Dates

The next board meeting is March 26 and the Annual Meeting is March 27, 2012.

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12. Adjournment

**Upon a motion duly made and seconded, Chairman Curtis adjourned the meeting at 1:10 p.m.**

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Phyllis Clough, Secretary

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Charlie Curtis, Chairman