



**Matanuska Electric
Association, Inc.**

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Via Facsimile and U.S. Mail

July 14, 2003

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Mr. Ronald W. Miller
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Dear Sirs:

The Intertie Participants Group has previously established July 15, 2003 as the "decision date" defined in Section 4(b)(3)(B) of the January 24, 1994 Alaska Intertie Project Participants Agreement (Agreement) for participation in the Anchorage-Kenai Peninsula Segment of the Alaska Intertie Project (hereinafter referred to as the Southern Intertie Project).

At the July 14, 2003 IPG meeting, it was asserted for the first time by Chugach Electric Association, Inc. (Chugach) that the Southern Intertie Project cost estimates are not firm, and that additional time is required to discuss State funding of the Southern Intertie

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Project with legislators. Therefore, according to Chugach, the July 15, 2003 "decision date" needs to be extended.

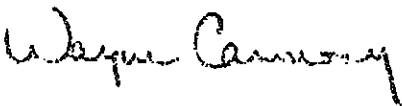
Matanuska Electric Association, Inc. (MEA) pointed out that extending the "decision date" appears to directly or indirectly modify the terms of the Agreement, and thus is beyond the power of the IPG. Despite this concern, the IPG by a less than unanimous vote approved a motion extending the "decision date" to November 21, 2003. Counsel for two of the Participants voting in favor of this motion acknowledged that if extending the "decision date" is not within the scope of authority granted the IPG, Participants who do not withdraw from the Southern Intertie Project by July 15, 2003 could be committed to participation in the Southern Intertie Project.

To the extent MEA is a Participant for purposes of Section 4(b) of the Agreement, this letter serves as the written notice required by Section 4(b)(3)(B) of the Agreement that MEA is conditionally exercising its right to withdraw from the Southern Intertie Project.

MEA hereby unequivocally withdraws from participation in the Southern Intertie Project pursuant to Section 4(b)(3) of the Agreement if July 15, 2003 is the "decision date". If the "decision date" is July 15, 2003, the 14.19% share in the Southern Intertie Project stated in Section 4(a) of the Agreement as being held by Alaska Electric Generation and Transmission Cooperative, Inc. (AEG&T) on behalf of MEA is now available for reallocation to the remaining Participants pursuant to Section 4(b)(3)(D) of the Agreement.

If July 15, 2003 is not the "decision date" required under Section 4(b)(3)(B) of the Agreement, then this letter is void and MEA will reserve its decision on this matter until such time as a decision is required pursuant to the terms of the Agreement.

Sincerely,



Wayne D. Carmony
General Manager