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CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE MEETING MINUTES

November 1, 2006

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

Committee member Bruce Davison was absent.

Other Directors Present: David Cottrell
Alan Christopherson (arrived at 4:51 p.m.)
Elizabeth Vazquez (participated telephonically)

Guests in Attendance: Kim Floyd (MEA)
Jim Patras (HEA)
Jill Sheley (Semeron)
Jim Torgerson (Heller Ehrman)
Bill Mede (Turner & Mede)

Staff in Attendance:

Bill Stewart	Lee Thibert	Mike Cunningham	Brad Evans
Connie Owens	Mary Tesch	Jody Wolfe	Dave Smith
Rick Freymiller	Ron Vecera	Ed Jenkin	John Cooley
Bill Bernier	Mark Fouts	Patti Bogan	Brian Hickey
Sherri McKay – Highers	Tom Schulman		

Recording Secretary: Jennifer McDonald, Legal Secretary

I. Call to Order

Chair Lipscomb called the Operations Committee to order at 4:40 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska, and delivered a safety message.

II. Approval of Agenda

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

III. Approval of Minutes – October 4, 2006

Director Kalenka moved and Director Nordlund seconded the motion to approve the October 4, 2006 minutes. Chair Lipscomb noted that on the attendance list Parry Grover's name has a question mark beside it. Chair Lipscomb stated that Mr. Grover did not attend the October 4 meeting. The motion to approve the October 4, 2006, minutes as corrected passed unanimously.

IV. Customer Comments

A. Wholesale Customers – None.

B. Retail Customers – None.

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V. **Appointments to Renewable Energy Committee**

Chair Lipscomb stated that this item was tabled until today's meeting and there was a discussion previously about appointing all applicants to the Committee.

Director Nordlund stated that he agreed with Director Christopherson's idea at the previous meeting of appointing all the applicants and having staff manage the group through subcommittees. Director Nordlund stated that involving this many Chugach members is a good idea.

Director Vazquez stated that she thinks it is wonderful that Chugach has 23 members wanting to participate and proposed breaking up the group into specialized subcommittees.

Bill Stewart, CEO, stated that anyone who is interested should have the opportunity to participate whether they are a member or a non-member. Mr. Stewart stated that this is the most interest that Chugach has had in any committee that he can remember. Mr. Stewart suggested that the Committee members come up with a plan as to how the Committee should be set up. Originally he thought the Committee should be split up into subcommittees but he is not sure that is the right way to go.

Director Nordlund brought up a housekeeping issue. The resolution stated that there would be seven members. Chair Lipscomb stated that this resolution will come before the Board and the resolution can be amended at that time.

Director Kalenka moved and Director Nordlund seconded the motion that the Operations Committee recommend to the Board of Directors approval of all applicants to the Renewable Energy Committee and a revision to the Renewable Energy Committee resolution. Director Nordlund stated that there were applicants that were not on the list of 23 that were also interested in participating. Director Nordlund stated they were disqualified because of conflicts of interest and other issues and gave the name Mark Wiggins as an example of one of the disqualified applicants. Bill Stewart stated that no one should be excluded as it is not a Committee that is going to make big decisions – it will just be an advisory group. Director Nordlund suggested a revision to the motion to state “all applicants who are members of Chugach”. Chair Lipscomb restated the revision as “all member applicants”. Director Kalenka accepted the amendment. The motion, as revised, passed unanimously.

VI. **Appointments to Annual Committees**

A. **Bylaws**

Director Nordlund moved and Director Kalenka seconded the motion that the Operations Committee recommend to the Board of Directors approval of the following appointments to the 2007 Bylaws Committee: Karl LeRay and Diane Lommel. Director Nordlund stated that there was a person who approached him who was disqualified because he has a business address in the service area but lives outside the service area. Patti Bogan, Manager, Public Relations, stated that an individual can be on a committee if they are a non-natural member and this person is not the actual member. Ms. Bogan stated this person would need documentation from the actual member to give him authority to act on behalf of the member and he is in the process of getting that paperwork done. Ms. Bogan stated it is too late for this year as the deadline has passed unless the Board decides otherwise. Director Nordlund would like to approve the nominations tonight and add the disqualified member (if the disqualification is cured) at the November 15 Board meeting. The motion passed unanimously. Chair Lipscomb appointed Director Vazquez as Board liaison to the Bylaws Committee. Director Vazquez agreed to the appointment.

B. **Nominating**

Chair Lipscomb stated that after the appointments of the members on the Nominating Committee there is still one vacancy. Chair Lipscomb stated that if a member submitted their application before the November 15 Board meeting their application would be considered at that time. Director Nordlund moved and Director Kalenka seconded the motion that the Operations Committee recommend to the Board of Directors approval of

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the following appointments to the 2007 Nominating Committee: John Hage, Yvonne Hall and Hal Johnston. The motion passed unanimously.

C. Election

Director Nordlund moved and Director Kalenka seconded the motion that the Operations Committee recommends to the Board of Directors approval of the following appointments to the 2007 Election Committee: Michele Christiansen, Doug Glover, Hal Johnston, Phil Levis, Chuck Lund, and Tom Tibor. The motion passed unanimously. Chair Lipscomb appointed Director Vazquez as Board liaison to the Election Committee. Direct Vazquez agreed to the appointment.

VII. Finance Benchmarking Report

Jill Sheley, Principal, Semeron, gave a presentation of Accounting and Finance Performance Benchmarking Results and Ms. Sheley and staff answered questions from the Committee. Bill Stewart, CEO, stated that in January staff would give a presentation as a follow up to the Benchmarking Results.

VIII. Naming of Chugach Facility

Bill Stewart, CEO, stated that normally, the naming of new substations are done internally and usually the name would derive from its location. Mr. Stewart stated that there is a new substation in South Anchorage and there have been requests that Chugach name the new substation after Robert Retherford, who recently passed away at age 90. Mr. Stewart stated that Mr. Retherford originally came to Alaska and was the first chief engineer of Chugach and has a long history in Alaska, Anchorage, and the community. Mr. Stewart stated that he intended to grant this request unless the Board had any objections. Chair Lipscomb stated that this item would be on the November 15 Board agenda for Board approval.

IX. CEO Evaluation

Bill Stewart, CEO, stated that he has gone through a number of forms and proposed drafts and will have a proposed form available for the Board at the November 15 Board meeting.

X. Director Comments

Director Kalenka: None.

Director Nordlund: Expressed his appreciation for the continuing benchmarking studies that have been going on. The presentation tonight was really interesting. As a new person on the Board it shows that the organization is willing to look at itself and make improvements based upon the results of that study.

Director Vazquez: Stated she thinks it was great that Chugach had the benchmarking presentation. It was very insightful and will be very helpful for both the organization and the Board of Directors. Thanked everyone for their participation in the benchmarking study and thanked the presenter.

Director Christopherson: Stated he would like to support naming of the South Anchorage substation after Robert Retherford. Also stated he appreciated the benchmarking and looks forward to seeing the report in January so Chugach can make some sense where we should dive in because he would like to avoid diving into too many pots at the same time.

Director Cottrell: Stated that the Committee has sat through four or five sessions of benchmarking and what we need to do is bring them all together so that we don't forget what we gained or what we learned. A recap of all the benchmarking studies that have been done and the timing to do something about them – we keep hearing them but we need to have a plan. *Bill Stewart, CEO, stated that is the plan for January – to bring all of the benchmarking together and discuss the plan for going forward for 2007.*

Chair Lipscomb: Thanked everyone for their hard work over the past several months preparing the budgets. There is always a lot of effort that goes into that and a lot of detail and time presenting it to the Board. Thanked staff for the ongoing studies and keeping the lights on. The last three months have been extremely busy and we have done well replacing towers and keeping the lights on. Thanks everybody – it's a very busy time for the Board coming up as we have many things relating to labor

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issues, budget approvals, financial management plans, and the rate case that are facing us in the next couple of months so we are busy.

XI. Executive Session

At 5:54 p.m. Director Kalenka moved and Director Nordlund seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) and (3), the Board go into executive session to discuss (1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative and (2) matters with its attorneys, the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. The topics to be discussed in executive session are: Labor update, Single Member G&T update, Capital Credits litigation and 2007 Legislative agenda discussion plans. The motion passed unanimously.

The Committee reconvened at 7:40 p.m.

XII. Adjourn

The meeting adjourned at 7:45 p.m.