

Kreig

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

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

REPLY TO OPPOSITON TO MOTION TO VACATE PRELIMINARY INJUNCTION

The defendants, Ray Kreig and Chugach Consumers, again request that the preliminary injunction entered by this Court on April 4, 2007, be vacated. An additional affidavit of Ray Kreig is attached to this motion which discusses the law, facts, and his motivations in this matter. His motivations are solely to protect the consumers of electricity from Chugach Electric. In order to do so, it is necessary that he retain his documents. This does not harm Chugach Electric because Mr. Kreig has no original corporate records, his documents are merely copies, these copies have been and will remain confidential, and will be presented to the Court and the Regulatory Commission of Alaska, if necessary, through their confidential channels.

There is a real void of authority on the subject of allowing a former director to retain copies of documents essential to the director which were provided to him while he was a member of the board, but there are some cases. Probably the one most in point, cited in Mr. Kreig's affidavit, is Cohen v. Cocoline Products, Inc., 127 N.E.2d 906 (N.Y. 1955). This case recognizes that a former director has a qualified right to inspect the corporate books and records during the period of his directorship where it is necessary to protect both his personal responsibility interests, as well as the interests of the shareholders. Cocoline has been favorably cited in subsequent cases. Tenney v. Rosenthal, 176 N.Y.S.2d 1009 (N.Y. Sup. 1958) goes even

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

1 farther. It allows the former director to disclose wrongdoing on the part of other directors to the
2 shareholders to enable them to protect themselves and take appropriate action. See also, e.g.,
3 Guadagno v. American Revolving Door Co., Inc., 224 N.Y.S.2d 956 (N.Y. Sup. 1962). Mr.
4 Kreig falls directly within these recognized exceptions. He desires to retain the copies of
5 documents to protect his personal responsibility interests and the interests of the Chugach
6 members. This is done in a much less invasive way than authorized by Tenney. Mr. Kreig is
7 not publically disclosing information to Chugach customers, but simply using it in a confidential
8 manner before this Court and the Regulatory Commission of Alaska. It is also particularly
9 necessary that Mr. Kreig have immediate access to this information to protect himself against
10 the political attacks which are directed at him by Chugach Electric during each annual board
11 election and which can be expected to continue as the present rate case and Mr. Kreig's
12 complaint before the RCA proceed..
13

14 The limitations placed on Mr. Kreig's retention and use of this information are unduly
15 burdensome, and guarantee that he will not have immediate access to any information as needed,
16 particularly when necessary to immediately defend himself. A better solution is to allow Mr.
17 Kreig to retain his information, which was provided to him as a board member with no
18 responsibility to return it, and enter an order guaranteeing the confidentiality and security of the
19 information.

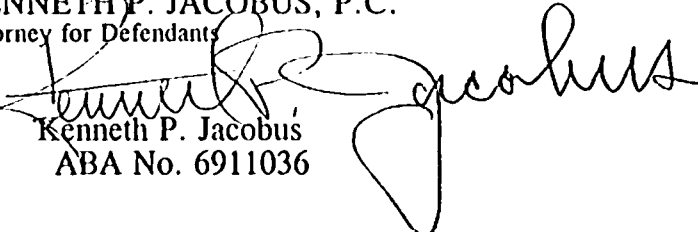
20 The method of processing a proceeding before the Regulatory Commission of Alaska, as
21 proposed by this Court, is also unworkable. Like a proceeding before this Court, it is the
22 obligation of the person filing a proceeding to make a complete and coherent presentation. It is
23 unreasonable to require a claimant to state to the RCA that, well, I filed a complaint, but have
24 no documents in support of the complaint - you have to go out and get them. In addition to
25 short-staffed, and also the requirement of good faith investigation and knowledge prior to filing
26 a complaint, one just does not tell a decision-making body, such as the RCA or this Court, that
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1 the case is not ready but that the decision-making body will have to obtain all the documents for
2 the complainant. In addition, this procedure increases the cost so much that underfunded public
3 interest litigants will not be able to address the issues that need to be addressed before regulatory
4 agencies.

5 At this point, in the public interest, and in order for Mr. Kreig to protect his own and the
6 public and rate-payers interest, the order granting the preliminary injunction should be vacated.
7 Mr. Kreig should be allowed to retain his documents with appropriate protections as suggested
8 earlier in this reply.

9 DATED this 24th day of April, 2007.

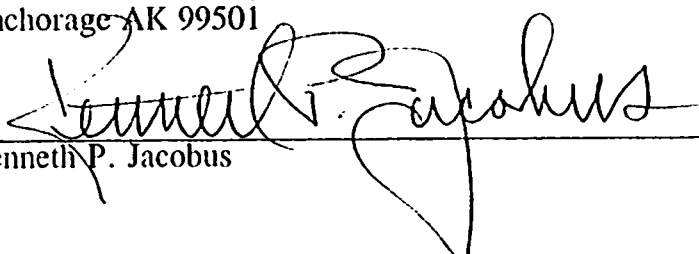
10 KENNETH P. JACOBUS, P.C.
11 Attorney for Defendants

12 By 
13 Kenneth P. Jacobus
14 ABA No. 6911036

15 **CERTIFICATE OF SERVICE**

16 I HEREBY CERTIFY that on this 24th day
17 of April, 2007, true and correct copies of this
18 Reply to Opposition to Motion to Vacate
19 Preliminary Injunction were faxed and mailed to:

20 Robert K. Stewart, Jr. Fax 257-5399
21 Davis Wright Tremain
22 701 West 8th Avenue, Suite 800
23 Anchorage AK 99501

24 
25 _____
26 Kenneth P. Jacobus
27
28

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

Affidavit #2 of Ray Kreig

April 24, 2007

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- 1) I am a public interest litigant, as is Chugach Consumers. We have consequently little in the way of funds to pay for legal research and defense. We must raise all funds for this purpose from contributions.
- 2) In contrast, Chugach Electric Association that is prosecuting this vexacious lawsuit against us has virtually unlimited money at their disposal. They just pass the bills on to captive, electric consumers who are helpless to resist.
- 3) We ask the court for understanding of this basic situation that allows this gross disproportionality of legal resources available to decide the questions.
- 4) **PROBLEM STATEMENT:**

"Under the American system of corporate governance, the stockholders elect a board of directors to oversee the company's business and affairs, and the board retains officers to manage the day-to-day operations of the corporation. In the event of mismanagement by the company's officers or directors, the stockholder's recourse is generally to either replace the directors or to pursue legal remedies against the malfeasant officers and directors in the courts, most often through suits alleging breach of fiduciary duty. However, because the officers and directors control the dissemination of information to stockholders, there is often a gap between the information that is disclosed to stockholders and the information stockholders feel that they truly need in order to determine whether their officers and directors are acting appropriately, or for other purposes such as determining the value of their shares or the independence of the board. Indeed, when a corporation's directors or officers are engaged in self-dealing or other wrongdoing, it is reasonable to assume that they will not willingly disclose those activities to the stockholders. This creates a need for stockholders to have a means of obtaining information about the corporation beyond that which is voluntarily disclosed."

From: An Overview of the Stockholder's Statutory Right to Inspect Corporate Books and Records Under Delaware Law by Megan D. McIntyre. PRACTISING LAW INSTITUTE COURSE HANDBOOK, No. 10849/April 2007. [Emphasis added]

- 5) **KEY COOPERATIVE GOVERNANCE REFORM**

The basic issue in this lawsuit is, "Shall cooperatives be allowed to seize the records that are the basis of the decisions made by elected directors and board officers?"

Affidavit #2 of Ray Kreig

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At Chugach Electric this question has been debated and voted on multiple times as the board has flipped back and forth from an IBEW Union-backed majority to a pro-consumer majority. Board Policy 128 has been changed to INCLUDE directors and suppress information [when there is an IBEW Union-backed board majority] and to EXCLUDE directors and allow them to retain their records [when there has been a pro-consumer board majority].

KEY FACT: Both times when I left the board of directors of Chugach Electric Board Policy 128 did not require directors to surrender their files upon leaving the board. This issue had been debated and decided twice when I last left the board in April 2006. The last time was on February 15, 2006 when the public act of the Chugach board repealed the requirement that directors surrender their records [see Attachment A].

[CHUGACH ELECTRIC]

MOTION FOR PRELIMINARY INJUNCTION – March 20, 2007

- 6) Chugach Electric is selectively quoting from the Fletcher Cyclopedia of Corporations. I went to the law library and read for myself what it had to say about my situation.
- 7) Chugach Electric states (page 6), "because former directors of the Corporation have no ownership interest in such documents they have a common-law duty to return corporate papers to the Corporation." But the cases they quote are referring to situations where someone is holding the original copies of the corporate accounts, shareholder records, board of directors minutes etc.

Beard v. Beard (133 P. 797) - This is a 1913 Oregon case where the outgoing corporate secretary was refusing to turn over the original records to his successor.

Fletcher Cyclopedia of Corporations §2193 - The cases cited in the footnotes in this section are obviously all referring to persons sitting on or withholding original corporate and shareholder record books.

- 8) That is not the situation here in my case. The records I have are not originals, they are copies. And they are documents that were given to me as the basis for decisions I made as Chugach Electric board president and as a director. It is rather outlandish for Chugach Electric to reach back to 1913 for cases and even then find not even one that deals with attempts to retrieve copies of records previously provided to a director or officer of the board.
- 9) Chugach Electric states (page 7), "The use of corporate information for one's own purposes is a breach of fiduciary duty of loyalty owed by a director to the Corporation." I would agree, but Chugach knows full well I am not using it for my

Affidavit #2 of Ray Kreig

April 24, 2007

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own purposes, but that I am using it to defend the interests of fellow members of Chugach Electric from the mismanagement and poor decisions of current officers of Chugach Electric and the current board majority. And I am communicating ONLY to Chugach Electric's regulator, the RCA in their confidential filing channel.

- 10) I am getting absolutely no personal benefit of any sort in my submission of a confidential complaint to the Regulatory Commission of Alaska.
- 11) A much more complete abstract from Fletcher Cyclopedia of Corporations:

§2213 - "The existence of a right, either under common law or by virtue of constitutional or statutory provisions, of every shareholder to inspect the books and records of the corporation seems to be accepted without question throughout the states. A shareholder has a fundamental right to be intelligently informed about corporate affairs."

§2213 - "In a sense the right to inspection arises out of the fact that those in charge of the corporation are merely the shareholders' agents, concerning whose good faith in discharging their duties the shareholders have an interest and right to be informed. While the books and papers of the corporation are necessarily in the hands of the corporate officers and agents, they are the common property of the shareholders who have the right to know what the corporation is doing.

"Managers of some corporations deliberately keep the shareholders in ignorance or under misapprehension as to the true condition of affairs. Business prudence demands that the investor keep a watchful eye on the management of the condition of the business. Those in charge of the company may be guilty of gross incompetence or dishonesty for years and escape liability if the shareholders cannot inspect the records and obtain information."

§2214 - "The rule at common law, stated in general terms, is that all shareholders of a private corporation have the right, by reason of their interest therein, to inspect and examine the books and papers of the corporation at reasonable times and places and for proper purposes."

§4:03 - "...it is interesting that members of nonprofit corporations generally have a least as extensive rights of inspection of records as shareholders of business corporations. The rationale is not difficult to understand. Members of nonprofit corporations have an interest in the ongoing operations and affairs of the corporation in the same way that shareholders have. With shareholders there is money or property investment in the corporation; in the case of a nonprofit corporation, the

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interest of the member may be even more intense since it can involve significant commitment of time and energy by the member as a volunteer of the nonprofit corporation's programs or in the case of a mutual benefit corporation, a large economic commitment to the services provided by the corporation." [Fletcher Cyclopedia Corp's Corporate Practice Deskbook]

§2214 - "The common-law right of inspection appears to extend to all material corporate documents."

§2239 - "Generally speaking, the right of the shareholders extends to all books, papers, contracts, minutes, books or other instruments from which they can derive any information that will enable them to better protect their interests."

§2241 - "The right of a shareholder to make copies, abstracts and memoranda of documents, books and papers is an incident to the right of inspection, being recognized at the common law."

[KREIG OBSERVATION: The right to make copies strongly implies the right to keep copies unless specifically stated otherwise.]

- 12) Chugach Electric states (page 7), "Where the documents at issue are confidential... courts have expressly stated that the corporation is entitled to the return of such information." But again the cases they quote are hardly on point.

Carpenter v. U.S. (484 U.S. 19) - A Wall Street Journal author enters into a scheme with another stockbroker who bought and sold stocks based on the author's leaked WSJ columns.

He was using the WSJ's columns for his own selfish purposes. I am communicating with Chugach Electric's regulator for public-interest purposes.

Lane v. Sharp Packaging Sys. (640 N.W. 2d 788) - An attorney encourages a business owner to start transferring money out of the business to avoid making a 25% stock option sale available for their employee.

Yes, "a corporation is entitled to prevent a former director from revealing attorney-client and work product privilege records created during the director's term of office" but Chugach Electric failed to give the court the complete picture. All appearances are that Lane was requesting documents that were never given to him during the period that he was a director of the company. He was asking for things he never before had. All of the documents that are the

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subject of this lawsuit were in fact given to me during the period of time that I was a director of Chugach Electric for decisions I was responsible for making.

Chugach Electric did not tell the Court about footnote 16 on page 803 of Lane v. Sharp Packaging Sys.:

"...we find it significant that Lane is acting in his individual capacity and requests the documents for personal gain in his lawsuit against the corporation. Lane's status as a former director does not entitle him to pierce the lawyer-client privilege in order to further his personal gain against the corporation."

Once again, the cited case is about someone using the corporation's confidential information for his own selfish purposes. I am communicating with Chugach Electric's regulator for public-interest purposes and on behalf of all Chugach Electric members.

- 13) Chugach Electric states (page 8), "Injunctive relief in the form of a mandamus order is the proper remedy to compel delivery of corporate records by former officers or directors who refuse to return such materials." The cases are, again, all about former officers or contractors holding original corporate records, money and, or other property hostage for payments or their own selfish purposes. I am not doing that; there is no comparison to my situation.

Nancy Lee Mines, Inc. v. Harrison (471 P. 2nd 39) - Corporation's former legal counsel attempted to use attorneys liens to recover compensation for managerial services rendered to the corporation.

Liberal Catholic Church v. Rogers (105 P. 2nd 486) - Church secretary-treasurer refuses to return books and records, property and money after being removed from office.

Potomac Oil Co. v. Dye (102 P. 677) - Reaching way back to 1909 for this one. Oil company corporate secretary refuses to transfer books, seal, papers and other items to newly elected corporate secretary. Undoubtedly, these are the originals not copies.

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[CHUGACH ELECTRIC]

OPPOSITION TO MOTION TO VACATE PRELIMINARY INJUNCTION – April 19, 2007.

- 14) Chugach Electric disputes my report, that directors in the current board majority left their copies of the Black Book unguarded at a board meeting in January or February of 2006 (page 3). Ms. Hillemeier's recollection is wrong. In addition to the two directors minimum that left their books unguarded and left the meeting, there will highly likely be at least three other directors that will give affidavits confirming what I have described, should that be necessary for the court.
- 15) Chugach Electric states (page 3), "In the course of its ongoing investigation into the facts relating to this manner, Chugach has learned that Kreig disclosed portions of the contents of a confidential UMS study conducted in 1995 to a reporter for the Alaska Journal of Commerce on or about April 10, 2005."

This is not true. It's obvious that Chugach conducted no "investigation" and is merely taking a giant leap with superficial assumptions from a newspaper clipping. My interview with Claire Chandler took place substantially in advance of the April 10 publication date and I showed her nothing from these studies except their covers. I did not allow her to take any notes of the titles and in fact she was much too busy with the interview to pay much attention to them except to the considerable number of the studies and their physical presence.

- 16) Chugach Electric states (page 4), "If Kreig truly has no intention of making any such disclosures, then there is simply no reason for him not to return confidential Chugach documents to Chugach immediately."

Not true. There are plenty of reasons that any director must retain their files for decisions they made on the board. This is especially so if the director falls into disfavor, and challenges management of the utility. The current board majority is attacking me with print and radio ads containing false information (Exhibits A, B, C to my Affidavit of April 5, 2007). Last year, many of these same individuals falsely accused me of doing things I didn't do when on the Chugach board. I must have my files to defend myself and rapidly review and re-create what happened while under fire. They would like nothing better than to cripple me in responding by seizing my records. Allowing them to do that is not good public policy. That's why we have open records and open meeting statutes for public entity and government activities.

IMPORTANT: This does not mean that a director would disclose confidential materials publicly in making his defense when under such attack. It only means the director is able to reconnect the dots with the

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information he had at the time the original decision was made and rebuild the foundation from the research and independent analysis done at the time if he was then properly performing his fiduciary duty to be an informed director before making the decision.

- 17) Chugach Electric states (page 4), "To the extent Kreig contends that as a former director that he has some special legal duty to the corporation and its members which authorizes him to retain the confidential Chugach documents in his possession, he is incorrect."

Matter of Cohen v. Cocoline Prods. (127 N.E. 2nd 906) - Chugach Electric says this is about a, "former director that loses [his] right to review corporate documents because he no longer has a stewardship obligation to the corporation requiring him to keep informed of its business and affairs."

The rest of the story is, that unlike me, this director was not a shareholder in the Corporation. Nonetheless, the opinion notes,

"While his duty to the corporation and to the stockholder ceases upon termination of his office, he may still have a **personal responsibility interest** to safeguard, the protection of which could very well inure to the benefit of the stockholders by a disclosure to them of any derelictions by other directors or officers. And this is more likely in the case, as here, of a director of long service, who unexpectedly fails a re-election just at a time when he was about to undertake an investigation in his capacity as director. [emphasis added]

"It would seem to follow, then, that although he has no *absolute* right, a discharged director may have a *qualified* right to inspect the corporate books and records covering the period of his directorship, whenever in the discretion of the trial court he can make a proper showing by appropriate evidence that such inspection is necessary to protect his personal responsibility interest as well as the interest of the stockholders."

- 18) I note that Mr. Robert K. Stewart, Jr's gratuitous "car thief" comments (page 5) are not provided with case cites. Mr. Stewart's car thief is obviously gaining personal benefit from keeping the car. The court should ask Mr. Stewart what personal benefit I am getting from these Chugach records I have. I'd be personally much better off if my office had burned years ago and I was relieved of this "curse of awareness" of what they contain and my obligation and commitment to the public interest [**"personal responsibility interest"**].

Affidavit #2 of Ray Kreig

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- 19) Chugach Electric states (page 5, footnote 1), that the discussion in my April 5, 2007 affidavit concerning the Southern Intertie studies is both "irrelevant and inaccurate".

"First because Kreig was on the Chugach Board of Directors in 1998 and was actually instrumental in the decision to obtain the 1998 DFI study he had no need to retain that document in order to understand its contents when he left the board of directors in 2000."

False, ludicrous, and contemptible. This is a 75 page study, with much in the way of complex numbers and concepts. Normal people don't have photographic memories. Even some pretty darn smart people don't have photographic memories. When presented with the appalling situation in 2002 as I discovered that Chugach management had DFI do another study, unbeknownst to the board, with pumped up benefit numbers, I absolutely had to have, not only a full copy of the report, but also my work files to straighten out the mess and persuasively lobby then board president Bruce Davison and director Chris Birch to release the DFI study.

"Second, that study, which was later publicly released in December 2002, did not conclude that the project was not in the best interest of Chugach members. See Exhibit 5, p. 53. In fact, it concluded Chugach ratepayers would most likely benefit from the Southern Intertie."

Not the complete story. The study defined cost and benefit numbers of the various utilities, but it also assumed that the state grant, which was to pay for about half the cost was essentially "free". The DFI study pegged Railbelt benefits from the Southern Intertie at \$56.69 million (DFI page 30). But the project cost was \$124.1 million. It's obviously underwater without a massive state subsidy! On the board, we knew what the complete story was. The project was dead on its lack of merits until four years later another board majority tried to spin it again as beneficial to ratepayers.

Furthermore, the DFI study did not address submarine cable replacement costs that would have to be done in the future without a state subsidy. This was another nail in the coffin for the economic viability of the Southern Intertie. Chugach Electric management and the IBEW Union just wanted short term construction work and job creation at the long-term expense of the average Chugach Electric ratepayer.

"Third, contrary to Kreig's inference the 1998 DFI study showed the Southern Intertie to have a positive cost-benefit ratio of 3.5 to Chugach."

Affidavit #2 of Ray Kreig

April 24, 2007

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Again, only if you assume the state grant was "free" money.

Chugach Electric is a member-owned cooperative. Some of us feel strongly that, as such, we need to think about our members best interest from the members home budget viewpoint. We should not, as Chugach directors, intentionally mislead our own members with false cost-benefit information on the Southern Intertie or any other Project. The state grant is not "free money" from the viewpoint of our members because if it was not used to subsidize a money-losing transmission line, that money could be used to pay down school or municipal debt and lower our member's tax burden or as the state consumer advocate recommended many years before to lower Chugach Electric debt if the funds were directly distributed to the utilities. The debt load is a considerable portion of member rates and money could have relieved some of that burden and flowed directly through to lower rates.

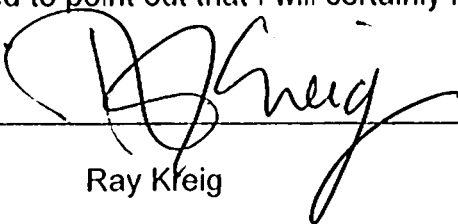
These economics were well known by the Chugach board at that time (in 1998) after receipt of the DFI study and they were extensively discussed publically after the controversy erupted in 2002. It's appalling and profoundly disappointing to see Chugach management continuing to here propagate this discredited spin.

"Fourth, the other 1998 DFI study which Kreig references was commissioned by the Intertie Participants Group, not by Chugach management."

Come on! Chugach management was the lead for the IPG on the Southern Intertie. Chugach management never told the Chugach board about that other DFI study. I consider what transpired to be ethically questionable and I am certainly not alone in that assessment.

I would be delighted to take part in an evidentiary investigation of circumstances behind Chugach Electric's behavior on the Southern Intertie if the Court believes it's necessary to delve more deeply into these facts. There are many important lessons to be documented.

But I respectfully need to point out that I will certainly need to retain my files to do a decent job.



Ray Kreig

Affidavit #2 of Ray Kreig

April 24, 2007

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SUBSCRIBED AND SWORN to before me, a notary public in and for the State of Alaska, this 24th day of April, 2007.



Kenneth P. Jacobus

My Commission Expires October 3, 2008.



CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

February 15, 2006

ACTION REQUIRED

AGENDA ITEM NO.IX.D.

- Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC – Amendment to Board Policy 128 repealing provisions improperly restricting accountability for executive session decisional deliberations.

DISCUSSION (by Director Vazquez)

Chugach board members are responsible for making decisions that have multimillion-dollar impacts on our ratepayers. Important information intended to persuade the board to adopt a particular course of action is frequently provided in executive session or through other confidential channels that properly may not be appropriate for immediate public review or scrutiny.

Yet, unlike other governing bodies like the Anchorage Assembly, Chugach does not tape or keep any record of executive session deliberations and decisional materials that is routinely made public after a period of time. The only accountability for the veracity of the materials used to make a particular decision may frequently be the memory and personal files of the directors involved.

In March 2002 there was a controversy over confidential data regarding the value of potential labor negotiation savings targets not being provided to the board which at that time was being urged to extend labor contracts without negotiation. In apparent response to this event, Board Policy 128 (Confidentiality) was adopted by the Chugach board in October 2002 which among other things required Chugach directors to surrender confidential documents received and used during their board tenure even including their own notes.

This is not in the membership's interest because if this policy were to be actively enforced (and it hasn't been), the board could be pitched with anything in closed session, \$millions spent unwisely or wasted, and all materials then collected by management. Directors would then have nothing to rely on but memories of what commonly are complex presentations, data tables, and scenarios if future assessment of what the board was told were to be needed. This policy also is quite likely at variance with the fiduciary duty of a director to be prepared to defend and assess the outcomes of the decisions made while they are on the Chugach board. Furthermore, the increased duty of directors to exercise more careful oversight on management under Sarbanes Oxley mandate this reform to Board Policy 128.

This motion will repeal those sections of Board Policy 128 that improperly restrict the ability of directors to keep records of decisions and materials provided during their period of service on the board. Repeal of these sections in no way diminishes the fiduciary obligations of directors to keep

DOCUMENT 2

materials confidential that are properly classified confidential both during and after their period of service.

RECOMMENDATION (by Director Vazquez)

Motion 1: Move to waive seven-day rule

Motion 2: Move that Board Policy 128 be amended as follows:

C. Obligations Upon Termination of Employment and Board Membership.

1. ~~Directors and e~~Employees shall immediately return all confidential information or documents of the Association in their possession to the Association upon request of the Association, and, in any event, upon termination of their employment with the Association ~~or their membership on the Association's Board of Directors~~, including those in electronic format.

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 Delivery

April 20, 2007

Robert K Stewart, Jr.
Davis Wright Tremaine
701 West 8th Avenue, Suite 800
Anchorage AK 99501

Re: CEA v. Kreig
Document Turn-Over

Dear Bob,

At the conclusion of the hearing today, the Court ordered the immediate turn over of certain documents by Ray Kreig, Chugach Consumers, and Stephen Routh. These documents were the black book, the UMS studies, and the April 2006 memo prepared by Mr. Kreig.

There is one paper copy of the black book, #5, which is being retained in my office to be able to deal with the RCA proceeding. Mr. Kreig does not have a paper copy of the black book. Mr. Kreig's copy of the disk is enclosed.

The UMS studies consist of ten paper volumes, which are being retained in my office to be able to deal with the RCA proceeding. The disk being returned to you also contains the UMS studies.

The April 2006 memo is being returned to you. I have retained a copy of this memo to be able to deal with the RCA proceeding.

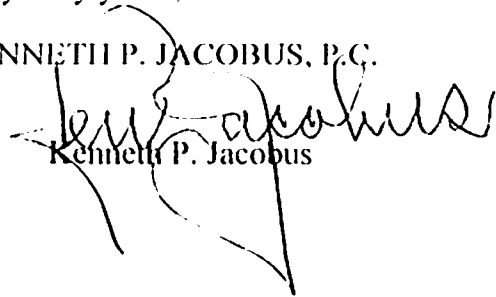
All documents in my office will be kept in a secure location, will be used only for the purposes indicated, and will not be disclosed to others. Neither Mr. Kreig nor Chugach Consumers now have copies of these documents. Mr. Routh has never had any copies.

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

Very truly yours,

KENNETH P. JACOBUS, P.C.

By


Kenneth P. Jacobus

KPJ:mc