

## News notes

### • Chugach's 2002 Annual Membership

Meeting will be held April 25 at the Hotel Captain Cook. Registration begins at 6 p.m., with the meeting starting at 7 p.m. All members are invited to attend. Ballots will be issued to those members of record who haven't yet voted – or to those whose mail ballot envelope was invalidated. Please bring a photo ID to help ensure a quick and accurate registration process.

### • The National Arbor Day Foundation

was founded in 1972 in Nebraska City, Neb., to help people plant and care for trees. Arbor Day is {1044282Ho} celebrated in Alaska the third Monday in May, which will be May 20.

### • Choose LevelPay and pay the same

amount each month. Payments are based on your average annual use. For more information, call 563-7366 or log on to [www.chugachelectric.com](http://www.chugachelectric.com).

### • The newly published 2001 annual

report was mailed with election materials. If you didn't get a copy – or would like extras – call 762-4736. Chugach annual reports are also available on our home page at [www.chugachelectric.com](http://www.chugachelectric.com).

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## How to reach us

Our service center at 5601 Minnesota Drive is open from 8 a.m. - 6 p.m., Monday-Friday, Saturday 9 a.m. - 5 p.m.

Switchboard hours are 8 a.m. - 11 p.m., Monday - Friday.  
563-7494

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## The Chugach Outlet

A Publication of  
Chugach Electric Association, Inc.  
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P.O. Box 196300  
Anchorage, Alaska 99519-6300

**CHUGACH**  
POWERING ALASKA'S FUTURE

## Director compensation

This year there is a proposed bylaw amendment on Chugach's election ballot asking the membership to vote on an increase in director compensation.

Utilities pay directors for their services in a variety of ways. Some utilities pay a flat rate per meeting, others pay a monthly salary, and many pay per diem when their directors travel on utility business. Some cooperatives also pay for directors' health insurance and life insurance. While not all utilities are listed, one national survey of generation and transmission utilities shows a range of director compensation from \$150 to \$500 per meeting.

Currently, Chugach directors do not receive any salary for their services, do not receive per diem for travel and do not receive either health or life insurance benefits. They do receive reimbursement for expenses and a fixed fee of \$100 per meeting. Directors may be compensated for up to 70 meetings per year, and the board president may be compensated for up to 85 meetings per year.

The proposed bylaw amendment would not add the cost of per diem, life or health insurance. It would only increase the fixed fee directors earn from \$100 to \$300 per meeting, and the same guidelines would be applied for the number of meetings for which they could be compensated.

Chugach's 2002 Bylaws Committee considered the proposed director fee amendment and recommended that the board place the proposal on this year's ballot. The committee wrote, "Fair compensation for qualified and experienced directors will help insure the affairs of the Association are managed in the best interest of the members."



Board members considered the proposed compensation fee amendment and voted to place it on this year's ballot. Directors were also asked if any of them would like to comment about the proposed change for this issue of the Outlet.

Vice President Red Boucher said, "The current compensation fee has not been changed since 1984. We're not just handling a small business and need people from the business community. The electrical energy business is the underpinning of the state and the nation. Turn off the lights and everything stops. With changing technology, more and more the whole economy relies on basic production of electric energy. While it's not so tough on someone like me who can arrange my consulting hours, it is difficult for people who have to take time away from their workday. Qualified, experienced people who are community leaders have very little free time and should not be required to make a financial sacrifice to serve on the board."

Director Pat Jasper said, "The important thing that I'd like to emphasize is that the current fee was set 18 years ago. If we had had cost of living increases over the years, we

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# General Manager's message

by Gene Bjornsted

## Manager's farewell

The message this month is different. I have chosen to retire at the end of April 2002 and am taking the opportunity to comment on how Chugach has changed over the last two decades. As many of you long-term members may recall, Chugach in the early 1980s was a far different cooperative. In trying to anticipate the rapid growth in electrical demand, the Association borrowed significant amounts of money to construct new generation, transmission and distribution facilities. The equity level was almost zero. From that point, Chugach embarked on a demanding and difficult journey, one which entailed changes in management, labor relations and Board of Director makeup. Today the equity level has been increased to more than 26 percent, and the facilities are in good condition and are being maintained in a prudent manner. Our management – labor relations are good. The financial bond

ratings are investment grade and the reliability of electrical service is high. We have implemented new technology and used the construction program to maintain that reliability.

My career at Chugach has enabled me to see the employees working as a team to provide safe, reliable power to you, the members. Our surveys indicate that our response to inevitable outages has been prompt and satisfactory to most customers.

I've been a part of those teams throughout the 19 years and know that as I leave Chugach the employees, contractors and directors all are capable of providing the three things you value as most important, namely reliability, price and quality service. Thanks for the opportunity to serve.

# Board report

The Chugach board took the following actions at the February and March meetings:

- Accepted the results of the 2001 audit presented by KPMG LLC.
- Approved language and placement on the 2002 ballot of a proposed amendment to the bylaws on director compensation.
- Set March 13 as the date of record for the 2002 annual election.
- Approved the 2002 election procedures.
- Appointed Bill McKee as the Master Election Judge for the 2002 election.
- Adopted a revision to the NRECA compensate program as recommended by Chugach's Operations Committee.
- Postponed a motion on labor contract extensions until the April meeting.
- Approved directors' expenses.

For a more comprehensive board report, log on to [www.chugachelectric.com](http://www.chugachelectric.com).

## Four members run for Chugach Board

Four Chugach members are running for three seats on the cooperative's Board of Directors in this spring's election. Each seat is for a 3-year term.

The 2002 candidates are H. A. "Red" Boucher, Samuel W. Cason, Peter Jarratt and Patricia B. "Pat" Jasper. Boucher and Jasper are incumbents.

Boucher, 81, is a self-employed communications consultant with H.A. "Red" Boucher & Associates. He is also president of Alaska Wireless Technology. Boucher has been a Chugach member for 25-1/2 years. He was nominated by the Nominating Committee.

Cason, 42, is a self-employed attorney. He has been a Chugach

member for 8 years. Cason was nominated by petition.

Jarratt, 47, is a realtor with RE/MAX Properties. He has been a Chugach member for 12 years. Jarratt was nominated by petition.

Jasper, 72, is a small-business owner. She has been a Chugach member for 37 years. Jasper was nominated by the Nominating Committee.

Mail-voting packets were mailed to the 59,606 Chugach members of record in late March. Members have until April 22 to return mail ballots. Voting will also be allowed at the cooperative's annual meeting April 25 at the Hotel Captain Cook. Results of the election will be announced at the annual meeting.

## The Chugach board

Bruce Davison, President . . . (907) 563-6555  
Sand Lake . . . . .davison@gci.net

H.A. "Red" Boucher  
Vice President . . . . . (907) 349-2192  
Midtown . . . . .redbou@alaska.net

Chris Birch, Secretary . . . (907) 346-3265  
Valli Vue . . . . .chrisbirch@gci.net

Jeff Lipscomb, Treasurer . . (907) 346-5500  
Hillside . . . . .ceajeff@chugach.net

Dave Cottrell, Director . . . (907) 278-8878  
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Jewel Lake . . . . .jasper@chugach.net

Pat Kennedy, Director . . . (907) 333-1217  
Satellite Park . .pkennedy@customcpu.com

Gene Bjornstad, General Manager



# President's report

by Bruce Davison

## Compensation for directors

In my last column, I said that I would provide further explanation and documentation in support of increasing director compensation. The current Chugach Electric bylaws limit the director fees to no more than \$100 a day no matter how many meetings per day or how long an individual meeting lasts. This bylaw has been in place since 1984. The current Chugach Bylaws Committee has investigated compensation paid to other directors and looked at the history of director fees at Chugach and recommended to the membership that the bylaw be amended to allow a "fixed fee" that shall not exceed \$300 per meeting. However, no director may be compensated for more than two regular board meetings per month.

Very few members have been willing to run for the board in recent years. I am in favor of this amendment because it will provide

additional incentive for qualified and experienced persons to seek election to the board and serve as directors. In my conversations with potential candidates, I find the reluctance to serve is in part due to the time requirements required of a diligent board member. Many board meetings are necessarily held during working hours and board members must miss work which can cause a significant financial impact.

The director fees throughout the nation for other electrical co-ops range from a low of \$150 per day to a maximum of \$500 per day. The average national fee for generation and transmission electrical co-op directors is \$300 per day. Chugach is unique in that no other co-op that I am aware of has the director's fees set in the bylaws.

It is important to note that some other co-ops also furnish health insurance and other benefits to their

directors in addition to the director's fee. THIS IS NOT THE CASE FOR CHUGACH. The only direct or indirect financial benefit of serving on the board is the meeting fee.

Even some co-ops that purchase power from Chugach, such as Homer Electric Association and Golden Valley Electric Association, offer higher meeting fees than Chugach Electric, although Chugach is many times larger. For example, Golden Valley Electric reimburses its board members \$250 per meeting or \$350 if the meeting exceeds four hours.

I urge the membership to approve this bylaw amendment in the interest of attracting high quality, knowledgeable, and experienced people from our business community to your board of directors.

If you have any questions, please call me at 907-563-6555 or e-mail me at [davison@gci.net](mailto:davison@gci.net).

## Chugach receives 3- year contract extension proposal from IBEW

Chugach has received proposals from the International Brotherhood of Electrical Workers Local 1547 to extend each of its three collective bargaining agreements with Chugach through June 30, 2006. The agreements – Generation Plant Personnel, Office and Engineering Plant Personnel and Outside {213540Pu} Plant Personnel – are currently set to expire June 30, 2003, at which time they will be subject to renegotiation if the proposed contract extension is not accepted.

The proposed extensions would fix wage increases during the 3-year period. For the first and third years wages would increase at 90 percent of the change in the Anchorage cost of living for the prior year as measured by the CPI-U (Consumer Price Index – all urban) with a minimum of a 1 percent increase and a maximum of 4 percent for the Outside and

Generation agreements; and 3 percent for the Office and Engineering Agreement. For the second year, wages would be frozen. All other terms and conditions in the three agreements, including health benefit increases and limitations on subcontracting, would remain unchanged. Copies of the collective bargaining agreements are available for review at Chugach's offices. Please call 762-4736 if you would like to read those contracts.

Chugach's Finance Committee considered the proposed extensions at its February and March meetings. At its March 12 meeting the Finance Committee voted to recommend acceptance of the proposals by the full board. The Operations Committee met to discuss the proposed extensions on March 19 and made no recommendations. The Operations Committee will be meeting again on

April 15 at 4 p.m. at the Chugach Headquarters Building. The board will be voting on the proposals at its April 17 regular meeting which will begin at 4 p.m. at the Chugach Headquarters Building.

Chugach members and other interested parties are encouraged to comment on the proposed extensions. Public comment may be given at either the April 15 or April 17 meetings. In addition, you may send written comments to the board at Chugach Electric, P.O. Box 196300, Anchorage AK 99519-6300. You may also contact any board member to express your opinion on this matter. (See Page 2 of this publication for phone numbers and e-mail addresses.) In addition, if there is any updated information it will be posted on the Chugach Electric website at [www.chugachelectric.com](http://www.chugachelectric.com).

# Voting is a cooperative benefit

It's that time of year when you can exercise one of the unique rights that you have as a member-owner of Chugach. That benefit is your right to vote in Chugach's annual election.

Each spring, Chugach holds an election to elect some members to the board and to decide whether or not to adopt proposed changes to the bylaws. The election is held in conjunction with the annual membership meeting that Chugach has historically held in April.

Chugach is organized and incorporated as a cooperative. That means its members, who are also its customers, own it. That also means that any profits, or margins, are returned to the members who own the utility. Being a cooperative makes Chugach different from the other two primary types of utilities that provide electric power in the United States. Those two other types are investor-owned utilities that return profits to shareholders – who may or may not be its customers, {215260Ba} and municipally-owned utilities like Anchorage Municipal Light & Power,

whose profits flow into the city treasuries.

While receiving a share of the margins is one benefit, another is the right to elect the directors who make the policy decisions. Over the past five years, with the exception of a special meeting in 1999 in which 26.2 percent of Chugach's members voted, the percentage of members who have exercised their right to vote has continued to drop from 19.2 percent in 1997 to 13.8 percent in 2001.

In 2002 Chugach's members may vote for up to three directors. In addition to the director election, members may vote on a proposed change to the organization's bylaws.

Election packets were mailed near the end of March to those who were Chugach members as of the March 13 record date. Members wanting to exercise their right to vote have two options. They may return a mail ballot by noon on April 22, or they may vote at the cooperative's annual meeting April 25 at the Hotel Captain Cook. Results of the election will be announced at the annual meeting.

## Director compensation (continued from page 1)

would currently have a director fee of a little more than \$250. So the proposed increase makes it equitable to a cost of living change."

Treasurer Jeff Lipscomb said, "Since Chugach is a cooperative, the board of directors and its officers serve as the 'principal' executives of the Association. As treasurer this year, I have spent a great deal of time evaluating the issuance of more than \$300 million in new bonds associated with the refinancing of our debt. The Finance Committee members and I are looking very closely at our costs and revenues and are following an application for a necessary rate increase with the RCA (Regulatory Commission of Alaska). We established an Audit Committee

this year (prior to the Enron collapse) and have spent more time than ever with our auditors looking at the cooperative's accounting methods. I am happy to report there are no exceptions but plan to continue with the due diligence associated with being a director of the largest cooperative and provider of electrical power in Alaska. The affairs of the cooperative grow and become more complex each year. I feel the Association is best served by attracting directors with meaningful professional knowledge and experience. As directors devote a significant amount of valuable time to the affairs of the Association they should be fairly compensated."

# News notes

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**• Your member number is worth \$50** if you spot it in the Outlet. Each month member numbers are inserted into the copy. These numbers are in brackets like this {} along with the first two letters of the member's name. If you find a number like this that matches the member number printed on your bill, call our service center at 563-7366 to claim your prize. You may win for the current or previous month's issue.

## Frequently called numbers

<b>Main number</b> .....	563-7494
Toll free .....	(800) 478-7494
Customer service .....	563-7366
Customer service fax .....	762-4678
Business and commercial .....	762-7876
Credit .....	563-5060
Power theft hotline .....	762-4731
Danger tree hotline .....	762-7227
Regulatory Commission of Alaska (800) 390-2782 or 276-6222	

**Online** ..... [www.chugachelectric.com](http://www.chugachelectric.com)

### Payment options

You may pay your bill by mail, NetPay, automatic debit from your checking account, in-person at our service center or by using our curbside drop box or Speed!Pay terminal. You may be able to pay by phone if your bank or credit union offers this service. Current payments may also be made at any Anchorage branch of the First National Bank of Anchorage. You may pay your bill by using Chugach's online NetPay at [www.chugachelectric.com](http://www.chugachelectric.com).

### To report a power outage

In Anchorage .....	762-7888
Outside Anchorage .....	(800) 478-7494

### Residential Service Costs

Customer Service charge .....	\$6.25/month
Kilowatt-hour charges:	
Energy charge .....	.80340¢
Fuel adjustment .....	.22900¢
State tax .....	.0360¢
Total kwh .....	10.3600¢