

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

BOARD OF DIRECTORS' OPERATIONS COMMITTEE
MEETING MINUTES

April 8, 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: Lorali Carter (MEA)
Jim Posey (ML&P)
Steve Gilbert
Eric Yould (TDX)
Nick Goodman (TDX)
Kurt Autor (REC)
Jan Konigsberg (REC)
Louann Cutler (K&L Gates)
Heather Kinzie

Staff in Attendance:

Brad Evans	Mike Cunningham	Tyler Andrews	Dave Smith
Ed Jenkin	Dustin Highers	Dan Knecht	Rick Freymiller
Arthur Miller	Felix Melendez	Teresa Kurka	Lee Thibert
Kathy Harris	Connie Owens	Bill Bernier	Sherri McKay – Highers
Phil Steyer	Paul Risse	Mark Johnson	Burke Wick
Jody Wolfe	Carol Heyman	Cona Carroll	Sherry Blackard
Glennis Cutting	Mangala Chaobal	Lynda Muise	Bonnie Maxwell
Steve Nigl	Laurel Foster		

Recording Secretary: Jennifer McDonald, Legal Secretary

I. CONVENE MEETING

Chair Nordlund convened the Operations Committee meeting at 4:42 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 to approve the agenda passed unanimously.

IV. APPROVAL OF MINUTES

a. March 4, 2009

Director Gimarc moved and Director Vazquez seconded the motion to approve the Operations Committee Meeting minutes of March 4, 2009. The motion passed unanimously.

V. CUSTOMER COMMENTS

a. Wholesale Customer Comments

None.

b. Retail Customer Comments

None.

VI. Chakachamna Presentation

Nick Goodman and Eric Yould of TDX gave a presentation on the proposed Chakachamna Hydroelectric project and answered questions from the Committee.

VII. Fire Island – Verbal Update

Steve Gilbert gave an update on the Fire Island project and answered questions from the Committee.

VIII. Renewable Energy Committee Proposal: Generation Planning Policy – Economic Model

Kurt Autor and Jan Konigsberg of Chugach’s Renewable Energy Committee presented the Renewable Energy Committee’s proposed Generation Planning Policy – Economic Model and answered questions from the Committee.

Director Reiser moved and Director Vazquez seconded the motion that the Operations Committee recommend the Board of Directors approve the policy requiring additional economic criteria when evaluating the economic benefits of various generation alternatives in utility generation planning.

The Committee proposed the following changes:

- 7.b. change the word “that” to “with” and at the end of 7.b. add the words “e.g., mitigating fuel price volatility”.

- Add a new line “g. Use cost-to-benefit ratios to evaluate power supply options”. It was suggested that this will be looked at by Brad Evans and Lee Thibert and incorporated in another area.
- 7.d. change to state “the cost of government actions including carbon emission taxes and carbon credit sales”. It was suggested to break this out into two concepts 1) general environmental attributes and 2) government actions.
- 7. delete the phrase “that a cost effective electric power supply will increasingly rely upon renewable energy sources and ...”. It was suggested to just add the words “and alternative” after the word “renewable” and leave the rest of the sentence intact.

The motion, as amended, passed unanimously.

IX. Process Improvement Presentation – Member Services

Dave Smith, Sr. VP, Administration, and Teresa Kurka, Director, Member Services gave an overview of the Process Improvement Presentation. Ms. Kurka stated that Heather Kinzie was hired to assist with this process. The following Member Services employees gave a presentation of the Process Improvement for Capital Credits research and payout process to include discounting payments, unclaimed payments and estate payouts: Laurel Foster, Glennis Cutting, Sherry Blackard, Steve Nigl and Cona Carroll.

The Operations Committee took a break at 6:55 p.m. and resumed the meeting at 7:16 p.m.

X. Weapons Policy

Tyler Andrews, Vice President, Human Resources, gave an overview of the draft Weapons Policy and he and staff answered questions from the Committee.

XI. Correspondence

None.

XII. Director Comments

Director Logan: “I think that presentation by the Customer Service folks is probably one of the better things that we’ve had happen up here. Number one it I mean it really focused at the – *unintelligible* focused on efficiency, but they’re obviously very, very excited about that. And that’s really great – you know, to see employees that have been doing something for a really long time all the sudden get re-energized about their job - it benefits them and it benefits the company. So, that’s neat, that’s a really great thing that is being done.”

Director Lipscomb: “I’ll also add congratulations to Member Services and IS for the new Capital Credits process and special thanks to the Renewable Energy Committee for all their expertise and work. I really appreciate it – I think we’re coming up with a good product. And the last item is just a question actually – perhaps for the Chair and Brad – I read that the Secretary of Interior is taking

testimony in Anchorage on the 14th regarding oil and gas and perhaps Chugach can consider testifying in favor of oil exploration in Alaska because it may impact Cook Inlet. I don't know where to leave that – I'll just keep that as a suggestion and comment.”

Director Reiser: “I too would like to congratulate the Customer Service group – that was really – it was a fun – it was fun to see and good work on their part and I'd like to add my congratulations to the Renewable Energy Committee – working with them – they - just a few words can betray the really – the hard work that went on behind the scenes and they spent a lot of time, a lot of thought and a lot of really active discussion so they did a really great job *unintelligible* so I thank them for doing that and thank Lee for working so well with them and coming with a good conclusion.”

Director Vazquez: “Kudos to the Customer Service folks and to Mr. Smith and Mr. Evans and the management team that supported their ideas because you always have to have management that's receptive to ideas otherwise they squash in *unintelligible*. Kudos for that and kudos for the Renewable Energy Committee – they don't give up.”

Director Gimarc: “Regarding the process improvement Customer Service folks – ownership is indeed a wonderful thing. They now own the process and that's very important to making anything improve and look at what they did. It's superb. Many thanks to management at all levels to move from the ownership down to the level necessary to *unintelligible* to solve the problem. Superb job all the way around. I look forward to seeing more of these success stories in the future. Congratulations and thank you.”

Director Hill: “I'll echo that. Is there any structure in place to give financial awards to people that do this kind of thing?” *Brad Evans:* “*That's coming.*”

Director Logan: “One more thing that I forgot is that I'm going – I decided that I'm going to appoint Janet to be the Board liaison to the SPP project so she'll be our Board liaison to that and she'll work very closely, and already has been working very closely, with Paul.”

Chair Nordlund: “For my comments I'm going be somewhat ditto here but I appreciate the hard work of the Renewable Energy Committee and *unintelligible* staff and I think that's a real great improvement to our policy in terms of assessing generation options. Also, I *unintelligible* thought the process improvement presentation and the process itself was great. What I told the group I really mean – I think the best way to empower – make staff feel good and to get to where the processes involve them in the work that they – you know - are best known to do. So, kudos to the management for taking that track and I think it's really good for the entire organization. And then I was also going to mention something – just a little bit about – the joint meeting we had with other Railbelt Utility Boards. You all might have your own opinions about that obviously but generally I thought it was an extremely positive meeting. It was I think historic in the sense that I don't know if that has ever happened before. We had just about all the Board members from all utilities there and – you know – I think everybody was very positive, I think everybody was very constructive and while there was a general consensus that this bill the governor can't move forward this session – I think the mileage it was made by having this meeting and the commitment to continue working on it was really good.

So, I'm a little disappointed to not see the bill pass this session but it wouldn't have happened anyway probably and now you've really got utilities at the Board level engaged in the process and I think that's really good. And thanks Rebecca for the work of you, Connie and everybody putting that together. It was I think a really, really positive meeting."

XIII. Executive Session

- a. *Confidential Document Storage & Rolling Release*
- b. *Verbal Update – 20 MW of Firm Sales to GVEA*
- c. *Owners Engineer Presentation*

Director Logan moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c)(1) and (3) the Committee go into an 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 discussed with an attorney for the Cooperative the immediate knowledge of which could have an adverse effect on the legal position of the cooperative. Matters to be discussed are 1) Confidential Document Storage & Rolling Release; 2) Verbal Update – 20MW of Firm Sales to GVEA and 3) the Owners Engineer Presentation. The motion passed unanimously.

The Operations Committee went into executive session at 7:36 p.m. and resumed in open session at 8:43 p.m.

XIV. Owners Engineer Recommendation

Director Logan moved and Director Reiser seconded the motion that the Operations Committee recommend that the Chugach Board of Directors authorize the CEO to approve an Owner's Engineer Professional Services Contract for the Southcentral Power Plant (SPP) for an estimated cost as discussed in executive session. The motion passed unanimously.

XV. Adjourn

Director Logan moved and Director Reiser seconded the motion to adjourn. The meeting adjourned at 8:44 p.m.