

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE
MEETING MINUTES

September 26, 2007

Committee Members in Attendance: Elizabeth Vazquez, Chair
Alex Gimarc
Uwe Kalenka
Jim Nordlund (via telephone – left conference at 7:19 p.m.)

Other Directors Present: Jeff Lipscomb
PJ Hill (arrived at 7:09 p.m.)

Guests in Attendance: Gary Zipkin (Guess & Rudd)
Loral Carter (MEA)
Jim Patras (HEA)
Bill Mede (Turner & Mede)

Staff in Attendance:

Bill Stewart	Lee Thibert	Mike Cunningham	Connie Owens
Brad Evans	Carol Johnson	Phil Steyer	Dave Smith
Mary Tesch	Divina Portades	Mark Fouts	Ron Vecera
Carol Heyman			

Recording Secretary: Jennifer McDonald, Legal Secretary

I. CONVENE MEETING

Chair Vazquez convened the Operations Committee meeting at 5:24 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. EXECUTIVE SESSION

Director Kalenka moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Board go into executive session 1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and 2) to discuss matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The matters to be discussed are: 1) Release of Historical Benchmarking & Supporting Documents; 2) Release of Certain Labor Analysis after all Contracts are Ratified; 3) The Chugach / ML&P Phase I Study; and 4) A SOX Update. The motion passed unanimously.

The Committee went into executive session at 5:26 p.m. and reconvened at 6:15 p.m.

III. APPROVAL OF AGENDA

Director Gimarc moved and Director Kalenka seconded the motion to approve the Agenda. The motion passed unanimously.

IV. APPROVAL OF MINUTES

a. August 22, 2007

Director Kalenka moved and Director Gimarc seconded the motion to approve the Operations Committee Meeting minutes of August 22, 2007. The motion passed unanimously.

V. CUSTOMER COMMENTS

a. Wholesale Customer Comments

None.

b. Retail Customer Comments

None.

VI. Director Vacancy

Chair Vazquez stated that in the Committee packet is a copy of the advertisement and the deadline for Board candidates to file their applications is October 5, 2007. Chair Vazquez suggested having a meeting on October 10, 2007 to interview the candidates. Director Gimarc stated that he would be out of town October 8 through October 12. Director Lipscomb stated that he would be out of town from tonight through October 16. Director Lipscomb suggested the Board prepare draft interview questions for the candidates to be on the October 17 Board meeting Agenda along with the resumes of the applicants. Director Kalenka stated he would be out of town on October 17 but could appear telephonically.

VII. Blue Ribbon Panel

Chair Vazquez stated the Blue Ribbon Panel report will be issued around October 10 and stated the panel met with some of the Board members on September 18.

VIII. Director Training

a. Financial Workshop Training with Rodney Crile, CFC

Chair Vazquez stated the workshop was held September 18 and Mr. Crile will be coming back the early part of next year for further work with the Board.

b. SOX Training Discussion

Chair Vazquez stated that the information will be forthcoming as it becomes available.

- c. Utility Finance and Accounting Seminar Training with Joel Berk – Financial Accounting Institute
Chair Vazquez stated this training will be scheduled in January or February of 2008.

IX. Green Star Initiative Update from Staff

Carol Heyman, Manager, Commercial and Community Relations, gave an update of the Green Star Initiative LEEP program. Chair Vazquez requested that Carol Heyman's memo be distributed to the Board electronically. Chair Vazquez requested that Carol Heyman's memo be sent to Sean Skaling (with Green Star) and the members of the Renewable Resource Committee. Chair Vazquez also requested that Carol Heyman be present at the next Renewable Resource Committee meeting to be available to answer questions. Director Gimarc requested that the information in Carol Heyman's memo be available on the Chugach website.

X. Credit Card Payments

Ron Vecera, Director, Member Services, gave an overview of additional information that was requested by Board members. Bill Stewart stated that the letter that Ron Vecera prepared needs some revision before it is sent to the members. Chair Vazquez suggested that the payment options, for easy reading, be in bullet form. Chair Vazquez stated that she would like input from the Public Relations department because she doesn't like the way the letter starts out and it should also inform the members how much the Association will be saving.

XI. Release Historical Benchmarking & Supporting Documents

Director Gimarc moved and Director Kalenka seconded the motion that under Board Policy 128.II.D3 it is in the best interests of the Association to release the documents following historical benchmarking and supportive documents:

1. NRECA-PACE'95 Results Conference
2. NRECA-PACE (Distribution and Procurement & Materials Management)
3. UMS Power Delivery
4. UMS Management Assessment of the Cooperative's Positioning to Successfully Compete in the Changing Electric Utility Business Environment
5. UMS PACE Customer Service '97
6. UMS PACE Infrastructure Development '97
7. UMS Generation Benchmarking
8. Chugach Board Restructuring Retreat
9. Chugach Board Restructuring Retreat #2

Manner of Release:

1. Proprietary restrictions: All documents are to be made available to members of Chugach Electric. Those with proprietary restrictions that specifically prohibit disclosure to Chugach members will be redacted in a manner suitable to the proprietary requirements of the other party to the relevant confidentiality agreement (UMS, for example).

2. The finalized documents (original version if no confidentiality agreement exists, and redacted version if confidentiality agreement exists) will be converted into PDF format and made available for direct download by members from the Chugach web site.
3. There will be no fees associated for access to the benchmarking documents.
4. The member shall not have to state any “proper purpose” for access to the documents.

Director Lipscomb stated that the Board has not seen all these documents yet. Chair Vazquez stated that the documents are available tonight.

The motion passed with Chair Vazquez and Directors Gimarc and Kalenka voting in favor of the motion. *Director Nordlund did not vote as he had temporarily stepped away from the phone.*

XII. Release of Certain Labor Analysis after all Contracts are Ratified

Director Gimarc moved and Director Kalenka seconded the motion that it is in the best interests of the Association to release the documents in the attached list in the manner specified. Those parts of Item 1 which are not specifically released “remain subject to the attorney-client privilege, the work product/legal strategy privilege, and any other privileges that might apply”. Release will take place following final ratification of the “Inside” contract by both parties. Manner of release: Via posting of PDFs on Chugach website when the “Inside” labor contract is ratified by both parties. *The attached list referred to by Director Gimarc is included in the Board packet.*

Director Gimarc stated that the labor attorneys will review the documents to ensure that no strategy is released that should not be released. Director Gimarc stated that this motion will go before the full Board for action.

Carol Johnson stated that the motion should be amended to read “move that the Operations Committee recommend to the Board . . .”.

Director Nordlund stated that the Board has not heard from the attorneys as to whether releasing these documents would violate the attorney-client privilege or would harm the corporation.

Bill Stewart stated that the UMS documents will be distributed to the Board tonight for comment and then the actual decision to release them will be made at the next Board meeting.

Director Gimarc stated that there is no intention on bringing this motion to the Board until a review by the Directors and the lawyers is complete.

The motion passed unanimously.

Chair Vazquez stated that this motion was made pursuant to the discussions that were conducted in executive session.

XIII. Chugach/ML&P Phase I Study

Chair Vazquez stated that the Committee will proceed as discussed in executive session.

XIV. Correspondence

- a. Rate Case Update (Confidential)
- b. Tiqun Negotiations Update (Confidential)
- c. Knik Arm Power Plant (FERC Filing) Update (Confidential)
- d. ERA Aviation (Confidential)
- e. 2007 Operating Budget Revisions & Potential Recoverability in Rates (Confidential)

XV. Director Comments

Director Lipscomb: None.

Director Gimarc: None.

Director Kalenka: None.

Director Nordlund: None.

Chair Vazquez: None.

XVI. Executive Session

Director Kalenka moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Board go into executive session 1) to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative; and 2) to discuss matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The matters to be discussed are: 1) Update on Generation Siting Study with ML&P and 2) Gas Deliverable Study with ML&P.

The Committee went into executive session at 6:48 p.m. and reconvened at 8:09 p.m.

Director Hill arrived at 7:09 p.m.

Director Nordlund disconnected telephonically at 7:19 p.m.

XVII. Adjourn

Director Kalenka moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 8:10 p.m.