

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING
AGENDA ITEM SUMMARY

November 12, 2008

ACTION REQUIRED

AGENDA ITEM NO. VI.

- Information Only
- Motion
- Resolution
- Executive Session
- Other

TOPIC

Authority of the Association-Appointed Representative to Jointly Operated Assets

DISCUSSION

The purpose of this policy is to provide clear guidelines to Association-appointed representatives regarding jointly operated assets when serving on committee(s) charged with operating those assets; to provide that the Association Board has adequate notice of important matters coming before the management committee(s) and meaningful opportunities to provide guidance to the Association-appointed representatives; assure that the procedures for providing oversight and guidance by the Association Board to the Association-appointed representatives are efficient and effective.

MOTION

Move that the Operations Committee recommend to the Board of Directors to approve the attached policy on the Authority of the Association-Appointed Representative Regarding Jointly Operated Assets.

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 1XX

DATE: July XX, 2008

**AUTHORITY OF THE ASSOCIATION-APPOINTED REPRESENTATIVE TO
JOINTLY OPERATED ASSETS**

I. OBJECTIVES

- A. Provide clear guidelines to the Association-appointed representative to jointly operated assets on representing the Association's interests when serving on the management committee(s);
- B. Provide assurances that the Association board has adequate notice of important matters coming before the management committee(s) and meaningful opportunities to provide guidance to the Association-appointed representative;
- C. Assure that the procedures for allowing oversight and guidance by the Association board to the Association-appointed representative are efficient and effective.

II. CONTENT

- A. The Association's representative on the jointly owned asset management committee (whether the appointed representative or the alternate) is empowered and required to represent Association's best interests in all votes taken by the management committee(s). The Association-representative or alternate is required to obtain approval of the Association board of directors in advance of all votes on issues meeting the criteria set out below. The Association-representative or alternate is required to vote consistently with the direction of the Association board on:
 - 1. Decisions that may cost (either directly or indirectly) the Association \$5,000,000 or more per action.
 - 2. Decisions that may cause substantial changes to Association's way of operating or costs of operating including but not limited to such activities as purchases of electric power, joint planning activities or other actions by the management committee(s), as a practical matter, will or may significantly affect the Association's service to its customers.
 - 3. Additions of participants in jointly operated assets.

4. Approval of new projects.
 5. Approval of annual operating and capital budgets that exceed \$10,000,000 net to the Association.
 6. Amendments to any joint operating or participation agreement relating to the jointly operated assets.
 7. Bonding for projects that could have a direct or indirect significant effect on the financial health of the Association.
- B. For any committee meeting attendance and approved business where the Chugach representatives are not paid meeting fees, the Chugach representatives(s) who are not Chugach employees, shall receive the current meeting fee(s) for Chugach Directors for each meeting attended. All such fees shall be borne by the Chugach Electric Association and will conform to the Chugach meeting limits as specified in the Chugach Bylaws, Article 4, Section 9.
- C. The Association-appointed representative(s) shall keep the Association board and management fully informed of all significant jointly operated activities or matters undertaken or contemplated. The form of this communication is at the discretion of the Association board. The Association shall be provided access to all written or visual materials provided to or prepared by the management committee(s), its board(s), employees, agents, consultants or contractors. Appropriate safeguards to protect confidentiality of the information contained in documents or communications may be required of Association directors and management.

III. RESPONSIBILITY

A. Board of Directors

At the first Chugach board meeting following the annual membership meeting, or upon a vacancy, the Chugach Board of Directors will appoint a representative and alternate to each jointly operated asset.

It shall be the responsibility of the Board of Directors to ensure compliance by its Association-appointed representative(s) with this policy.

Date Approved: July XX, 2008

Attested: _____
Secretary of the Board

CHUGACH ELECTRIC ASSOCIATION, INC.

BOARD POLICY: 1XX

DATE: July XX, 2008

AUTHORITY OF THE ASSOCIATION-APPOINTED REPRESENTATIVE
REGARDING JOINTLY OPERATED ASSETS

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I. OBJECTIVES

A. Provide clear guidelines to Association-appointed representatives regarding jointly operated assets when serving on committee(s) charged with operating those assets.

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A. Provide that the Association Board has adequate notice of important matters coming before the management committee(s) and meaningful opportunities to provide guidance to the Association-appointed representatives;

B. Assure that the procedures for providing oversight and guidance by the Association Board to the Association-appointed representatives are efficient and effective.

II. CONTENT

A. The Association's representatives on the jointly owned asset management committee (whether the appointed representative or the alternate) are empowered and required to represent the Association's best interests in all votes taken by the management committee(s). The Association-representatives or alternates are required to obtain approval of the Association Board of Directors in advance of all votes on issues meeting the criteria set out below. The Association-representatives or alternates are required to vote consistent with the direction of the Association Board on:

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1. Decisions that cost (either directly or indirectly) the Association \$5,000,000 or more.

2. Decisions that may cause substantial changes to the Association's operating procedures or operating costs including but not limited to such activities as purchases of electric power, joint planning activities, or other actions by the management committee(s) which may or will, as a practical matter, significantly affect the Association's service to its customers.

3. Additions of participants in the ownership of jointly operated assets.

4. Approval of new jointly operated? Projects (by the particular management committee for an existing project?).

5. Approval of annual operating and capital budgets that exceed \$10,000,000 net to the Association.

6. Amendments to any joint operating or participation agreement relating to the jointly operated assets. [shouldn't there be a threshold monetary amount here as well as a major impact on the project's operations?]

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7. Bonding for projects that could have a direct or indirect significant effect on the finance of the Association.

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B. For any management committee meeting, where the Chugach representatives are not paid meeting fees, the Chugach representatives(s) who are not Chugach employees shall receive the current meeting fee(s) for Chugach Directors for each management committee meeting, attended. All such fees shall be paid by the Association and shall be subject to the meeting limitations as specified in the Article 4, Section 9 of the Association's bylaws.

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C. The Association-appointed management committee representative(s) shall keep the Association Board and management fully informed of all significant jointly- operated activities or matters undertaken or contemplated. The form of this communication is at the discretion of the Association Board. The Association Board shall be provided access to all written or visual materials provided to or prepared by the management committee(s), its board(s), employees, agents, consultants or contractors. subject to any applicable confidentiality agreement or requirements.

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III. RESPONSIBILITY

A. Board of Directors

At the first Association board meeting following the annual membership meeting, or upon a vacancy on a jointly-owned asset management committee, the Association's Board of Directors will appoint a representative and an alternate to each jointly-operated asset management committee as appropriate.

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It shall be the responsibility of the Board of Directors to ensure compliance by its Association-appointed representative(s) with this policy.

Date Approved: July XX, 2008

Attested: _____
Secretary of the Board