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IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT

CHUGACH ELECTRIC,)
)
Plaintiff,)
)
vs.)
)
RAY KREIG , STEPHEN ROUTH)
and CHUGACH CONSUMERS)
)
Defendants)
_____) Case No. 3AN-06-13743 CI

MOTION TO VACATE PRELIMINARY INJUNCTION

The defendants Ray Kreig and Chugach Consumers, move that the preliminary injunction entered by this Court on April 4, 2007, be vacated. This motion is supported by the attached affidavit of Ray Kreig.

This motion has never been unopposed, and Chugach and its attorneys have know this. A request for oral argument was filed on April 3, 2007. A motion for extension of time was filed on April 4, 2007. The reasons additional time was needed were set forth in that motion and the Affidavit of Ray Kreig, attached. This Court should vacate this preliminary injunction and consider the involved issues with a full presentation on both sides.

As a preliminary matter, the preliminary injunction should be vacated because it violates the principles set forth in Department of Fish & Game v. Pinnell, 461 P.2d 429 (Alaska 1969) A preliminary injunction order must set forth the reasons for the issuance of the injunction and a set of findings of fact and conclusions of law is required. If these requirements of the civil rules are not complied with, the preliminary injunction should be vacated. This is the situation in the case at bench.

In addition, as set forth in the Affidavit of Ray Kreig and the attachment, it is impossible to comply with the requirement that Mr. Kreig "immediately" produce

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1 unidentified and intermingled documents from 25 to 30 filing cabinet drawers. Also, the
2 terms of the injunction in effect prohibit Mr. Kreig from proceeding with his complaint
3 before the Regulatory Commission of Alaska. In fact, he cannot even have a copy of his own
4 complaint.

5 As set forth in City of Kenai v. Friends of the Recreation Center, Inc., 129 P.3d 452
6 (Alaska 2006), citing State Division of Elections v. Metcalfe, 110 P.3d 976, 978 (Alaska
7 2005), the plaintiff must make a particular showing, described as follows:

8 “The showing required to obtain a preliminary injunction depends on the nature of the
9 threatened injury. If the plaintiff faces the danger of irreparable harm and if the opposing
10 party is adequately protected, then we apply a balance of hardships approach in which the
11 plaintiff must raise serious and substantial questions going to the merits of the case; that is,
12 the issues raised cannot be frivolous or obviously without merit. If, however, the plaintiff’s
13 threatened harm is less than irreparable or if the opposing party cannot be adequately
14 protected, then we demand of the plaintiff the heightened standard of a clear showing of
15 probable success on the merits.”

16
17 In this case, there is no irreparable injury to Chugach Electric. Mr. Kreig has certain
18 documents in his possession which are in dispute. Some of these documents have been in
19 Mr. Kreig’s possession for many years. As stated in the Affidavit of Mr. Kreig, no
20 documents have been disclosed, except to professionals assisting Mr. Kreig, and to the court
21 and Regulatory Commission of Alaska through their confidential channels. There is no
22 indication that these documents will be otherwise distributed by Mr. Kreig in the future, and
23 he stated here that he would not do so. There is simply no irreparable injury to Chugach
24 Electric if Mr. Kreig is allowed to retain these documents until the completion of this
25 litigation.

26 Mr. Kreig, on the other hand, needs these documents to protect himself and comply
27
28

1 with his responsibility to call improper actions of Chugach Electric to the appropriate
2 regulatory authorities. He has responsibilities and liabilities under the common law, by
3 virtue of his duties as a corporate director, and potential Sarbanes-Oxley liability. He needs
4 these documents. This is also set forth in his affidavit. Mr. Kreig also specifically states that
5 Board Policy 128, while he was on the board, never required a board member to return any
6 documents, confidential or not, when that director left the Board.

7
8 In addition, it is physically impossible for Mr. Kreig to comply with the terms of the
9 injunction, which require that Mr. Kreig "immediately" produce 6 ½ years of records, that are
10 unidentified, and which are mingled with other public documents covering 15 years of his
11 public interest work in electric utilities. These documents are located in 25 to 30 filing
12 cabinet drawers. This is especially true when Mr. Kreig is devoting all his time now to
13 dealing with the Chugach Electric Association election, and all of the attacks that are
14 presently being made against him. In fact, the timing of these proceedings make it clear that
15 they are specifically designed to interfere with Mr. Kreig's ability to work on the election.

16 Neither has Chugach made a clear showing of probable success on the merits. It has
17 cited law in support of its position. But, an injunction is an equitable matter, and other
18 factors need to be taken into account. The public interest demands that organizations such as
19 Chugach Electric be kept honest for the benefit of the members of the public who are
20 Chugach rate-payers. Mr. Kreig has pointed out a situation related to the Southern Intertie
21 where he was able to respond to false information because he had kept his documents. In
22 addition, directors must be allowed to keep their documents to protect themselves against
23 claims and possible liability for acts which took place while they were on the board. This is
24 not just a simple case that Chugach is entitled to the return of its documents. There are very
25 important policy consideration which strongly militate in favor of former board members
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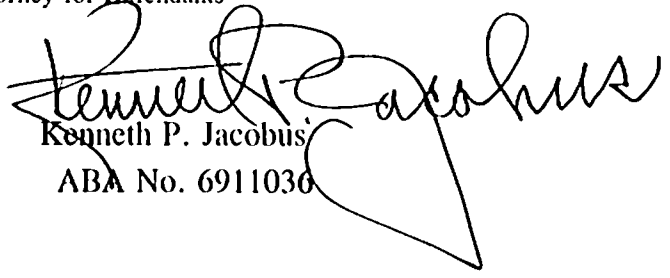
being allowed to retain their documents.

At this point, the order granting the preliminary injunction should be vacated.

DATED this 5th day of April, 2007.

KENNETH P. JACOBUS, P.C.

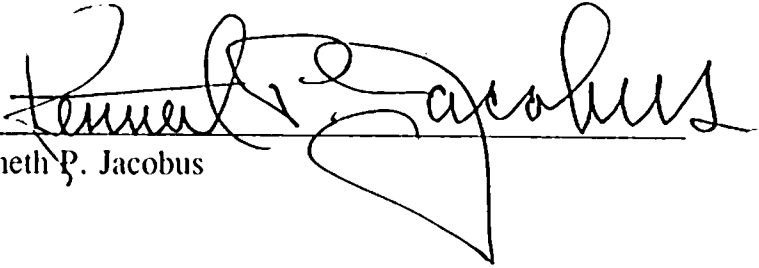
Attorney for Defendants

By 
Kenneth P. Jacobus
ABA No. 6911036

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 6th day of April, 2007, true and correct copies of this Motion to Vacate Preliminary Injunction and proposed Order were faxed and mailed to:

Robert K. Stewart, Jr. Fax 257-5399
Davis Wright Tremain
701 West 8th Avenue, Suite 800
Anchorage AK 99501


Kenneth P. Jacobus

KENNETH P. JACOBUS
A PROFESSIONAL CORPORATION
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IN THE SUPERIOR COURT FOR THE STATE OF ALASKA
THIRD JUDICIAL DISTRICT

CHUGACH ELECTRIC,

Plaintiff,

vs.

RAY KREIG, STEPHEN ROUTH
and CHUGACH CONSUMERS

Defendants

Case No. 3AN-06-13743 CI

AFFIDAVIT OF RAY KREIG IN SUPPORT OF MOTION

STATE OF ALASKA)

THIRD JUDICIAL DISTRICT)

) ss

RAY KREIG, being first duly sworn, states:

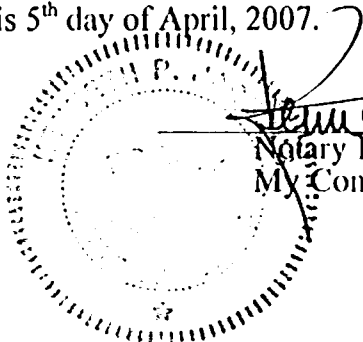
1. I am a defendant in this action and have the requisite personal knowledge to make this affidavit.
2. I prepared the attached comments regarding the preliminary injunction. The factual statements set forth in the attached comments are true and correct.

DATED this 5th day of April, 2007.

Ray Kreig

SUBSCRIBED AND SWORN to before me a Notary Public in and for the State of Alaska this 5th day of April, 2007.

Notary Public in and for Alaska
My Commission Expires 3 October 2008.



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Ray Kreig comments on preliminary injunction

Prepared: April 5, 2007

Page 1

WHY ARE WE LATE?

Chugach Consumers had every intention and made every attempt to answer Chugach Electric's motion within ten days. However extraordinary circumstances – in fact caused by the actions of plaintiff Chugach Electric Association – prevented our being able to prepare a satisfactory answer, because I was not able to devote adequate time to assist our attorney Ken Jacobus. There was no one else that could answer the questions for him. We bring to the attention of the court that I am the campaign manager for two candidates for the Chugach Electric board, Professor PJ Hill and Alex Gimarc.

Ballots in the election were mailed on March 26 and the following two weeks are the absolutely critical parts of the campaign that require maximum attention of a campaign manager. I am a volunteer for our consumer organization Chugach Consumers which has no paid staff other than part-time help from my secretary.

CHUGACH ELECTRIC IS BIASED

I strongly believe that Chugach Electric is biased in the election and has unclean hands in its actions. It has purposefully timed these two motions to divert my attention from the campaign and also to cripple our efforts on behalf of Chugach distribution ratepayers in the the Chugach Electric rate case at the Regulatory Commission of Alaska and on behalf of pro-consumer candidates Hill and Gimarc.

This litigation has all the appearances of a strategic lawsuit against public participation [SLAP] suit.

This is a war against me and our group Chugach Consumers on all fronts. The three boardmembers (Cottrell, Davison, Lipscomb) that are right now attacking me as Chugach Consumers chairman are doing it in newspaper ads, autodialed telephone calls, and radio ads. They are also suing me through improperly using the resources of the cooperative to affect the election and my ability to effectively participate in the rate case. Please note also that Jeff Lipscomb is Chugach Board Chairman. Current materials they are using against me:

- 4/1/07 - "Rude Awakening" ADN ad from Chugach Customers [CEA Director Dave Cottrell]
- 4/2/07 - "Ray Kreig's brand of anarchy" radio ad Chugach.org [CEA Director Bruce Davison]
- 4/4/07 - CEA Board Chairman Jeff Lipscomb autodialed call
- 4/5/07 - "Rude Awakening" mailer from Chugach Customers [CEA Director Dave Cottrell]

Even though I am not even a candidate in the election, I am being attacked by these IBEW union, sympathetic, Chugach Electric board members that have undoubtedly directed management to engage in harassment litigation and moves against us at this time. They certainly have made no effort for management to desist in its legal vendetta during the absolute height of this campaign. Examples:

Ray Kreig comments on preliminary injunction

Prepared: April 5, 2007

Page 2

Chugach Electric director David Cottrell cooperated with IBEW Union front group Chugach Customers that took out a three-quarter page ad on April 1, 2007 attacking me [Attachment A].

Cottrell's claims in the ad about my motives are false. This ad is a political hit job. Cottrell says, "years ago I came to the conclusion that his obsession was misguided, unbalanced and unhealthy and not in the best interest of Chugach Electric or its customers." One certainly wonders then why, on July 27, 2005, Cottrell voted to appoint me to the Chugach Electric board of directors!

On or about April 2, 2007, Chugach Electric director Bruce Davison cooperated with IBEW Union front group Chugach.org to run a false radio ad, "Ray Kreig's brand of anarchy" that attacked me [Attachment B]. This ad was untrue and after action by the attorney for Chugach Consumers it has been pulled from most Anchorage radio stations (Attachment C: Jacobus letter).

Extraordinary time demands on me during this period were necessary to respond to the false information put out by directors on the very board that supervises Chugach CEO Bill Stewart and his lawyer Bob Stewart in initiating this stuff.

Further Example:

Chugach Electric is trying to hijack Google hits from searches made by people entering "Ray Kreig" or "Chugach Consumers"! It is taking traffic away from someone, management is suing, Chugach Consumers, and trying to interfere with their getting their message out.

At the bottom of the Chugach Electric homepage www.chugachelectric.com in the blank area right after the "All Rights Reserved" on the last line [Attachment D] is this hidden text:

"Chugach Consumers Ray Kreig Chugach Consumers Ray Kreig"

It can be seen by going to the homepage and then do an Edit-Find for "Kreig" and you'll find it to attract search engines away from Chugach Consumers!!!!

...or by left click highlighting.

The technical affect of putting this hidden text on the home page is to divert internet traffic. Chugach Electric management has no business interfering in the election in this manner by favoring one group of candidates over another. In this case it is trying to divert traffic from the Chugach Consumers website to Chugach Electric's own website. They are making no similar effort for the IBEW union candidates websites:

Ray Kreig comments on preliminary injunction

Prepared: April 5, 2007

Page 3

www.Chugach.org ; www.ChugachCustomers.org ; www.ChugachCustomers.com ; www.Chugachactioncommittee.org. All of these are taken out by the same Chugach Electric IBEW Union employees, Todd Savoie or Jean Sauget. Note that there is no such entry for these groups or for the IBEW Union & its front groups, Jeff Lipscomb etc.

CHUGACH ELECTRIC STRATEGY TO DISRUPT INTERVENER & RCA COMPLAINT

Over the strong objection of Chugach Electric, the RCA has granted me intervener status in Chugach rate case [U-06-134]. No doubt Chugach would like nothing better than to cause havoc and chaos by disrupting my personal files and rendering ineffective our work intervening on behalf of Chugach distribution ratepayers. Also part of my filing in the RCA complaint [U-06-135] is confidential and this injunction prevents me from responding and proceeding if I can't even have a copy of my own complaint. This seems not right to interfere that way in an on-going regulatory process.

POINTS IN THE INJUNCTION

- 1) As stated in the answers to the interrogatory, no documents have been disclosed by defendants to anyone other than: a) To Chugach Electric's own regulator, the Regulatory Commission of Alaska and even then it was done in the confidential channel and consequently the material now resides in their safe, b) To defendant's attorneys, c) To my wife, a CPA financial advisor and, d) To this Court. There is no intention and there is no evidence that improper disclosure has or will take place. Chugach Electric has not named the RCA as a defendant in this case and therefore is making no effort to recover its documents from the RCA's custody.
- 2) Chugach well knows that it is impossible to satisfy this requirement. It was clearly stated in the answers to the interrogatories that this covers thousands of documents and Chugach knows that I served on the board for 6½ years and during that period I was given enormous quantities of material. This material now comprises parts of an archive in my office and home that fills the equivalent of 5-6 filing cabinets with five drawers in each cabinet.

Attorney-client and "confidential" material is not all in one place but is filed by subject and chronologically mixed in with large quantities of public material. It would take months to go through and extract items possibly considered covered in this injunction.

How would one recognize what is covered in the scope of this fishing expedition? Chugach has provided no list of "confidential" material. There are tens of thousands of e-mails on my server and on the backup tapes. It would take many

Ray Kreig comments on preliminary injunction

Prepared: April 5, 2007

Page 4

additional months to sort through that material and recover e-mails that Chugach might claim to be "confidential". In fact, this could well take years and would have to be done by me alone. Without a specific itemized list of what Chugach Electric considers confidential no secretary can really be of much help. Who is going to pay for all this?

- 3) This question has been asked and answered in the interrogatories. And the answer is in 1) above. I have at all times in the past, and right now today and will in the future, take my fiduciary duty to the members of Chugach Electric and to Chugach Electric coop itself very seriously. In fact, far more seriously than do the board members encouraging Chugach management to sue me right now [see the "LAX" SECURITY MEASURES discussion below].
- 4) What specifically is Chugach asking here? Board policy 128 at no time ever, when I was on the Chugach board required a director to return any Chugach information, confidential or otherwise, when a director left the board.

INJUNCTION WILL PARALYZE MY DEFENSE AGAINST OTHER ATTACKS

In last year's election campaign I was accused by those running Jeff Lipscomb's campaign of voting against buying the Beluga Gas Field when I was on the board back in 1996. Lipscomb went through the whole campaign silent as this lie was constantly repeated. I absolutely need my records, both public and confidential to deal with these tactics. This same false charge was hurled against me by Ivan Moore on the radio on March 8 this year. Moore is the campaign consultant for IBEW Union candidates for the Chugach board (Cottrell and Wiggin). The dirty campaigning tactics of Chugach directors Cottrell, Davison and Lipscomb and the IBEW mandate that I, and any Chugach director, have free and ready access to their complete archive at all times.

DIRECTORS FIDUCIARY DUTIES

Directors have a duty under Sarbanes-Oxley, common sense, and corporate law to not just accept anything spoonfed to them by management but to undertake independent investigation before making a decision or taking action. Chugach Electric is a half billion dollar in assets corporation. Directors frequently have to deal with complex issues with large amounts of money at stake and many alternatives. It's perfectly logical and reasonable that decisional documents presented to Directors for review should be retained by these directors. They must have their own files for possible reference later should their decision be questioned or they be sued. They should also be retained for accountability of Chugach management if things go wrong in the future. It is improper for me or any director to be stripped of our documents when we are still liable for our actions taken while on the board. This is especially so in this case where Chugach

Ray Kreig comments on preliminary injunction

Prepared: April 5, 2007

Page 5

Electric management has a demonstrated record of deception in its public and internal actions – see counts 37 to 45 of complaint before the RCA, Chugach Consumers v CEA [U-06-135] and specifically these on the Southern Intertie:

“41. Another very important example of CEA abuse of executive session secrecy is the Southern Intertie. CEA management and the IBEW Union heavily promoted this uneconomic transmission project to the CEA board when Kreig was president. He had a thorough cost-benefit study done which determined the project was not in the best interest of CEA members. That study was presented in executive session to the CEA board in 1998. Unbeknown to the board, CEA management had the same consultant issue another study to the public EIS process that more than doubled the benefits to show it to have a net positive value. This deception was not discovered until four years later (Exhibit M, here Attachment E) when then ex-CEA director Kreig matched the public version of the report to the one he retained in his personal files [U-06-135].

“42. Kreig urgently pressed CEA management for an explanation and at a meeting at CEA on November 18, 2002 Kreig was ordered by acting CEA general manager Lee Thibert not to talk to any CEA director about the report because it was still executive session material and Kreig was no longer on the board (having not run for reelection in 2000). Kreig was told he could not even speak about that report or even its existence to any CEA staff member. Fortunately Kreig ignored that order [U-06-135].

“43. Two days later CEA Director Chris Birch defied the protests of CEA attorney Carol Johnson at the November 20, 2002 board meeting when he made a successful public motion to release the more accurate secret study. In the ensuing public uproar the Southern Intertie project was killed and \$68 million dollars was saved from wastage [U-06-135].”

In this lawsuit and request for injunction Chugach Electric seeks to seize my records (even though I am a former president of the Chugach Electric board) and prevent exactly the accountability for Chugach management actions described above. Had I not maintained my files and had access to the confidential study on the Southern Intertie, I would not have been able to confront management and the directors then currently on the board and get the information properly released by vote of the board, and save \$68 million from wastage by Chugach Electric.

Ray Kreig comments on preliminary injunction

Prepared: April 5, 2007

Page 6

"LAX" SECURITY MEASURES

Accusing me of lax security measures is perfidious and outrageous.

I remember one Chugach Electric board executive session in January or February 2005 where the "Black Book" labor study was presented or discussed with the Board. To signify the end of the closed executive session the doors are opened to the common hallway. I recall that directors Cottrell, Lipscomb and Davison were all very disdainful of the study and most didn't even open their notebooks or look at it with any seriousness. It was very late and staff had gone home. The books were all labeled with their individual names and a control number on each one. But they just walked out into the hallway and went home, abandoning these highly confidential "Black Books" on the board table. They took no care whatsoever to see that they were properly secured.

Director Uwe Kalenka and I remained behind. We were shocked at the cavalier and careless way they treated the information leaving it there in the open for any IBEW Union nighttime employee to just walk in and take it. It looked to be intentional, to leak it to the IBEW. We gathered up their books and tried to find a secure place for them. All senior executive staff had gone home and their offices were locked except for the executive Secretary Diane Hillemeier's office. We found an inconspicuous place to hide them, I think it was in the credenza across from Diane's desk.

I recall CEO Bill Stewart, telling us one time that, "there are no secrets at Chugach Electric; the place is a sieve." That certainly seemed to us to be a likely case with the "Black Book" and it made me angry that the IBEW could likely already have it but it was withheld from the members of Chugach Electric that paid for it.

SUMMARY

I am doing no more and no less than my public duty in this matter, by providing relevant documents to the Regulatory Commission of Alaska - the State agency which governs the rates and tariff of Chugach Electric. Chugach Electric is trying to suppress this information. This is obviously not in the public interest. It is necessary that the Regulatory Commission have all relevant information before it when it makes its decisions.

Because of my knowledge and these documents, I am in a unique position to protect the public interest. It is my civic duty to submit this information to the regulators that they need to protect the public from waste and abuse.

I am a citizen, who did not go to the press. The information was not made public. I went to the appropriate commission that had a right and need to know these facts, and also had procedures that would keep the information confidential.

Ray Kreig comments on preliminary injunction

Prepared: April 5, 2007

Page 7

This is information on costs and expenditures needed by the commission to exercise its responsibilities to protect the public from excessive spending by the cooperative.

It is also possible that Chugach Electric Association, is covered by Sarbanes-Oxley. It may be because of its public issue bonds. Sarbanes-Oxley provides great protection for whistleblowers, but also imposes greater liability on board members for improper acts of the corporation.

The regulators and the court should ultimately determine that Chugach Electric cannot sue, especially for damages, because I did my public duty and only disclosed to the regulators and the judge granting the TRO. No one else has access to these documents other than my personal advisors who are under confidentiality agreements. The regulators have the right to look at the material and know about it. They need to know what is going on at Chugach Electric.

Miracle fruit' berry turns sour to sweet by altering taste buds

NO PUCKER! African fruit shows promise for diabetics' diets.

By Will Street Journal
ARLINGTON, Va. — As a person here as a child, I can remember standing on a chair, pulled out plastic bag full of small berries, and invited everyone to eat a piece. "Make sure it coats your face," he said.

Mr. Ozer's guests were about a year under the influence of miracle fruit, a slightly tart West African berry with a strange property: For about an hour after you eat it, everything sour tastes sweet.

Within minutes of consuming the berries, guests were devouring items wedges as if they were candy. Straight lemon juice went down like lemonade, and goat cheese tasted as if it was "covered in powdered sugar," said one astonished partygoer. A rich stout beer seemed "like a milkshake," said another.

After languishing in obscurity since the 1970s, miracle fruit, or *Synsepalum dulcificum*, is enjoying a small renaissance. In the home food lovers from Hawaii to Finland are seeking out the berry as a dietary curiosity. In Japan, it's freeze-dried and canned or sold in tablets. Some restaurants there have featured it as an avant-garde dessert, in a dish at Tokyo's Mandarin Oriental hotel. So has the Four Seasons Resort in Palm Beach, Fla., where five miracle fruit shrubs are planted in the hotel's garden.

Others like Curtis Meola of Fort Lauderdale, Fla., are racing to keep up with the recent demand. The 43-year-old retired postman has cultivated the showy, glowing shrub for a decade, and now says he has hundreds of them at a nursery near his home.

Scientists say a protein in the fruit works by binding to taste buds and altering the receptors so called sweet receptors to activate when sour foods are eaten. A French explorer known as the Chevalier Des Marchais first discovered the effects in 1775 when he brought the berry to Europe. Adam Gollner, who is writing a book about miracle fruit, the chemist in villages eat the berry before consuming gravel and raw wine, so he gave it a try himself.

In 1933, a British surgeon described the fruit in a pharmaceutical journal as a "miraculous" berry. In the early 1960s, a research biologist for the U.S. Department of Agriculture, David Fritchard, was the first person to bring miracle fruit from Africa to the U.S., says Linda Borkowski, a professor at the Center for Small and Turf at the University of Florida.

Lloyd Reider, a biology professor at Florida State University, and a colleague isolated the active protein in the berry in 1964, which Dutch researchers doing similar work dubbed "miraculin."

Because miracle fruit is so potent, scientists for years have tried to genetically engineer other organisms to produce miraculin. This led to a series of failures. In the 1990s, researchers tried unsuccessfully to use tobacco plants, yeast and even E. coli bacteria to produce the same protein, which is one of seven known to have a sweetening effect, but the only one that turns sour to sweet.

Last year, a team of scientists led by Hiroshi Tamura, a professor at Tohoku University near Tokyo, said they finally succeeded — with lettuce. In a scientific report published in February in the journal *European Biochemical Society Letters*, the researchers wrote that a gene they produced roughly the same effect as the miracle fruit. Mr. Frank,

who is collaborating with the plant biologists, says it is a Japanese biotech company that is most likely to produce miracle fruit for commercial use as a beverage sweetener or as an additive for foods targeting diabetics, since it removes the need for sugar.

Miracle fruit gives in the field, also say cancer patients occasionally seek out the fruit because it reportedly alleviates a bitter taste in the mouth that is one side effect of chemotherapy. There is no scientific research supporting the claim.

Miracle fruit remains in a kind of regulatory limbo in the U.S. It's perfectly fine to grow and sell it, because the Food and Drug Administration doesn't require prior approval to sell fresh fruits, though it can intervene if it suspects a problem. The trickier part comes when people try to use it as an additive in other foods. That's when regulators start asking questions.

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RANDY TAYLOR, MD
www.MPZCAW.com

Attach ment A

Rude Awakening.

We thought Ray Krieg was a good choice, but we were wrong.

Six years ago, I ran for the Chugach Board with the help of Ray Krieg. At the time, he seemed well-informed and willing to help. That year, I was elected to the Chugach board with a light bulb by my name.

I was not alone. Six of the seven directors currently serving on the Chugach Board were Ray Krieg candidates. But one by one, nearly all of us learned what Ray Krieg was all about. His main business interest will not maintain the health and success of the utility. He wasn't interested in helping the board adopt sensible, forward-looking policies. **Ray Krieg was only interested in one thing, and that was pursuing a deep-seated personal vendetta against the IBEW union and other Chugach employees.**

I don't consider myself to be pro-union or anti-union. The only reason Ray Krieg calls me the pro-IBEW candidate is because years ago I came to the conclusion that his obsession was misguided, unbalanced and unhealthy, and not in the best interests of Chugach Electric or its customers.

All I am interested in, and I can also say this for my colleague Mark Wiggin, is moving Chugach Electric forward based on sound business principles and serving on the board with distinction, moderation and common sense. You will find us both on your Chugach ballot, and needless to say, you won't find light bulbs by your names.

I'm Dave Cottrell. Mark and I would appreciate your vote.



Dave Cottrell



Mark Wiggin



Mark Wiggin

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Pro IBEW Radio Ad

Bruce Davison, "Ray Kreig's brand of anarchy"

First run: KENI at least 4 times April 2, 2007

Listen>> Audio Windows Media [60 sec]

Attachment B

TRANSCRIPT	COMMENT
<p>"Paid for by Chugach.org</p> <p>"Hi. My name is Bruce Davison. Nine years ago I was elected to the Chugach Electric Board with the help of Ray Kreig. I was elected with a lightbulb by my name. It didn't take me long to learn what Ray Kreig was all about.</p>	
<p>Ray would like nothing better than to push Chugach Electric towards a strike. He's said it before and he means it.</p>	<p>He is lying about my wanting a strike. I have NEVER SAID ANYTHING REMOTELY LIKE THAT in public or in private.</p>
<p>"I've served on the board for nearly 10 years and I'm telling you, if Ray Kreig succeeds in getting his two candidates PJ Hill and Alex Gimarc elected this year it will create disastrous consequences for your cooperative.</p>	
<p>"Trust me on this one. I'm a businessman. I'm a conservative Republican. I know Chugach's business inside and out.</p>	<p>Davison has contributed \$ thousands to Republican candidates. He has also made these contributions: 1998 - \$250 Knowles/Ulmer; 2006 - \$250 Mark Begich, \$500 Tony Knowles</p>
<p>"Ray Kreig's brand of anarchy is unbalanced, unhealthy and not in the best interest of Chugach or its customers.</p> <p>"I've appreciated the opportunity to serve on the board. I'd like to leave it in good hands. I think Mark Wiggin and Dave Cottrell will do a great job. Needless to say, you won't find lightbulbs by their names. Vote for Mark Wiggin and Dave Cottrell."</p>	

LAW OFFICES OF
KENNETH P. JACOBUS
A PROFESSIONAL CORPORATION
310 K Street, Suite 200
ANCHORAGE AK 99501-2064
TELEPHONE (907) 277-3333
FAX (907) 264-6666

HAND DELIVERED COPY
Original Mailed

April 3, 2007

Andy Lohman, Manager
Clear Channel Communications, Inc.
KASH-KBFX-KENI-KGOT-KTZN-KYMG
808 East Dimond Blvd., Suite 3-370
Anchorage AK 99515

Re: "Ray Kreig Alert" and "Ray Kreig's Brand of Anarchy" advertisements

Dear Mr. Lohman,

It has just come to our attention that your stations have been broadcasting and/or intend to broadcast one or both of two advertisements, which can be referenced as the "Ray Kreig Alert" ad and the "Ray Kreig's Brand of Anarchy" ad. These ads contain statements which are knowingly false, and should not be further broadcast by your station.

The "Ray Kreig Alert" ad contains the false statement that:

Well, in his short time on the board, Ray Kreig brought us short-sighted business decisions. A fired general manager, excessive closed door board meetings, and a greater chance of labor dispute at Chugach.

The truth is that Chugach CEO Joe Griffith agreed to resign in the executive sessions of 5/11 - 5/18/2005. See: <http://www.chugachelectric.com/news/pr2005-05-20.html>. Mr. Kreig was not appointed to the board until July 27, 2005.

The "Ray Kreig's Brand of Anarchy" ad contains the false statement that:

Ray would like nothing better than to push Chugach Electric towards a strike. He's said it before and he means it.

The truth is that Mr. Kreig does not favor a Chugach strike, and has never said anything even remotely like this, in public or private.

You need to be aware that the election for the Chugach Board is an election of a private organization. Mr. Kreig is not even a candidate in the election. This being the case, your stations are not protected by the non-liability provisions of the Federal Communications Act. It is fully liable for any false and defamatory statements which they choose to broadcast.

Even if Mr. Kreig is considered to be a public figure under normal law of defamation, liability

Attached C page 1

Andy Lohman, Manager
April 3, 2007
Page 2

exists for statements made which are made with knowledge of their falsity or with reckless disregard as to truth or falsity. In this case, the statements are known to be false, and no protection is afforded to the station here either.

In order to mitigate the damages caused by these broadcasts, we would request the following:

(1) That the stations immediately cease broadcasting these defamatory commercials, and

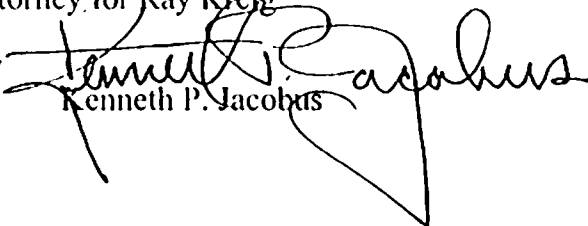
(2) That the stations broadcast the reason that these commercials are being pulled - that they were presented to the station containing false and defamatory statements. This should be broadcast at least as often and in the same time slots as the false commercials were broadcast so that the statement reaches the same audience. This broadcasting should begin immediately. Time is of the essence - this needs to happen as soon as possible today. Hundreds of Chugach ballots are being voted each day based on the false ads broadcast by your stations.

Thank you. If you have any particular questions, please let me know.

Very truly yours,

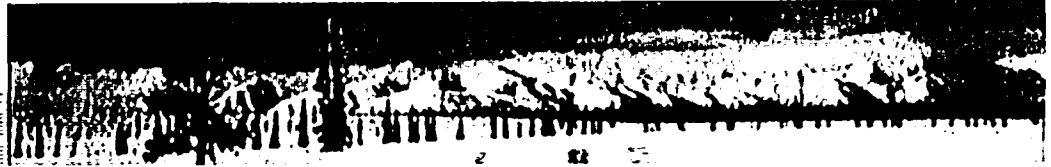
KENNETH P. JACOBUS, P.C.
Attorney for Ray Krog

By


Kenneth P. Jacobus

KPJ:me

Attachment C Page 2



Welcome to Chugach Electric

Account Login



CUSTOMER SERVICE

For Your Home
For Your Business

INSIDE CHUGACH

The Company
Board of Directors
Public Services
Financial Information
Bid Opportunities
Employment Opportunities

ENERGY INFO

Energy Saving Tips
Safety Information
FAQ

NEW!

New
Out
Put
Lin
Pro

A stack went D page 1

Lighting

Compact fluorescent lighting provides bright, warm light while it requires 2/3 less energy than standard lighting, generates 70% less heat, and lasts up to 10 times longer.

Heating

Use a programmable thermostat to adjust the temperature of your home when you are home or away. With proper use of the four pre-programmed temperature settings, you can save about \$100 each year in energy costs.

Tree Line USA

Certified Arborist
Chugach has a certified arborist on staff who can help you determine the type of plants that are recommended for planting near utility rights of way.

More energy-saving tips...

Company News

Chugach names new substation

Chugach Electric is renaming its new South Anchorage Substation after Robert W. Retherford at a ceremony at 10 a.m., Friday, March 16. **More...**

Four members run for Chugach board

Four Chugach Electric Association members are running for two seats on the cooperative's board of directors in this spring's election. Each seat is for a 3-year term. **More...**

Supreme Court rules in Chugach's favor

On Feb. 16, 2007, the Alaska Supreme Court issued a unanimous opinion in favor of Chugach, bringing to a close an issue that had gone on for more than 7 years. What came to be known as "the omnibus case" resulted from a complaint filed in the Superior Court in Anchorage by Matanuska Electric Association in 1999. MEA had alleged wrongdoing by Chugach in actions Chugach took in the late 1990s to preserve the value of then-low interest rates for the future when its outstanding debt would come due.

In the ensuing years, both the Regulatory Commission of Alaska and the Superior Court ruled in Chugach's favor on the issues in MEA's complaint. The Supreme Court resolved the last of the outstanding legal issues in this case in its decision, finding that Chugach's financial practices were consistent with prudent utility practices and sound financial management. Chugach will also obtain a judgment against MEA for approximately \$116,000 for legal fees and costs incurred in this case, which is only a fraction of the actual costs and attorneys' fees Chugach actually incurred in this lawsuit. Court rules limit the amount of costs and fees that a prevailing party such as Chugach can recover.

Supreme Court Opinion, February 16, 2007

Chugach sees all-time system peak load two days in a row

Chugach Electric recorded an all-time system peak load of 479 megawatts between 6 and 7 p.m., Tuesday, Jan. 9, when the temperature at Chugach's International Station was minus 6 degrees. **More...**

Chugach board approves labor contract

The board of directors of Chugach Electric Association approved a 4-year labor contract with one of its bargaining groups that will help the



Chugach elec in the mail

Election packet 26 to the 64,34 who are eligible election Membe Monday, April 2 ballots. **Find out more.**

Election Bro

Annual Report



This could b Prepay your an Electric bill and the expense of

EX-101 D-1-1-2 PAGES

utility recruit and retrain highly skilled workers in a tight labor market.
More...
Copy of the Judge's order

payments
Three ways to:
1. Complete the form.*
2. Download it return by mail or A Chugach rep you with your p
3. Call us at 56: PrePay quote.
*We will calculate amount using the months of service actual period or prepayment will usage.

Attachment D Paged

Google

Advanced Search Search Tips

Site Search

Customer Service | Inside Chugach | Energy Info | News & Events | Account Login | Contact Us | Site Map
Copyright © 2007 Chugach Electric Association, Inc. All Rights Reserved Chugach Consumers Ray Kreig Chugach Consumers Ray Kreig

When viewed on the internet this is grey text on an identical grey background ie: invisible

Attachment E Page 1



Anchorage Daily News

Michael J. Sexton
President & Publisher

Patrick Dougherty
Senior Vice President & Editor

Steve Lindbeck
Associate Editor

Founded in 1946 by Norman C. Brown

Fuller A. Cowell, Publisher, 1993-1999
Gerald E. Gilby, Publisher, 1984-1993

Katherine Fanning, Editor and Publisher, 1971-1983
Lawrence Fanning, Editor and Publisher, 1967-1971

OPINION

MORE INFO:
www.chugachconsumers.org/si

POINTCOUNTERPOINT Anchorage-Kenai intertie?

Intertie promises to provide affordable power to Railbelt

ERIC P. YOULD, *Alaska Rural Electric Cooperative Association*



A project to benefit Alaska and Alaskans for the next 50 years is moving forward, thanks to the vision and efforts of legislators and electric utilities.

The Southern Intertie, an important new link in the Railbelt electric grid, recently passed a major milestone with the completion of comprehensive environmental reviews. After a thorough and public environmental impact statement process, three federal agencies last fall issued records of a decision identifying a route along the Kenai bluff of Cook Inlet and under the mouth of Turnagain Arm as the preferred path for the new transmission line.

The intertie will be a new transmission line between Nikiski and Anchorage that will improve the reliability of the Railbelt power grid. However, its most important function will be to help move power throughout the region from where it's most economical to make it to where customers need it. All six of the electric utilities that serve customers in the Railbelt are participating in the project. All six are not-for-profit utilities working on behalf of their customers. The current estimated cost of the line is \$100 million. Approximately \$70 million of the project will be paid by a state grant made by the Legislature in 1993 from the Railbelt Energy Fund — set up in 1986 to invest in projects that benefit Alaskans throughout the state's most populous region.

With the EIS completed, attention now

turns to design and construction. If work proceeds on schedule, Alaskans may be taking home paychecks from construction by 2004 and the new line could be in service by 2006 or 2007. That might seem a ways off, but it's just around the corner when you consider the need for this project that has been in the planning since the early 1980s.

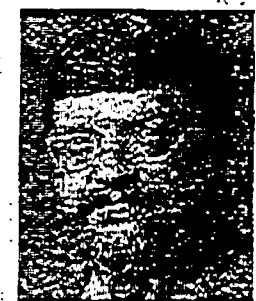
Infrastructure is vital to Alaska's current and future health and economy. A strong interconnected Railbelt electric system that allows power to be made economically in one area and moved efficiently to another helps ensure that individual Alaskans and the businesses that employ them have reliable, affordable electric service. The Southern Intertie will do just that.

Critical infrastructure is often ignored or taken for granted until something goes wrong or existing facilities are overwhelmed by demand. That's why it's so important to plan. The fact you can flip a switch today and have the lights come on doesn't just mean someone did something special today. It happens because Alaskans decades ago had the foresight to put an electric grid in place to make it happen. It is our collective responsibility to provide the same benefit to our children and other people who are the future of this great state.

■ Eric P. Yould is executive director of Alaska Rural Electric Cooperative Association.

Southern Intertie's benefits likely not worth the cost

RAY KREIG, *former Chugach Electric board member*



Clearly the Southern Intertie has some benefits. The question is whether they are worth the cost. Are there better uses for \$125 million in public and ratepayer funds? History indicates that cost overruns are highly likely, totally at ratepayer expense.

Currently, power is on 99.975 percent of the time. How much is it worth to gain a part of that remaining 0.025 percent (two hours a year)? Utility boards, legislators and the public have no way of judging without fair, impartial and unbiased project economic advice from independent experts.

Of great concern should be a history of deceptive manipulation of intertie benefit claims by utility managers. When I was Chugach board president in 1996, we received misleading benefit-cost advice from management on the northern intertie (between Healy and Fairbanks). If Chugach had participated in that project, it would have cost our ratepayers \$600,000 a year.

We then insisted on a very detailed and comprehensive study of the benefits and cost of the Southern Intertie. We retained Decision Focus Inc. because it had performed several studies on intertie economics for the state. DFI found only \$58 million in benefits. Chugach management kept that February 1998 study secret from the public.

Meanwhile, unbeknown to the board, Chugach management supervised the same

consultant's preparation of another report issued for public consumption in March 1998. It conveniently claimed \$143 million in benefits — enough to show the \$125 million intertie cost to be barely justified. That was the only benefit information provided by Chugach to regulators and the public during the 1998-2002 environmental impact statement process.

Same consultant, two vastly different benefit numbers. What gives? In DFI's own words: "We believe our comprehensive approach (in the February 1998 study) is much more accurate."

In 1990, the state utility consumer advocate, Alan Mitchell, also found the Southern Intertie benefits to be only \$51 million to \$63 million. There is no independent third party that has found the benefits of the Southern Intertie anywhere near the \$125 million cost of this project.

Considering the deterioration that has occurred in Alaska's financial condition since the original appropriation in 1993, Southcentral utility boards and local governments should look very hard at the intertie and ask the Legislature to reappropriate the \$70 million in state funds pledged to the project. The money would better benefit Southcentral Alaskans if used to reduce utility or municipal and school debt by \$500 per household.

■ Ray Kreig is a former president of Chugach Electric Association and served on the executive committee of Alaska Rural Electric Cooperative Association.

EXHIBIT PAGE 1 OF 7 PAGES EXHIBIT M PAGE 1 OF 7 PAGES



Anchorage

Michael J. Sexton Patr
President & Publisher Senior Vp

Founded in 1944
Fuller A. Cowell, Publisher, 1993-1999 Kathie
Gerald E. Grilly, Publisher, 1984-1993 Lawre

OUR VIEW

Southern intertie

*Good reason to question
this Railbelt energy project.*

In 1993, the Alaska Legislature set aside \$46.8 million for building a second high-voltage power line between Anchorage and the Kenai Peninsula.

Some important things have changed in the 10 years since then. Alaska's state government finances have deteriorated, and easy spending money has disappeared. Lawmakers routinely balance the state budget by drawing at least half a billion dollars each year from a dwindling savings account.

Another noteworthy change is that doubts have recently come to light about the economic viability of the proposed power line. A 1998 utility company study that was kept secret for four years concluded the southern intertie would produce barely 50 cents' worth of benefit for every dollar spent.

A 1998 utility company study that was kept secret for four years concluded the southern intertie would produce barely 50 cents' worth of benefit for every dollar spent.

Together the shortage of state money and new doubts about the project's payoff suggest the Legislature might find higher and better uses for that \$46.8 million.

Some advocates of the southern intertie reject that notion. They claim the money is locked up tight — \$46.8 million plus interest — and there is no point in

reconsidering the matter. The intertie money was the final part of a political deal that triggered a splurge of spending on energy projects and subsidies starting in the early 1980s. Anchorage and the southern Railbelt would be denied their fair share of state-funded energy goodies, intertie advocates say, if this final project is not built.

The project's defenders say a deal's a deal, even if it means throwing good money after bad. The day when Alaska could get away with such a cavalier approach to spending money is long past.

But for purposes of argument, let's accept the basic framework of this supposedly unbreakable deal. Let's grant that regional equity requires the money to be spent to benefit the southern Railbelt. Let's grant that it has to be spent to supply cheaper energy. Let's even grant that it has to be spent on a particular type of energy, namely electricity. Granting all that, it is still not clear that the southern intertie is the best way to do it.

The money could be used to retire debt at the region's electrical utilities. It could be used to upgrade and repair the existing high-voltage power line between the Kenai Peninsula and Anchorage. It could be used to install a centralized power dispatching system, to ensure that the most efficient mix of Railbelt power plants is used to meet electricity demand as it fluctuates during the day and during the year.

The new Anchorage-Kenai intertie should, at minimum, have to prove that it is a better investment than those options. That will require an independent, rigorous look at the intertie's costs and benefits and how they compare with the alternatives.

Intertie II

Is \$23 million of interest money legally available?

During debate over the proposed electrical intertie between Anchorage and Kenai, an interesting question has come to light. Just exactly how much state money is available for the project?

The state agency handling the project, Alaska Industrial Development and Export Authority, says the available funding is about \$70 million. That's the original \$46.8 million that the Legislature set aside in 1993 plus another \$23 million or so in interest.

There's just one problem with that claim. The 1993 legislation that set aside \$46.8 million (SB 126) imposed certain conditions. One condition requires utilities involved with the project to agree in advance that they will pay all costs of the intertie over and above \$46.8 million. No legislation passed since then has repealed that requirement.

It appears that state law is clear: Only \$46.8 million of the appropriation is available to pay for the intertie. (Unless, of course, state lawyers can come up with a convincing theory that explains why the law on the books doesn't mean what it says.)

The more utilities have to pay for the Anchorage-Kenai intertie, the less likely they are to pursue it.

This question is the kind that could make or break the \$100 million project. The intertie is an economically questionable investment that, even in the most optimistic analysis, produces minimal gain to Railbelt ratepayers. The more utilities have to pay for the Anchorage-Kenai intertie, the less likely they are to pursue it. In fact, project supporters are asking the Legislature to spend another \$30 million on it.

The powers that be in the Legislature and the Murkowski administration have shown no inclination to question the assumption that interest money is legally available for the southern intertie. But as critics of the project note, the legality of spending the interest money is one more important question facing an already questionable project.

Attach ment E Page 2

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EXHIBIT M PAGE 1 OF 2 PAGES