

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

OPERATIONS COMMITTEE
MEETING MINUTES

January 14, 2009

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

Other Directors Present: Jeff Lipscomb
PJ Hill

Guests in Attendance: Jerry Reinwand
Kurt Autor (Chugach Renewable Energy Committee)
Jan Konigsberg (Chugach Renewable Energy Committee)

Staff in Attendance:

Brad Evans	Ed Jenkin	Paul Risse	Mike Cunningham
Lee Thibert	Dave Smith	Tyler Andrews	Rick Freymiller
Ken Thomas	Phil Steyer	Connie Owens	Jody Wolfe
Bill Bernier	Patti Bogan	Carol Heyman	

Recording Secretary: Jennifer McDonald, Legal Secretary

I. CONVENE MEETING

Chair Nordlund convened the Operations Committee meeting at 4:32 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

II. EXECUTIVE SESSION

Director Logan moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) the 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 as it relates to planning for Chugach's legislative priorities. The matter to be discussed is Chugach's Legislative Agenda. The motion passed unanimously.

The Committee went into executive session at 4:34 p.m. and resumed in open session at 5:27 p.m.

The Committee paused for a break at 5:27 p.m. and resumed in open session at 5:43 p.m.

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. December 10, 2008

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

V. CUSTOMER COMMENTS

a. Wholesale Customer Comments
None.

b. Retail Customer Comments
None.

VI. Recommend Appointment of the 2009 Master Election Judge

Phil Steyer, Director, Government Relations & Corporate Communications, stated that the bylaws provide that the Board shall appoint a Master Election Judge and historically it has been the Election Committee Chair.

Director Reiser moved and Director Gimarc seconded the motion that the Operations Committee recommend the Board of Directors appoint Teresa Nelson as the 2009 Master Election Judge. The motion passed unanimously.

VII. Recommend Approval of the 2009 Date of Record

Phil Steyer, Director, Government Relations & Corporate Communications, gave a brief overview of the 2009 Date of Record and answered questions from the Committee.

Director Gimarc moved and Director Reiser seconded the motion that the Operations Committee recommend the Board of Directors set March 18, 2009, as the Date of Record for Chugach's 2009 election. The motion passed unanimously.

VIII. Update on the CFL Program

Dave Smith, Sr. VP, Administration gave an update on the CFL Program and stated that this Agenda Item should have been titled Smart Power as it is Chugach's energy efficiency and conservation program. Mr. Smith answered questions from the Committee.

IX. Confidential Document Storage & Rolling Release - Discussion

Dave Smith, Sr. VP, Administration gave an update on the Confidential Document Storage & Rolling Release program and answered questions from the Committee. Mr. Smith stated that the results of the test run will come before the Operations Committee in Executive Session on February 4, 2009.

X. Perkins Coie Contract – Increase to Task Order Two

Director Logan moved and Director Gimarc seconded the motion that the Operations Committee recommend the Board of Directors approve an increase of \$18,000 to task order two of the Perkins Coie contract with a not to exceed amount of \$124,800. The Board Chair shall oversee the assignments. The motion passed unanimously.

XI. Progress Update on the Southcentral Power Project

Paul Risse, Sr. VP Power Supply, gave an update on the progress of the Southcentral Power Project and answered questions from the Committee.

Director Reiser stated that she was disappointed in the language in the Plan as it doesn't include what had been previously discussed and the comments that she had made. She stated she doesn't see where there would be an RFP issued for the owner's engineer and as a result, the owner's engineer could slide into the preliminary engineering and design engineering phase without further bidding at the discretion of the project manager. Director Reiser stated she also forwarded her comments about a subcontracting plan for any construction project RFP and expected to see that in the Plan and added that as the execution plan stands right now, with those elements missing, she felt the Plan needed further revision.

Director Reiser stated that another concern was the FCO rule – she didn't see a good separation between the contractor that is purchasing, constructing and engineering and in some cases it could all be the same contractor. Also, regarding separation for acceptance testing by a third party - it appears that the same people are doing the same thing.

Director Lipscomb stated that the FCO start-up concerns him as he is uncomfortable with a contractor operating Chugach equipment that will have to be loaded in order to be tested on the Chugach grid. He stated it needs to be Chugach people operating that equipment as Chugach has all the liability. He stated the contractor can write up testing procedures for individual components, etc., and can be present to witness. Director Lipscomb also stated he didn't see design safety contracting procurement under the project manager's responsibility.

Paul Risse stated that he and his staff would make some revisions to the execution plan and send it out to the directors for further review.

XII. Review/Recommend Acceptance of the Southcentral Power Project Execution Plan

This Agenda Item discussion was combined and discussed in Agenda Item XI.

XIII. Schedule Public Meetings with Candidates Running for the Board of Directors in the Annual Election

Director Logan moved and Director Reiser seconded the motion that the Operations Committee recommend the Board of Directors that two public meetings be scheduled for the membership to have an opportunity to meet and ask questions of potential board candidates running in the annual election.

Director Logan offered a friendly amendment to change the public meetings from two to one meeting. Director Reiser accepted the amendment.

The Committee discussed the type of public meeting to hold and the timeframe to have the public meeting. Phil Steyer, Director, Government Relations & Corporate Communications, answered questions from the Committee.

The motion, as amended, passed unanimously.

XIV. CEO Evaluation and 2009 Goals – Discussion

The Committee discussed the need to prepare the CEO Evaluation and 2009 Goals. This item will be discussed again at the February 4 Operations Committee meeting.

XV. Renewable Energy Policy – Economic Model

Kurt Autor and Jan Konigsberg of Chugach's Renewable Energy Committee, presented the Renewable Energy Policy – Economic Model and answered questions from the Committee.

The Committee agreed that staff would work with the Renewable Energy Committee and create a resolution to be presented at a future Operations Committee meeting.

XVI. Discussion – Provision of Health Insurance to Directors

Director Logan moved and Director Reiser seconded the motion that the Operations Committee forwards the Health Insurance Resolution to the Board of Directors for consideration.

Director Logan stated that the motion to the Board needs to be clear that the Directors are paying 100% of the cost and requested a schedule of the cost of the Health Insurance Plan for Directors.

The motion passed unanimously.

XVII. Correspondence

a. Memo Drug Testing Program

Tyler Andrews, Vice President, Human Resources, answered questions from the Committee.

XVIII. Director Comments

Director Logan: “I do not have any comments.”

Director Lipscomb: “Thank you for keeping the lights on in the high winds – I appreciate that. Good job everybody. Thank you.”

Director Reiser: “I’d just like to thank the Board for getting through these things very quickly and all ideas out on the table and everybody alright – let’s move on. So, I really appreciate that. Good job to the rest of the Board.”

Director Vazquez: “No comment – just keep up the good work.”

Director Gimarc: “I’m among the more or most skeptical among us regarding renewable energy. These are my comments now. Believe me, most if not all the interest is based on high fashion stylishness rather than economics. That being said, I appreciate the time, work, interest in those on the Renewable Energy Committee. I appreciate the product they brought to us. Most importantly, I appreciate the various discussions this product triggered this evening as it will serve to better educate us all in planning on the related issues. So that’s a good step. Bottom line to all players in this – job well done – good start – look forward to the next discussion with great interest and no small amount of anticipation.”

Director Hill: “Thanks for keeping the electricity on while it was so cold last week.”

Chair Nordlund: “PJ ran the meeting in 15 minutes and this one took 4 hours. I guess I just also wanted to say appreciation to staff for keeping the lights on and – in the longest cold spells in Anchorage’s history and we can’t forget the basic job we do and the reliability of our services are to be admired. So, thanks.”

XIX. Executive Session

Director Logan moved and Director Reiser seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) the 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 as it relates to negotiating natural gas contracts. The matter to be discussed is an update of Chugach’s gas negotiations. The motion passed unanimously.

The Committee paused for a break at 8:30 p.m. and went into executive session at 8:39 p.m.

The Committee reconvened in open session at 9:05 p.m.

XX. Adjourn

Director Logan moved and Director Reiser seconded the motion to adjourn. The meeting adjourned at 9:05 p.m.