

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

May 16, 2007

ACTION REQUIRED

AGENDA ITEM NO. XI.K.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC – CEO Goals 2007

DISCUSSION (by Directors Hill and Gimarc)

With turnover of two out of seven directors since the adoption of the CEO's 2007 Goals on February 21, 2007 it's desirable for the Board to review goals again.

Our customers have expectations of Chugach. They want electric power supplied at national standards of safety and reliability but at a cost no higher than necessary.

The current CEO 2007 Goals have numeric targets for service reliability and financial management. However there is no reference to the overall cost of service or maximizing economic efficiency.

Under current guidance from the Board of Directors, the CEO could double electric rates and check off every one of the 2007 goals and still be in complete compliance with them. Thus, the current goals are ineffective in guiding the CEO and management to achieve the best results for our ratepayers.

Additionally, goals should reflect a philosophy of continuous improvement. CEO goals for 2007 should be both attainable and a challenge beyond what has been achieved in the past.

The goals document should be returned to the Operations Committee for review and revision as needed. High-level benchmarking such as comparison of distribution, transmission & generation markup (charges beyond cost of fuel) and other appropriate outside measures need to be added.

RECOMMENDATION (by Directors Hill and Gimarc)

Motion 1: Move that the CEO's 2007 Goals be returned to the Operations Committee for revision.