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CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD OPERATIONS COMMITTEE MEETING MINUTES

June 7, 2006

Committee Members in Attendance: Jeff Lipscomb, Chair
Bruce Davison
Uwe Kalenka
Jim Nordlund

Other Directors Present: Dave Cottrell
Alan Christopherson (arrived at 4:35 p.m.)
Elizabeth Vazquez

Guests in Attendance: Mike Pauley (MEA)
Kim Floyd (MEA)
Jim Posey (ML&P)
Jim Patras (HEA)

Staff in Attendance:

Bill Stewart	Lee Thibert	Mike Cunningham	Brad Evans
Dianne Hillemeier	Connie Owens	Phil Steyer	Carol Johnson
Dave Smith	Dan Knecht	Arthur Miller	Ed Jenkin
John Cooley	Steve Gilbert	Bill Bernier	Paul Risse
Amber Van Treeck			

Recording Secretary: Jennifer McDonald, Legal Secretary

I. Call to Order

Chair Lipscomb called the Operations Committee to order at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. Approval of Agenda

Director Davison moved and Director Kalenka seconded the motion to approve the agenda. The motion to approve the agenda passed unanimously.

III. Approval of Minutes – May 3, 2006

Director Davison moved and Director Kalenka seconded the motion to approve the May 3, 2006 minutes. Director Kalenka stated he would like the minutes modified under Item VIII. Review and Recommendation on Alaska Power Association (APA) Membership to reflect that Director Kalenka did not second Director Davison's motion and to reflect in the minutes an amendment Director Kalenka made to delay the motion. Chair Lipscomb deferred approval of the May 3, 2006 minutes until the July Operations Committee meeting so that staff could check the recording regarding Director Kalenka's proposed modifications. Director Kalenka moved and Director Davison seconded the motion to table the approval of the minutes until the July Operations Committee meeting. The motion to table approval of the minutes passed unanimously.

IV. Customer Comments

- A. Wholesale Customers – None.
- B. Retail Customers – None.

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V. **Revised Interim CEO Goals**

Director Davison moved and Director Nordlund seconded the motion that the Operations Committee accept the revised Interim CEO goals. Chair Lipscomb offered a friendly amendment to add - accept the revised Interim CEO goals for recommendation to the Board. Director Davison accepted the amendment. Director Cottrell suggested changing the title of Goal 2.0 - Single-member G&T Update - as the word "update" does not sound like a goal but a report. Bill Stewart, Interim CEO, stated that at the July Strategic Planning meeting there will be some very specific recommendations regarding the Single-member G&T and suggested the word "update" be changed to "recommendation". Director Nordlund questioned the last sentence under Goal 3.0 as it did not appear to be a factual statement. Chair Lipscomb suggested dropping the last part of the sentence to remove "but likely will not meet near or mid-term needs (5 to 10 years)". Mr. Stewart stated he was okay with deleting that portion of Goal 3.0. The motion to approve the revised Interim CEO Goals, as modified, passed unanimously.

VI. **Railbelt Peer Review**

Chair Lipscomb was to give a presentation on the Railbelt Peer Review but due to technical difficulties has been postponed to the July Operations Committee meeting.

VII. **Alternative Energy Citizen Task Committee**

Chair Lipscomb stated that Director Christopherson had made a proposal to develop a Citizen Task Committee with two staff members and three outside members that are Alaska citizens and the objective is to review renewable energy resources. Director Davison asked that this agenda item should be deferred until Director Christopherson is present to discuss the item. Chair Lipscomb deferred Alternative Energy Citizen Task Committee to the July Operations Committee meeting.

VIII. **Legislative Update**

Phil Steyer, Manager, Government & Corporate Communications, and Jerry Reinwand, Chugach's lobbyist, gave an update on legislative activities at the local, state, and federal levels. Items discussed included: the Capital Budget to include the Railbelt Energy Fund allocations, the taxation on Cook Inlet gas, the proposed gas line, and a draft transmission line ordinance.

IX. **Directors' Comments**

Director Davison: None.

Director Nordlund: None.

Director Vazquez: None.

Director Cottrell: Informed the Board that it is his birthday.

Director Kalenka: Reported that the APA meeting, which was attended by Directors Cottrell and Kalenka, was a very revealing meeting. Homer Electric discussed issues Homer has with APA, specifically the intermingling of charges to the various departments, especially to the insurance arm. In addition, most of the little utilities rely on that insurance, which Chugach is not one of them as we buy our own. Homer stated that insurance could be purchased for less on the open market than through APA. He expressed disappointment, as a majority of the Chugach Board Directors stated days before, how important it was for us as leaders in the industry to be part of that organization to see that Chugach really doesn't have any tangible benefit. Said he was disheartened and disappointed not to see any one of Chugach management present at the meeting representing Chugach. (*Director Cottrell stated that he gave an APA report at the last Finance Committee meeting which Director Kalenka did not attend.*)

Chair Lipscomb: Encouraged everybody to think safety on the job. We usually think safety in the wintertime with the snow, sleet, and the ice. Beware in the summertime also – there are hazards out there. Work safe on and off the job.

X. **Executive Session**

At 4:36 p.m. Director Davison moved and Director Kalenka seconded the motion that the Operations Committee go into executive session to discuss matters the disclosure of which could have an adverse impact on the finances and legal position of the cooperative. The motion passed unanimously.

XI. **Board Policy 128 – Confidentiality**

The meeting reconvened at 6:30 p.m. Director Davison moved and Director Nordlund seconded the motion that the Operations Committee recommend to the Board of Directors the adoption of Board

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Policy 128 concerning Confidentiality as presented in the Board of Directors Operations Agenda for June 7, 2006. The motion passed with Director Kalenka voting in opposition.

XII. Adjourn

Director Davison moved and Director Nordlund seconded the motion to adjourn. The meeting adjourned at 6:34 p.m.