

# COMPENSATION MANAGEMENT PROGRAM UPDATE

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*Chugach's Non-Represented  
Employees Compensation Program*

*Operations Committee  
April 7, 2004*

# Compensation Program Objective

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- To attract, retain and motivate non-represented employees
- To encourage superior performance, growth and development
- To provide management with an objective and consistent program to compensate and evaluate non-represented employees

# Chugach Compensation Management Program

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- Base Compensation
- Performance Appraisal System
- Bonus Compensation
- GAINS Program

# Base Compensation

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## NRECA's COMPensate Program

- Job Descriptions
- Job Evaluation System
- Salary Ranges
- Administrative Guidelines
- Annual Evaluation of the Salary Ranges

# Base Compensation

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- Annual adjustments to the salary ranges vary due to the market movements of the benchmark positions & do not guarantee salary increases
- Merit increases awarded based on:
  - individual performance
  - the position within the salary range (compa-ratio)

# Performance Appraisal System

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## Balanced Scorecard Program

- CEO Goals (Corporate Scorecard)
- Business Unit Scorecards
- Individual Scorecards

# Bonus Compensation

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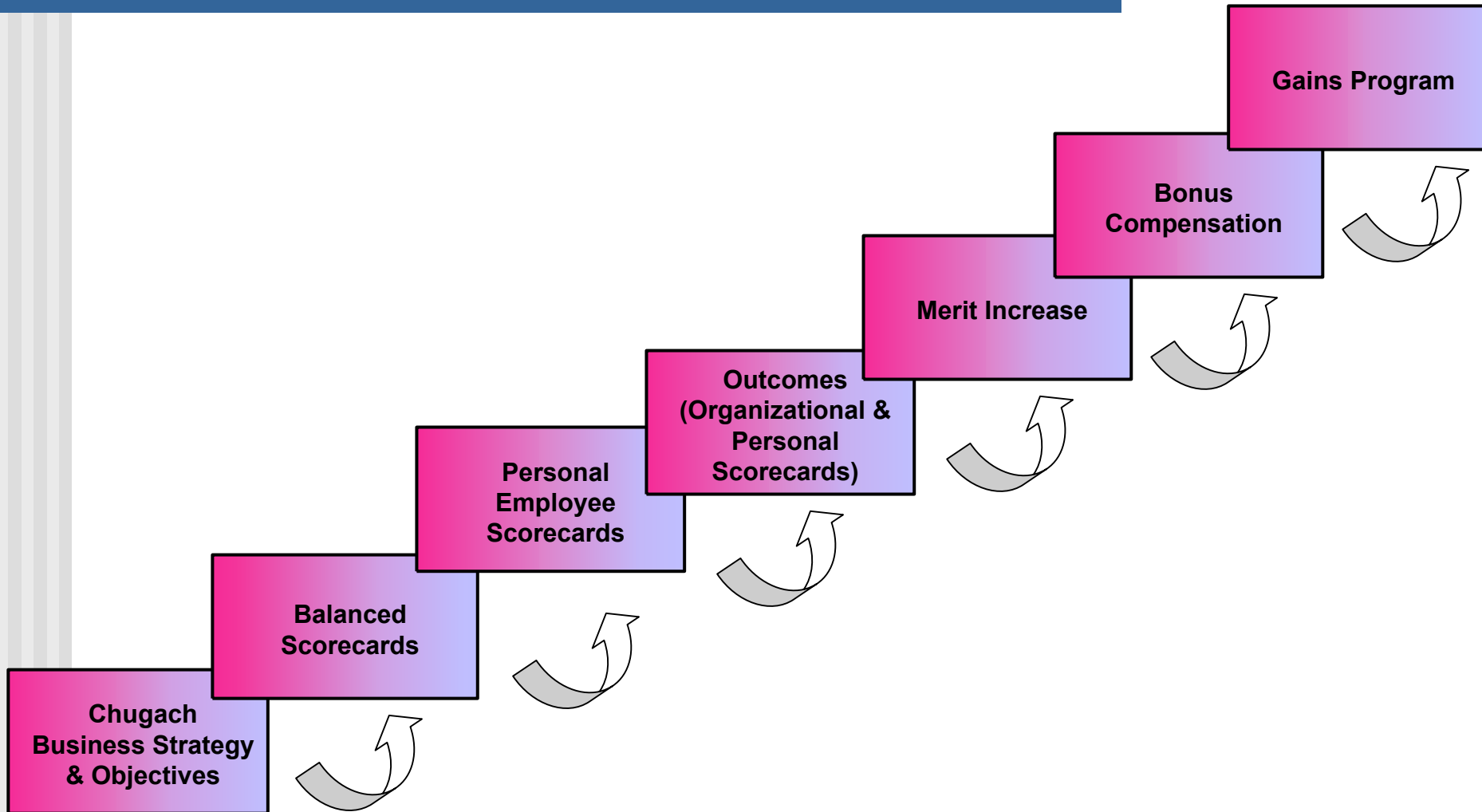
- The exception, not the rule
- Lump sum bonus for **exceptional** contribution to the Association
- Recommendations from senior management to the Chief Executive Officer

# Gains Program

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- Supports Chugach's strategic direction
- Encourages innovation
- Rewards exceptional corporate performance
- Not a guaranteed program – must exceed targeted margins

# An Integrated Compensation Management Program





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# 2004 Plan

# 2004 Plan

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## **BASE COMPENSATION PLAN**

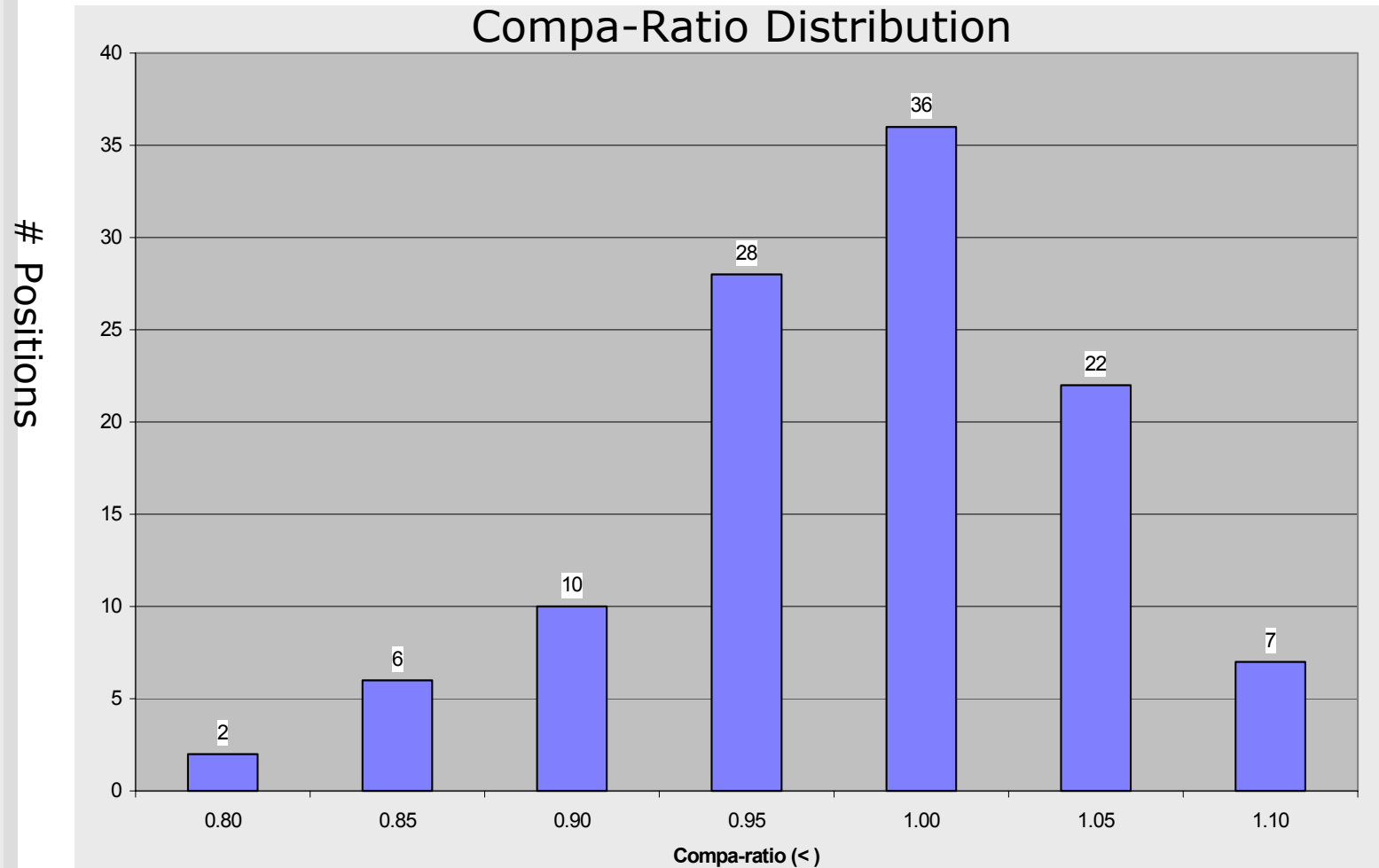
- Use NRECA COMPensate wage and salary plan
- Salary data used for the plan includes:
  - NRECA G&T Wage & Salary Survey
  - Economic Research Institute
  - Local surveys & Anchorage Cross-Industry Survey

# 2004 Plan

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- Move the ranges for those salary grades affected by the 2003 update
- 2003 annual wage and salary study indicates an average change upward to the salary ranges of 3.56%
- Administer the plan to the midpoint of the salary range

# 2004 Plan



# 2004 Plan

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## **PERFORMANCE APPRAISAL SYSTEM**

- Enhance and refine the Balanced Scorecard System
- Link scorecards more closely to Chugach's strategic plan

# 2004 Plan

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## **BONUS COMPENSATION PLAN**

- Continue program as a tool to reward exceptional individual performance

# 2004 Plan

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## **GAINS PROGRAM**

- Target set at \$6 million pre-net margins based on the 2004 budget

# COMPENSATION MANAGEMENT PROGRAM

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Questions