

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**ANCHORAGE, ALASKA**  
**August 2, 2006**  
**Wednesday**

**5:00 p.m.**

**BOARD OF DIRECTORS'**  
**OPERATIONS COMMITTEE MEETING MINUTES**

Committee Members present:    Jeff Lipscomb, Chairman  
   Bruce Davison  
   Uwe Kalenka  
   Jim Nordlund

Other Directors present:        David Cottrell (via telephone)  
   Elizabeth Vazquez  
   Alan Christopherson

Employees and Guest in attendance:

Bill Stewart	Mike Cunningham	Lee Thibert
Brad Evans	Dianne Hillemeier	Phil Steyer
Rick Freymiller	Carol Heyman	Mary Tesch
John Cooley	Dave Smith	Connie Owens
Paul Risse	Ed Jenkin	Carol Johnson
Patti Bogan	Dan Knecht	Bill Bernier
Ron Vecera	Steve Gilbert	John Royce
Kim Floyd, MEA		

Recording Secretary – Paula Neas-Arnold, Executive Assistant.

**I.      Call to Order**

The Operations Committee was called to order by Chairman Lipscomb at 5:00 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

**II.     Approval of Agenda**

Chairman Lipscomb requested that the Operations Committee Meeting agenda be revised to change the AREA JAA to Item III and the Alternative Energy Citizen Task Force to Item IV. Director Davison moved and Director Kalenka seconded the motion to approve the revised agenda. The motion passed unanimously.

**III.    AREA JAA**

Director Nordlund introduced a resolution to have Chugach rejoin the AREA Joint Action Agency. Bill Stewart, Chief Executive Officer, explained that when Chugach originally joined the JAA, Chugach did so thinking the cooperative would have access to tax-exempt financing. Stewart further stated he would like to see a JAA fee structure so that each participating utility would completely understand their financial obligation. The Fire Island Project would be a prime example of a project to be funded by the JAA.

CEO Stewart stated concern that the JAA remain an independent entity that serves all participating utilities equally. The General Counsel currently serving the JAA is also serving Golden Valley Electric Association, Inc. Mr. Stewart suggested that the JAA have a General Counsel that is not involved with any other utility in the JAA so that it might remain a neutral party.

Director Davison stated concerns regarding the JAA's administrative costs. Director Davison asked that prior to the board vote on the rejoining of the JAA, the terms and conditions should be carefully reviewed. His concerns are monetary obligations. Director Davison would support rejoining the JAA under these considerations.

Director Kalenka stated he does not support rejoining the JAA. He feels that the costs are not justifiable.

Director Christopherson questioned legal fees that AML&P may still owe with regard to the JAA. He also has concerns for an exit strategy with the JAA. Director Christopherson also requested a thorough review before rejoining the JAA. Directors Christopherson and Nordlund will rewrite the resolution and resubmit.

Director Cottrell does support the general idea of rejoining the JAA, but he also has concerns with regard to the financial aspect of rejoining the JAA.

Chairman Lipscomb does believe rejoining the JAA could be a positive move. The resolution requires revision and should go before the Operations Committee prior to returning to the Board of Directors.

Director Cottrell requested that a proposed JAA budget be assembled and presented to the Finance Committee.

The Operations Committee agreed to delay this item to the September 6, 2006, Operations Committee.

**IV. Alternative Energy Citizen Task Force**

Director Christopherson introduced a motion to establish a Citizen Task Committee consisting of two staff members and up to three outside interested Anchorage citizens to look into alternative energy sources. Director Nordlund co-sponsored this motion. Director Nordlund stated that the proposed Alternative Energy Citizen Task Force Committee idea is still in its infancy and suggestions are welcomed. After much discussion, Chairman Lipscomb requested this item be deferred to the August 16, 2006, Board of Directors meeting.

**V. Approval of Minutes (May 3, 2006 & June 7, 2006)**

Director Kalenka moved and Director Davison seconded the motion to approve both the May 3, 2006, and June 7, 2006, meeting minutes. The motion passed unanimously.

**VI. Customer Comments**

- A. Wholesale Customer Comments - None
- B. Retail Customer Comments - None

(Director Christopherson left the meeting at 6:00 p.m.)

**VII. Review of Board Policy 108 – Director Meeting Fees and Expenses**

Chairman Lipscomb stated that revision proposed to Board Policy 108 would add the phrase “or unless the meeting was on the Board calendar which was approved by the Board”. This revision would clarify which meetings are approved for attendance fees. Director Davison moved and Director

Kalenka seconded the motion to recommend Board Policy 108 with the new language to the Board for approval. The motion passed unanimously.

**VIII. Review of Operating Policy 016 – Use of Cooperative Vehicles**

Chairman Lipscomb asked if any action was required on this item at today's meeting. Bill Stewart, CEO, stated no; the Operating Policy is still being reviewed.

**IX. Review of Benchmarks**

- A. Presentation on Substation Transmission Benchmarking  
Lee Thibert, Senior Vice-President, Power Delivery, introduced Brian Hickey, Director, Transmission & Technical Services, who gave a presentation on Substation Transmission Benchmarking prior to the Operations Committee meeting.
- B. Presentation on Purchasing Benchmarking  
Dave Smith, Director, Information Services, introduced Dan Knecht, Director, Administrative Services who gave a presentation on Purchasing Benchmarking.

(Director Cottrell terminated his call at 6:25 p.m.)

**X. Fire Island Update**

Phil Steyer, Manager, Corporate Communications, gave an update on the Fire Island project and responded to questions of the committee.

**XI. Director's Comments**

**Director Nordlund:** None

**Director Kalenka:** None

**Director Davison:** Director Davison thanked staff for the Benchmarking presentations.

**Chairman Lipscomb:** Chairman Lipscomb congratulated Bill Stewart on his contract being signed today as the Chief Executive Officer. CEO Stewart thanked the Board for their support.

**XII. Executive Session - None**

**XIII. Adjourn**

Director Davison moved and Director Kalenka seconded the motion to adjourn the Operations Committee Meeting. The Operations Committee meeting adjourned at 6:44 P.M.