

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE
MEETING MINUTES

October 8, 2008

Committee Members in Attendance: Jim Nordlund, Chair
Alex Gimarc
Janet Reiser
Rebecca Logan

Other Directors Present: Elizabeth Vazquez
Jeff Lipscomb
PJ Hill

Guests in Attendance: Bruce Scott (MEA)
Judith S. Moerlein (HALO)

Staff in Attendance:

Brad Evans	Ed Jenkin	Paul Risse	Mike Cunningham
Carol Johnson	Tyler Andrews	Divina Portades	Dwight Dial
Dan Knecht	Phil Steyer		

Recording Secretary: Jennifer McDonald, Legal Secretary

I. CONVENE MEETING

Chair Nordlund convened the Operations Committee meeting at 5:16 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. EXECUTIVE SESSION

None.

III. APPROVAL OF AGENDA

Director Logan moved and Director Reiser seconded the motion to approve the Agenda. The motion passed unanimously.

IV. APPROVAL OF MINUTES

a. September 10, 2008

Director Logan moved and Director Reiser seconded the motion to approve the Operations Committee Meeting minutes of September 10, 2008. The motion passed unanimously.

V. CUSTOMER COMMENTS

a. Wholesale Customer Comments

None.

b. Retail Customer Comments

Judith Moerlein, representing HALO (Home and Landowners Organization), addressed the Committee about HALO's resolution which was presented to the Assembly. Ms. Morelein read the resolution to the Committee:

WHEREAS, the Home and Landowners Organization, Inc. (HALO) is an organization formed in 1969 by residents in the South Anchorage/Hillside area to represent their best interests in advocating for rural development safety and security of its residents; and

WHEREAS, the southern geographic area of the Municipality of Anchorage, known as Southeast Anchorage is in perpetual danger of wildfire due to devastation of its forest caused by the spruce bark beetle for more than a decade, and there are thousands of acres of forest in Southeast Anchorage; and

WHEREAS, above-ground utility lines are in more danger of destruction in the event of wildfire in the areas in which the lines exist, while underground utility lines are not; and

WHEREAS, the homes in South Anchorage are served by Chugach Electric Association, and

WHEREAS, Chugach Electric Association is required by the Municipality of Anchorage regulation to spend 2% of its annual gross retail revenue to underground a portion of its existing electrical lines annually; and

WHEREAS, the majority of those homes located in South Anchorage use water produced by wells, which are run by electricity; and

WHEREAS, a power outage in South Anchorage in conjunction with a wildfire could be devastating to the homes and individuals who might be unable to use well water to douse their homes and protect their property; and

WHEREAS, it is at the discretion of Chugach Electric Association, with agreement by the Municipality of Anchorage, to decide which of CEA's existing distribution lines to underground.

NOW, THEREFORE, the homeowners of Southeast Anchorage, through HALO, hereby resolve that the Municipality of Anchorage encourage the undergrounding of electric utilities in wooded areas of southeast Anchorage for increased safety in the case of wildfire.

Specifically, we request that to the list of factors to be considered when prioritizing undergrounding in Title 21.90.060A be added. Whether distribution lines are at risk in the case of wildfire.

And to the list of major traffic corridors in Title 21.90.060B.4 be added Abbott Road, O'Malley Road, Huffman Road, DeArmoun Road, Rabbit Creek Road, and Hillside Drive.

Chair Nordlund stated that this item will be discussed at tonight's meeting in executive session.

VI. Annual Report Planning

Phil Steyer, Director, Government Relations & Corporate Communications, gave an overview of the Annual Report Planning and stated that Chugach does not anticipate including an annual report with the election packet next year. Mr. Steyer noted that the bylaws do require a reasonably comprehensive and easily understood summary of the audit report be provided to the members and that is what will be included in the election packet next year. Mr. Steyer stated the annual report would be on the Chugach website and copies would be provided to those who requested a copy. Mr. Steyer and staff answered questions from the Committee.

VII. Identity Theft Prevention Program (Red Flags [sic] Rule)

Dwight Dial, Director, Information Services, gave a presentation on the Identity Theft Prevention Program (Red Flag Rule) and he and staff answered questions from the Committee.

Director Vazquez asked what safeguards are in place to ensure that there is constant monitoring of the compliance with this policy? Mr. Dial stated that an annual report will be prepared. Director Vazquez stated that that she needs assurance of how Chugach is going to monitor compliance with sufficient detail. Brad Evans, CEO, stated that staff will prepare a plan addressing Director Vazquez's concerns.

Director Logan moved and Director Gimarc seconded the motion that the Operations Committee recommend that the Board of Directors approve Board Policy 133, Identity Theft Prevention Program, as attached. The motion passed unanimously with the understanding that the question be answered regarding how the compliance process will be monitored.

VIII. Executive Session Recording

Director Logan moved and Director Reiser seconded the motion that the Operations Committee recommend to the Board of Directors that the recording of executive sessions of regular and special Board meetings and Board committee meetings cease immediately and all existing executive session recordings of regular and special Board meetings and Board committee meetings be destroyed.

Director Gimarc stated that the last time this issue was discussed it would be put on hold until he and Director Hill were able to discuss potential ways to classify the information. Director Gimarc stated that the discussion has not yet taken place.

Chair Nordlund stated that this item will be moved to the next Operations Committee meeting so that Directors Gimarc and Hill have time to meet and discuss this item. The Committee did not object.

Director Logan withdrew the motion and Director Reiser withdrew the second.

IX. Board Policy 108 – Meeting Fees and Expenses

After extensive Committee discussion the Committee decided to make some further revisions, clean-up the policy and move this item to a future meeting.

X. Adherence to Board Policies and Code of Ethics Discussion

Director Lipscomb gave an overview of this item and the Committee agreed to have the Board attorney review it and make recommendations.

The Committee paused for a break at 6:46 p.m. and reconvened in open session at 6:52 p.m.

XI. Campaign Finance Reform Discussion

There was a work session on this item on October 1, 2008. Further work is being done on this item so Chair Nordlund moved this to the November Operations Committee meeting.

XII. Contract with Kirkpatrick & Lockhart Preston Gates Ellis LLP

Director Reiser moved and Director Gimarc seconded the motion that the Board of Directors review and approve the contract and task order with Louanne Cutler with Kirkpatrick & Lockhart, Preston, Gates, Ellis, LLP. The Board Chair shall oversee the assignments and execution of legal tasks performed by counsel. The motion passed unanimously.

XIII. Correspondence

None.

XIV. Director Comments

Director Logan: “No comment.”

Director Lipscomb: None.

Director Reiser: “I’m just glad to see that we’re moving forward on a lot of fronts and hope to resolve those things – get them off our table and get on to some of the other challenges that we’re facing. So, I’m glad to see a lot of this stuff churning and becoming resolved at some point.”

Director Vazquez: “I share the same opinion but in particular I thank management and Mr. Evans for going into this tricky area of the Identity Theft Prevention Program and coming up with an initial policy that we can later refine but it’s a first step so it’s appreciated. And that’s all I have to say.”

Director Gimarc: “No comments.”

Director Hill: “I’m not on this Committee – I don’t comment.”

Chair Nordlund: “I have no comment.”

XV. Executive Session

Director Logan moved and Director Reiser seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) the Operations Committee go into executive session to discuss matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative. The matters to be discussed are: 1) Home and Landowners Organization (HALO) – Underground Ordinance Discussion; 2) Update on Replacement Generation; 3) Wage and Salary Market Survey; 4) NRECA Non-Represented Employee Benefit Renewal; 5) Update on Strategic Plan – a) 2009 Legislative Agenda & Energy Plan Funding and b) Utility Restructuring. The motion passed unanimously.

The Committee went into executive session at 6:58 p.m.

Director Logan left during executive session at 9:22 p.m.

The Committee reconvened in open session at 9:29 p.m.

XVI. Adjourn

Director Reiser moved and Director Gimarc seconded the motion to adjourn. The meeting adjourned at 9:29 p.m.