

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

May 16, 2007

ACTION REQUIRED

AGENDA ITEM NO. XI.E.

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

TOPIC – Blue Ribbon Panel for Chugach Electric Association

DISCUSSION (by Directors Kalenka and Gimarc)

Chugach Electric is a key part of public infrastructure in Anchorage and the Railbelt. It has a significant role in determining the basic cost of living and doing business in Anchorage. As a cooperative, Chugach Electric needs to do its part to help Southcentral Alaska be more competitive in the global marketplace to encourage new business investment to our area and lower everyone's cost of living.

Major issues facing Chugach Electric are:

1. Fuel supply and new generation
2. Loss of wholesale customers
3. Debt refinancing
4. Board of Directors instability from annual election cycle and undue special interest influence
5. Management uncertainty from Board instability
6. High service costs compared to national benchmarked electric utility economic performance norms

Years of conflict in board elections and unanswered issues suggest that an outside review, investigation and/or management audit would be useful.

As a first step, it's time to reach out to community leaders and appoint a small group of top corporate executives with expertise to make a high level assessment of Chugach Electric and make recommendations. This group will be known as the Blue Ribbon Panel for Chugach Electric Association.

The Review Panel will:

- A. Review basic high-level performance measures and finances.
- B. Make recommendations as to whether there should be a more detailed outside review, investigation and/or management audit undertaken.
- C. Review Chugach Electric communications on the issues most important to its members and the business community.

- D. If indicated, recommend how Chugach should restructure to deliver value in line with national economic performance standards for electric utilities.
- E. Make recommendations in other areas that it deems appropriate or that arise as it undertakes its review.

Tentative Schedule:

May 16	Authorize Review Panel
June 1	Appointments completed by BOD Chair Vazquez
August 1	Interim Report
Sep 1	Final Report then Action by BOD

RECOMMENDATION (by Directors Kalenka and Gimarc)

Motion 1: Move that the Board of Directors authorize the appointment by board Chair Vazquez of up to five executives to constitute the Blue Ribbon Panel for Chugach Electric Association. Members of the Blue Ribbon Panel will sign professional services contracts and Chugach Electric confidentiality agreements.

The Blue Ribbon Panel will work independently in separate facilities from Chugach Electric. An initial budget not to exceed \$80,000 is authorized for panel member fees, expenses, and temporary staff for the Panel. The Panel shall have full access to Chugach Electric managers and information it needs to fulfill its objectives.

The Board Chair shall administer the budget and execution of the work of the Blue Ribbon Panel. The Chair shall report on progress to the full board each month. The Panel shall select one of their members as Chair with the concurrence of Chair Vazquez.

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD MEETING
AGENDA ITEM SUMMARY

June 20, 2007

ACTION REQUIRED

AGENDA ITEM NO. XI.C.

Information Only
 Motion
 Resolution
 Executive Session
 Other

TOPIC

Confirm Blue Ribbon Panel for Chugach Electric Association and appoint facilitator.

DISCUSSION

At its May 16, 2007 regular meeting the Board of Directors authorized the appointment by Chair Vazquez of up to five executives to constitute the Blue Ribbon Panel for Chugach Electric Association with an initial budget not to exceed \$80,000. The appointments are subject to confirmation by the Board.

The Chair intends to appoint the following executives to the Panel:

David R Gottstein – President, Dynamic Capital Management
Robert J Hickel – President, Hickel Investment Company
Loren H Lounsbury – Former APUC Commissioner, Commerce Commissioner
Richard L. Lowell – President, Ribelin Lowell & Co. Insurance Brokers (retired)
John Niles Wanamaker – Vice President, Seattle-Northwest Securities Corporation

The chair has also elected to ask the board to confirm retention of former Commissioner of Commerce, Community and Economic Development William C. Noll as the panel's facilitator and primary staff member.

MOTION

Move that the Board of Directors confirm appointment by board Chair Vazquez of David R Gottstein, Robert J Hickel, Richard L. Lowell, John Niles Wanamaker, and Loren H Lounsbury to the Blue Ribbon Panel for Chugach Electric Association and to retain William C. Noll as the facilitator for the Blue Ribbon Panel for Chugach Electric Association. Mr. Noll will sign a professional services contract and confidentiality agreement and he will be paid out of the budget already authorized for the Panel. Mr. Noll will report to the Board through the Board Chair or her designee.

Bio - David Richard Gottstein

David R. Gottstein is the founder and chief architect of Dynamic Capital Management and Efficient Tax LLC. He has a B.S. in Economics and Finance from the University of Pennsylvania's Wharton School. After completing postgraduate work in Food Marketing Management at the University of Southern California, Mr. Gottstein became active in Carr-Gottstein Foods, a family owned grocery operation headquartered in Anchorage, Alaska. For the next ten years, he worked in various management capacities for the company. In 1981, Mr. Gottstein was a Legislative Aid to the Alaskan Senate President Jalmar Kerttula. In 1984, he arranged two internships at leading financial firms, Furman Selz of New York and the Frank Russell Company of Tacoma, Washington. Mr. Gottstein has spent the last seventeen years managing money as a registered investment advisor as President of Dynamic Capital Management, Inc. as well as developing and marketing analytical tools for the equity markets as inventor and Chief Executive Officer of Efficient Tax LLC.

He has served on various boards including The Anchorage Parking Authority, the Alaska Health Project, Catholic Social Services, The Alaska Sealife Center, and the Anchorage Police & Fire Retirement System.

Biography for Robert J. Hickel
President
Hickel Investment Company

Bob Hickel is Anchorage born and raised.

Bob attended local Anchorage schools and graduated from West High in 1965. In 1969 he graduated from Santa Clara University in California where he received a Bachelor of Science degree in Business.

Prior to graduation from college he worked at different times as a laborer, welder's assistant, roustabout, stonecutter, and a desk clerk. His work history following formal education includes management training with the U.S. National Bank in San Diego. In 1970 he returned to Anchorage and began working for the Hickel Investment Company in the Accounting Office. He later was promoted to Construction Office Manager, Vice President of Administration, Executive Vice President and today is President of Hickel Investment Company. He and his wife Carol have four (4) adult children.

Mr. Hickels current involvements

Hickel Investment Company – Chairman, President and Director
Alaska Pacific University Foundation – Trustee
Alaskan Command Civilian Advisory Board
Columbia Alaska Regional Hospital – Trustee

Past involvements

Anchorage Organizing Committee for the 1992 and 1994 Winter Olympics – Director, Vice President, Fundraising Chairman, Treasurer.
Boys and Girls Club of Alaska – Director and Vice President (1981-87)
Enstar Advisory Board
Key Bank of Alaska – Director
Young President's Organization (1978-1998)
UAA Dean's Executive Advisory Council for the School of Business
Mayor's Geotechnical Advisory Commission – Member (1981-84)
Anchorage Hockey Association – Director

Bob's hobbies include reading, jogging, weight training, hunting, fishing, camping, boating, scuba diving, and dog mushing, having entered and finishing several mid and long distance races including the Iditarod.

Richard L. Lowell
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November 2004 to Present - Ribelin Lowell & Company Insurance Brokers, Inc., Anchorage. Chairman of the Board and Consultant.

April 1985 to November 2004 - Ribelin Lowell & Company Insurance Brokers, Inc., Anchorage. President and C.E.O. In 1985, joined Ribelin Insurance Agency as a major stockholder and manager. We started with three employees in 1985 and had 70 employees when it was sold to Alaska USA Credit Union in 2004. The company is a major independent insurance broker in the state of Alaska.

Board of Directors, Northrim Bank and member of the Loan Committee, 1990 to present. Member of the Audit Committee, 1995 to present.

Board of Governors and Board of Directors, Alaska Sealife Center, Seward, Alaska, 1995 through 2003. President of the Board, 2002 and 2003.

Board of Directors, Boy Scouts of America Western Alaska Region, 1992 to present. President for 2004 and 2005.

Board of Directors, Anchorage Rotary Club. President 1991 - 1992.

Board of Directors, Anchorage Neighborhood Housing Service, 2005 to present.

Earlier Employment

March 1976 to October 1984 - Rollins Burdick Hunter of Alaska, Inc., Anchorage. Senior Vice President and Treasurer; Executive Vice President and Chief Operating Officer; President and Chief Executive Officer. Responsible for operation of 50 employees engaged in insurance brokerage business. Responsibilities included the supervision and management of operations.

April 1975 to March 1976 - KAPS Transport, Inc., Anchorage. Controller; Business Manager, supervision of accounting and office staff of 17 and management of operations.

December 1970 to February 1975 - Dant & Russell, Inc., Portland, OR. Controller.

March 1963 to December 1970 - Touche Ross & Co, Portland, OR. Audit Supervisor

Other

University of Oregon, Eugene. 1963, B.S., Accounting, Economics minor

Oregon Certified Public Accountant Certificate (Past Member)

Alaska Certified Public Accountant Certificate (Past Member)

Financial Executive Institute (Past Member)

American Institute of Certified Public Accountants (Past member)

Insurance Broker - State of Alaska

LOREN H. LOUNSBURY

Loren H. Lounsbury is Chairman of International Management Group, a company that provides consulting services to international trade related businesses. He is a former Alaska Public Utilities Commissioner, former Commissioner of Commerce and Economic Development for the State of Alaska and former Chairman of the Board of the Alaska Railroad Corporation. He was Honorary Consul for the Republic of Korea in Anchorage for many years. Subsequently, he was honored and decorated by the President of the Republic of Korea for his service to that country. He is presently on the Board of Directors of the First National Bank Alaska, Hickel Investment Company and Chairman of the Alaska Command Civilian Advisory Board.

Mr. Lounsbury has been a resident of Anchorage, Alaska since 1944. He served in the U.S. Army Corps of Engineers in Alaska and Korea, honorably discharged as a First Lieutenant. Loren Lounsbury was named to the Alaska Business Hall of Fame in 2002. He is married and has four children.

Other affiliations and positions include: Member, Anchorage Borough School Board; president, Anchorage Chamber of Commerce, Anchorage Rotary Club; board of directors, Alaska State Chamber of Commerce. Director International Technology limited, Enstar Natural Gas Company, Alaska Pipeline Company; Partner, C & L Investments, H 3 L Investments, Basher Development; board chairman, D of Alaska, Inc.

John Niles Wanamaker

John is a born and raised Alaskan who, as a serial entrepreneur, specialized in building and selling businesses. He has served as either Founder or CEO of companies from a wide range of industries, including: wireless communication; aerospace launch vehicles, electronic monitored security, publishing, real estate development, and foodservice. His focus has been on the creation of value and the monetization of that value.

Active in his community, John donates his time to a number of organizations. He is Chairman of the Board of Alaska Pacific University; is a Trustee of the Alaska Pacific University Foundation; serves on the Board and as Chair of the Audit Committee and Member of the Investment Committee of the Rasmuson Foundation and coaches baseball for his sons' City View little league teams. He is blissfully married to his wife Karin and they share the joy of raising their three boys, Hawken, Sterling and Hayden.

Currently, John leads Seattle-Northwest Securities Alaska Office (the leading regional investment bank in the pacific northwest), managing the firm's public finance and asset management efforts for the state, as well as serving as Vice-Chairman of a private equity firm, Venture Ad Astra, LLC.

William C. Noll
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Biographical Information

Bill Noll recently left the post as Alaska's Commissioner of Commerce, Community and Economic Development.

Before that he served the first two years of Gov. Frank Murkowski's administration as the Deputy Commissioner of Commerce and then a brief stint as his Communications Director.

Mr. Noll also served in the 1990 Hickel Administration as Deputy Commissioner of Economic Development and International Trade. Prior to that he served two terms as City Councilmember and one term as Mayor of the City of Seward.

Mr. Noll has lengthy private sector experience in international coal trade, in commercial fishing and processing, as well as the in tourism industry. He has consulted for the University of Alaska, the State of Alaska and the City of Seward.

Mr. Noll was founding president and 13 year board member of the Alaska Sealife Center. He is an avid reader.

Mr. Noll was born and raised a long time ago in New York City. He has lived in Alaska for 38 years.



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Publications

June 21, 2007

Patti Bogan, 762-4736 (desk), 242-070-
Bill Noll, 227-7015

Links

Projects

Chugach Electric Board appoints Blue Ribbon Panel

The Chugach Electric Board voted unanimously at its June 20 meeting to appoint five community executives to a Blue Ribbon Panel. The board has tasked the group to review the utility's organization and operation and make recommendations for the future.

"We're listening to our members. They are telling us that our goal must be to deliver energy at a lowest possible cost. We agree and are taking action," said Board Chair Elizabeth Vazquez. "These panelists are long-time residents who have served in many capacities in our community. We know they will work diligently to make recommendations to us that will benefit Chugach's customers. Nothing but good things can be the result of these appointments."

The panel members are David Gottstein, President, Dynamic Capital Management; Robert H. Hickel, President, Hickel Investment Company; Loren Lounsbury, Former APUC and Commerce Commissioner; Richard Lowell, President, Ribelin Lowell & Co. Insurance Brokers (retired) and John Wanamaker, Vice President, Seattle-Northwest Securities.

Vazquez appointed Bill Noll as the facilitator. Noll was previously Alaska's Commissioner of Commerce, Community and Economic Development. He and Vazquez worked together to form a slate of community executives to the board for approval.

"We are very pleased these experienced Alaskans have consented to serve on the panel," Noll said. "The panel will begin meeting in July and is striving to deliver a report to the board by October 1."

Chugach is the largest electric utility in Alaska, providing power for Alaskans throughout the Railbelt through retail, wholesale and economy energy sales.

