

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

April 14, 2010

OPERATIONS COMMITTEE
MEETING MINUTES

Committee Members in Attendance: Janet Reiser - Chair
Alex Gimarc - Vice Chair
Jim Nordlund (*arrived at 4:05 p.m.*)
Rebecca Logan (*joined via teleconference at 4:07 p.m.*)
Elizabeth Vazquez

Other Members Present: Pat Kennedy
P.J. Hill

Guest in Attendance: Erick Worthington, NORCON

The following employees, members and guests attended:

Mike Cunningham	Lee Thibert	Ed Jenkin
Dave Smith	Dwight Dial	Mark Johnson
Tyler Andrews	Dustin Highers	Lee Thibert
Arthur Miller	Dan Knecht	Paul Risse
Ken Thomas	Arthur Miller	Phil Steyer
Rick Freymiller	Felix Melendez	Burke Wick

Recording Secretary: Paula Neas-Arnold, Executive Secretary

I. CONVENE MEETING

Chair Reiser convened the Operations Committee Meeting at 4:01 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

a. Safety Minute

Dave Smith, Senior Vice President, Administration gave a Safety Minute presentation and showed a video clip on smoke alarms. Mr. Smith distributed smoke alarms with guidelines to the Committee.

II. EXECUTIVE SESSION

At 4:06 p.m., Director Nordlund moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175(c) (1) the Board of Directors 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 the Strategic Planning discussion of a Priority Risk Matrix, Update on Fire Island and the 2008 Test Year Rate Case.

Director Logan joined the meeting at 4:07 p.m.

The matters to be discussed will be:

- a. *Strategic Planning – Priority Risk Matrix*
- b. *Update on Fire Island; and*
- c. *Update on 2008 Test Year Rate Case*

The motion passed unanimously and the Committee went into Executive Session.

The executive session concluded and the open session resumed at 6:00 p.m.

III. APPROVAL OF AGENDA

Director Nordlund moved and Director Gimarc seconded the motion to approve the agenda. Director Gimarc state Agenda Item - IX. Fire Island Wind Project was noted as a possible action item and asked for clarification. Chair Reiser noted there would be no action taken. The motion passed unanimously.

IV. APPROVAL OF MINUTES

- a. *March 3, 2010 (Knight-Scott)*

Director Nordlund moved and Director Gimarc seconded the motion to approve the March 3, 2010 meeting minutes. The motion passed unanimously.

V. CUSTOMER COMMENTS

- a. *Wholesale Customer Comments*
None.
- b. *Member Comments*
None.

VI. UPDATE ON SOUTHCENTRAL POWER PROJECT

Dustin Highers, Director, Power Supply, Technical Services presented an update on the Southcentral Power Project and answered questions from the Committee.

VII. DISCUSSION - CODE OF CONDUCT OF THE BOARD OF DIRECTORS

Chair Reiser discussed the development and provided an update on the Code of Conduct of the Board of Directors and answered questions from the Committee.

VIII. DISCUSSION – AUTOMATED VEHICLE LOCATE PROJECT

Dave Smith, Senior Vice President, Administration and Ed Jenkin, Vice President, Power Delivery gave a presentation on the Automated Vehicle Locate (AVL) Project and answered questions from the Committee.

IX. FIRE ISLAND WIND PROJECT

Chair Reiser stated the Fire Island Wind Project was placed on the agenda to provide the Committee a place for additional discussion. It was noted, there was no additional discussion on this item.

X. CORRESPONDENCE

- a. *Telecommunications Contract*
- b. *Member and Credit Card Payments*

Dave Smith, Sr. V.P., Administration discussed the Member and Credit Card Payments and answered questions from the Committee.

Director Gimarc left the meeting at 6:35 p.m.

XI. Executive Session

At 7:00 p.m., Director Nordlund moved and Director Gimarc seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1) the Board of Directors 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 an update on the Human Resources' Strategic Plan; and update on Chugach's Legislative Agenda; the Southcentral Power Project "Engineer Procure and Construct" Proposal; and update on the Fuel Supply and Gas Storage matter.

The matters to be discussed will be:

- a. *HR Strategic Plan;*
- b. *Legislative Update;*
- c. *Update on Southcentral Power Project – EPC Proposal; and*
- d. *Fuel Supply & Gas Storage Update*

Director Vazquez left the meeting at 7:40 p.m.

The motion passed unanimously and the Committee went into Executive Session.

The executive session concluded and the open session resumed at 7:53 p.m.

XII. DIRECTOR COMMENTS

Director Hill: "I think this Board put a lot of work in and several people hauled a lot of water for GRETC and I'm real sad to see it stymied but hopefully we can prevail in the long term on that. I think this, I think lucky we got as far, maybe, I don't know, lucky or not, but we got as far as it did through the efforts I think of this Board and I think its something we can be proud of and try to get this problem solved."

Director Kennedy: "To some extent, I'm glad it got stopped before it got passed in the form that it's in. That's number one, because I think there was so much wrong with it nobody would even join it. But we would need a statute to join it and then we would be stuck with a whole lot of stuff. So I'm kind of glad that we get a second chance to rewrite it. And, we're coming into some elections, at least for the house and that may change some of the dynamics going on and some of the Senators too, aren't they Janet?"

Chair Reiser: "Yes, half the Senate and all the House." *Director Kennedy:* "So, there's

a perfectly good possibility there would be a big change over and they could be for this or against it; but in any case, we cover both sides of the spectrum. Go around to all the utilities Bradley.” *Chair Reiser: A new education!*”

Director Nordlund: “Yeah, just three things. First of all, GRETC, you know, this is a pretty major piece of legislation and these things, given my experience with the legislation, really take a long time for something like this to pass. And so, I think, I admire the leadership of our organization. I really appreciate Rebecca in all your efforts in Juneau to try to make this happen. It’s sad it did not pass this session but I think that we need to regroup and get back on our horse and try it again next year. I also want to acknowledge the continuing progress we’re making on the development of the new power plant and thanks to staff for keeping us on schedule there with that and I do appreciate the letter that Brad, our CEO did to send over to Margie Brown over at CIRI to indicate that Chugach’s participation in helping to further develop the Fire Island proposal so that we can make a truly educated decision on whether or not it’s a good thing to go with or not. The timing is unfortunately very quick given the \$45 million dollars federal grant money that is hanging out there is a plum to get this thing through so, but, I certainly do appreciate all the efforts of Lee and staff to dedicate themselves to that project.”

Chair Reiser: “And my final comments are again, I am disappointed as well on the GRETC and Rebecca, thank you for your leadership there and hopefully we’ll learn and do better next year but, disappointed as well; and something I’d like to say about the risk matrix...thank all you guys for all for working on that. I think it helped us all better understand what the impact of adding work to your amazing work load already is and I do appreciate all the work that obviously you’ve been doing and the successes that you’ve had. So thank you for that.”

XIV. ADJOURNMENT

Director Nordlund moved and Director Logan seconded the motion to adjourn. The meeting adjourned at 7:54 p.m.