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**Board of Directors: Board Meeting Agenda**

**CHUGACH ELECTRIC ASSOCIATION, INC.  
ANCHORAGE, ALASKA**

**December 6, 2006  
Wednesday**

**Immediately following Operations Committee meeting**

**SPECIAL BOARD of DIRECTOR'S MEETING**

- PLEDGE OF ALLEGIANCE
- I. EXECUTIVE SESSION - if required
- II. APPROVAL OF AGENDA \*
- III. PERSONS TO BE HEARD
  - A. Wholesale Customer Comments
  - B. Member Comments
- IV. NEW BUSINESS
  - A. Dynamite Slough Structure Replacement - Construction Contract Award \*
  - B. Approval of Labor Contract \*
    - Tentative Outside Personnel Agreement
- V. DIRECTORS' COMMENTS
- VI. EXECUTIVE SESSION - if required
- VII. Adjournment

\* Denotes Action Items

- Board of Directors
- Board Meetings
- Minutes Archive
- Bylaws
- Articles of Incorporation (2001)
- Code of Ethics
- 2005 Board Meeting
- 2004 Board Meeting
- 2003 Board Meeting
- 2002 Board Meeting

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EXHIBIT A PAGE 1 OF 2 PAGES

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

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**SPECIAL BOARD OF DIRECTORS MEETING**  
**AGENDA ITEM SUMMARY**

December 6, 2006

**ACTION REQUIRED**

**AGENDA ITEM NO. IV.B.**

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

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**TOPIC**

Approval of the tentative agreement covering the terms and conditions of employment for the outside plant personnel.

**DISCUSSION**

At the November 8, 2006, special board meeting, the Board of Directors authorized the Chugach bargaining team to make an offer to the IBEW on the Outside Plant Personnel Agreement (Agreement). The IBEW bargaining team agreed to recommend the tentative Agreement to their members and on November 21, 2006, the employees voted in favor of the Agreement.

A copy of the tentative contract is available on Chugach's web site:  
[www.chugachelectric.com](http://www.chugachelectric.com)

**MOTION**

Move that the Board of Directors votes to approve the tentative Outside Plant Personnel Agreement between Chugach Electric Association, Inc., and International Brotherhood of Electrical Workers, Local Union 1547, AFL-CIO, Anchorage, Alaska.

**TENTATIVE**

AGREEMENT COVERING TERMS AND CONDITIONS OF  
EMPLOYMENT

OUTSIDE PLANT PERSONNEL

Between

CHUGACH ELECTRIC ASSOCIATION, INC.  
Anchorage, Alaska

And

LOCAL NO. 1547  
INTERNATIONAL BROTHERHOOD OF  
ELECTRICAL WORKERS,  
AFL-CIO  
Anchorage, Alaska

Expires June 30, 2010

64 pages [not included in this filing]

Chugach Electric posted a bloated 22MB file on their website that is almost impossible for most people to handle or print:

**[http://www.chugachelectric.com/pdfs/agenda/specagenda\\_120606\\_iv.b.pdf](http://www.chugachelectric.com/pdfs/agenda/specagenda_120606_iv.b.pdf)**

Chugach Consumers has reprocessed it to a more normal size of 3.7MB:

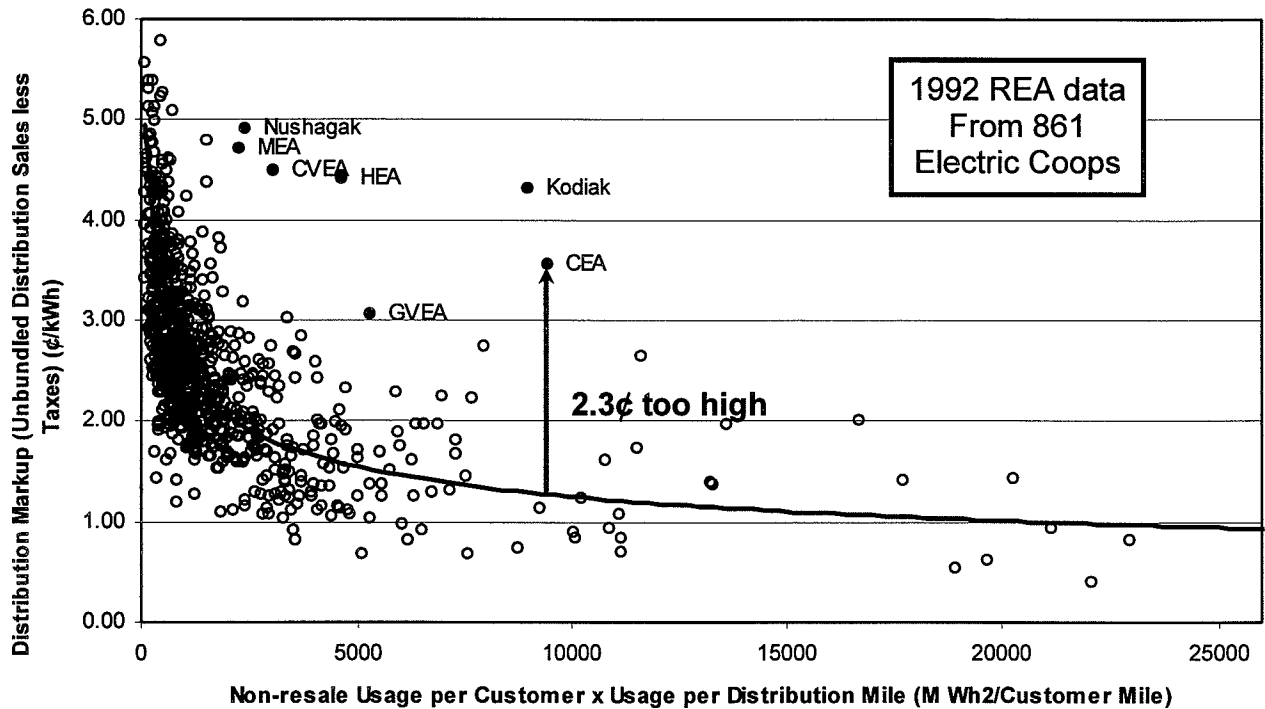
**<http://www.chugachconsumers.org/Lib/IBEWoutside2010tent.pdf>**



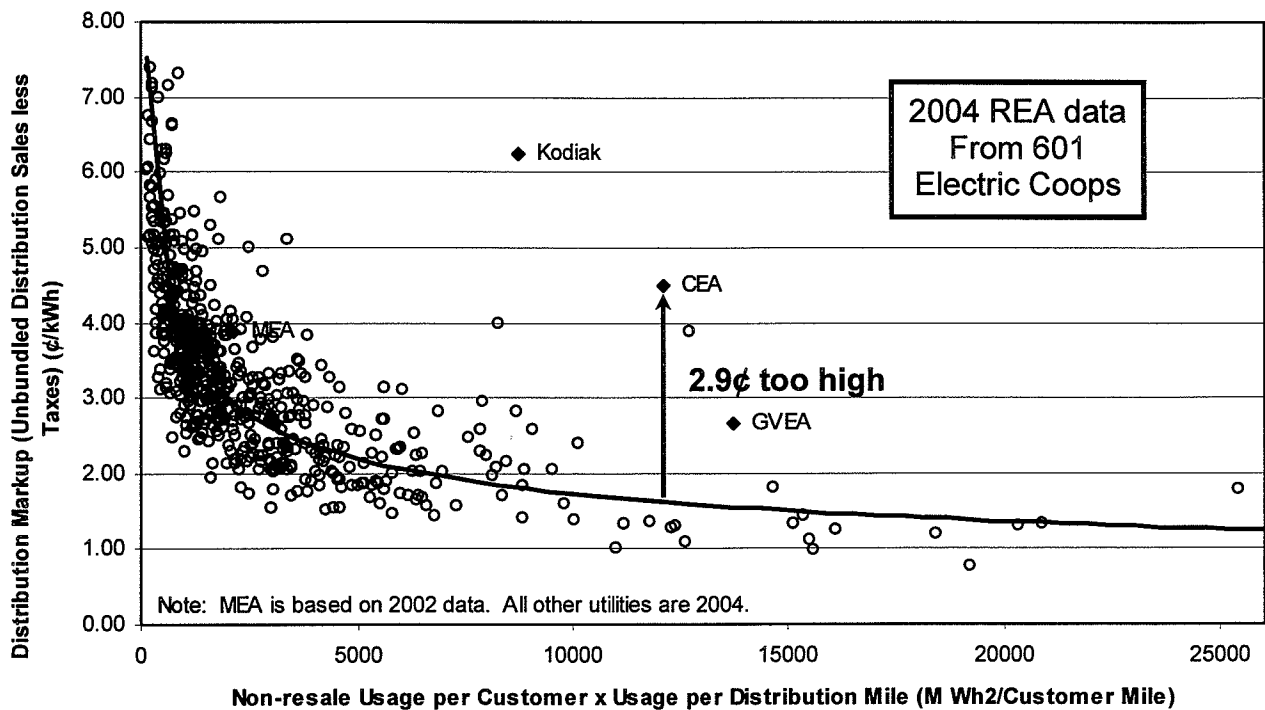
# Chugach Consumers



## DISTRIBUTION MARKUP BY AVERAGE CUSTOMER USAGE AND SYSTEM DENSITY

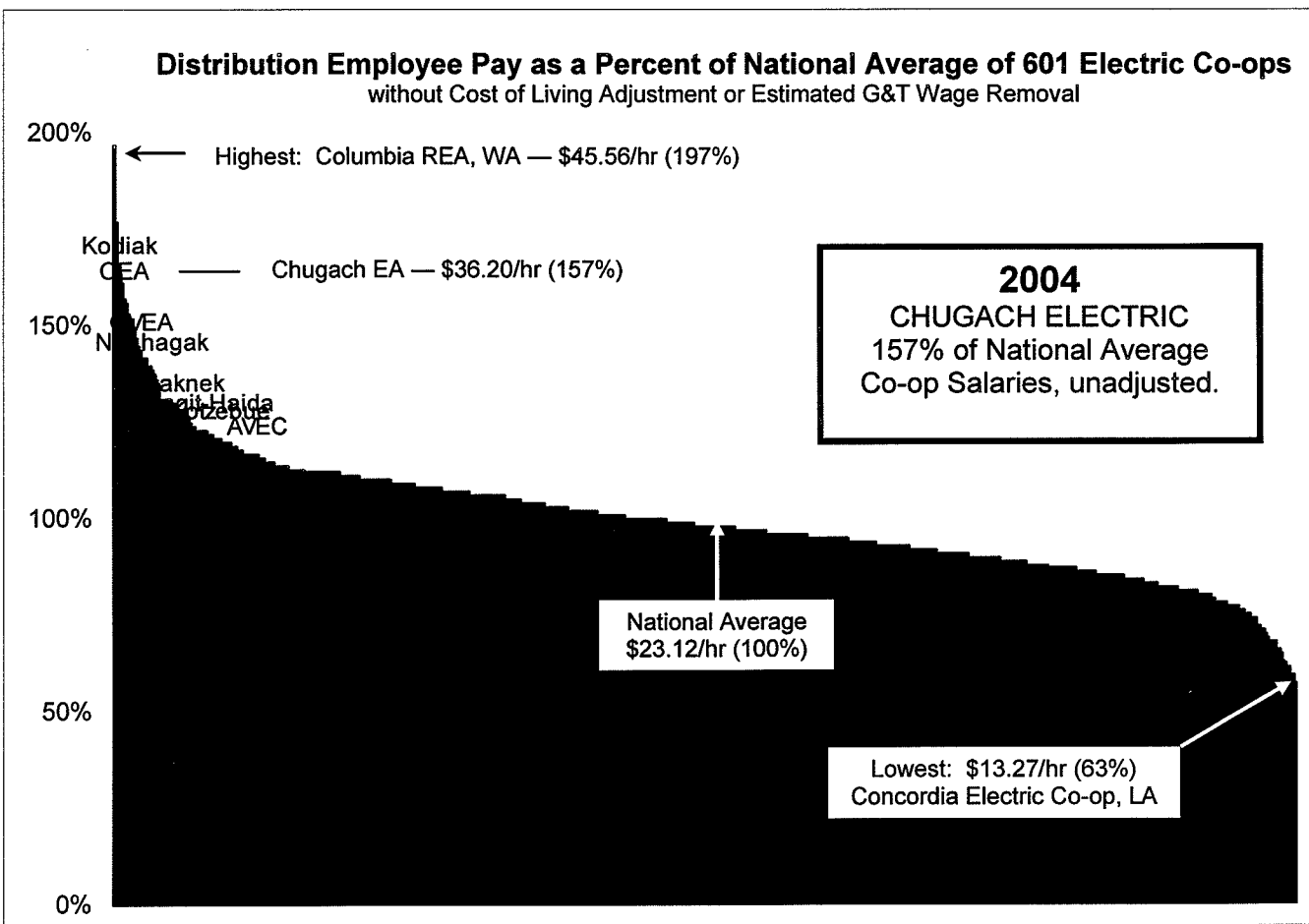
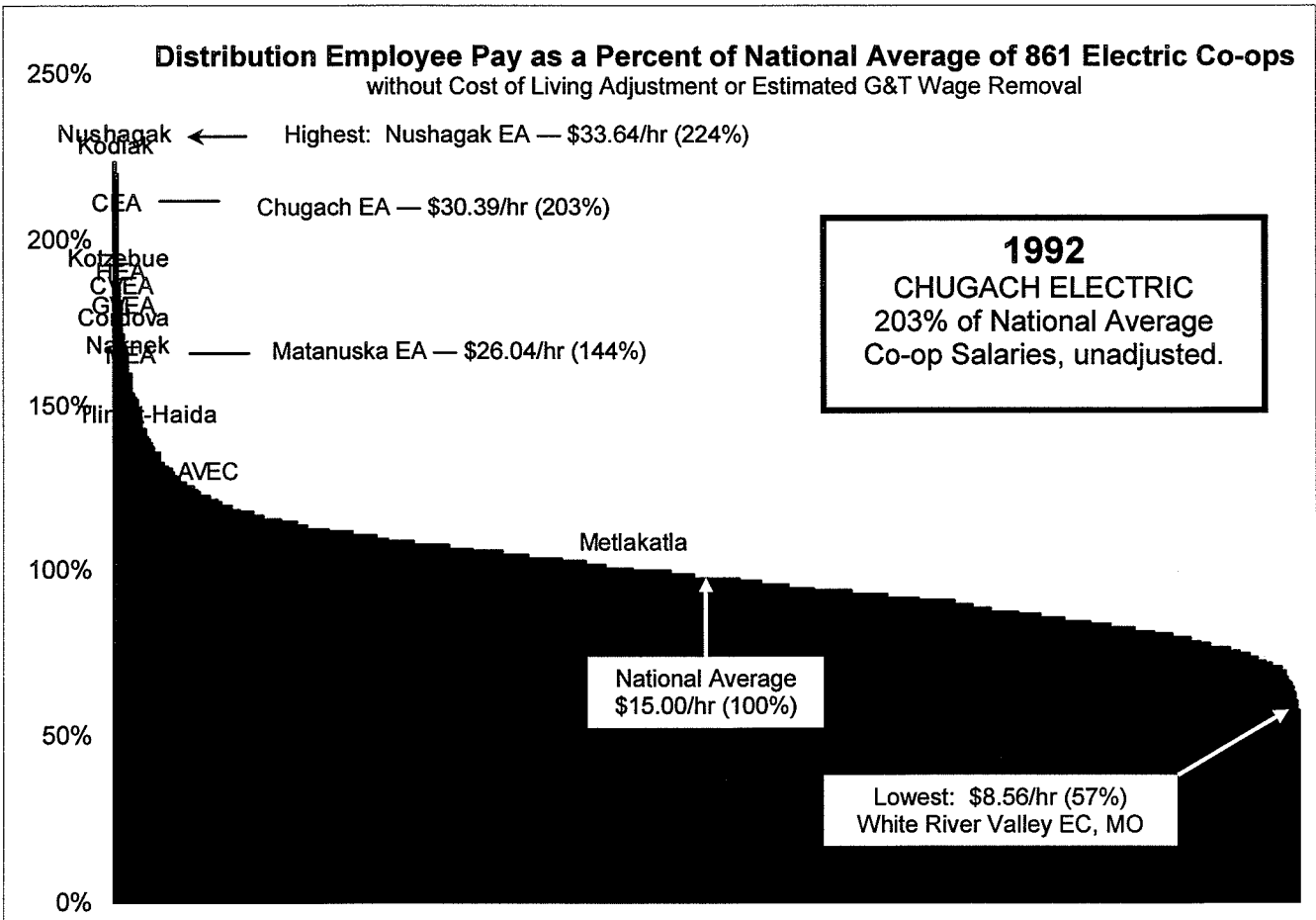


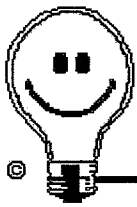
## DISTRIBUTION MARKUP BY AVERAGE CUSTOMER USAGE AND SYSTEM DENSITY



**Safe, Reliable, LOW COST Power for South Central Alaska**







# Chugach Consumers

Home

Save Money!

Key Data

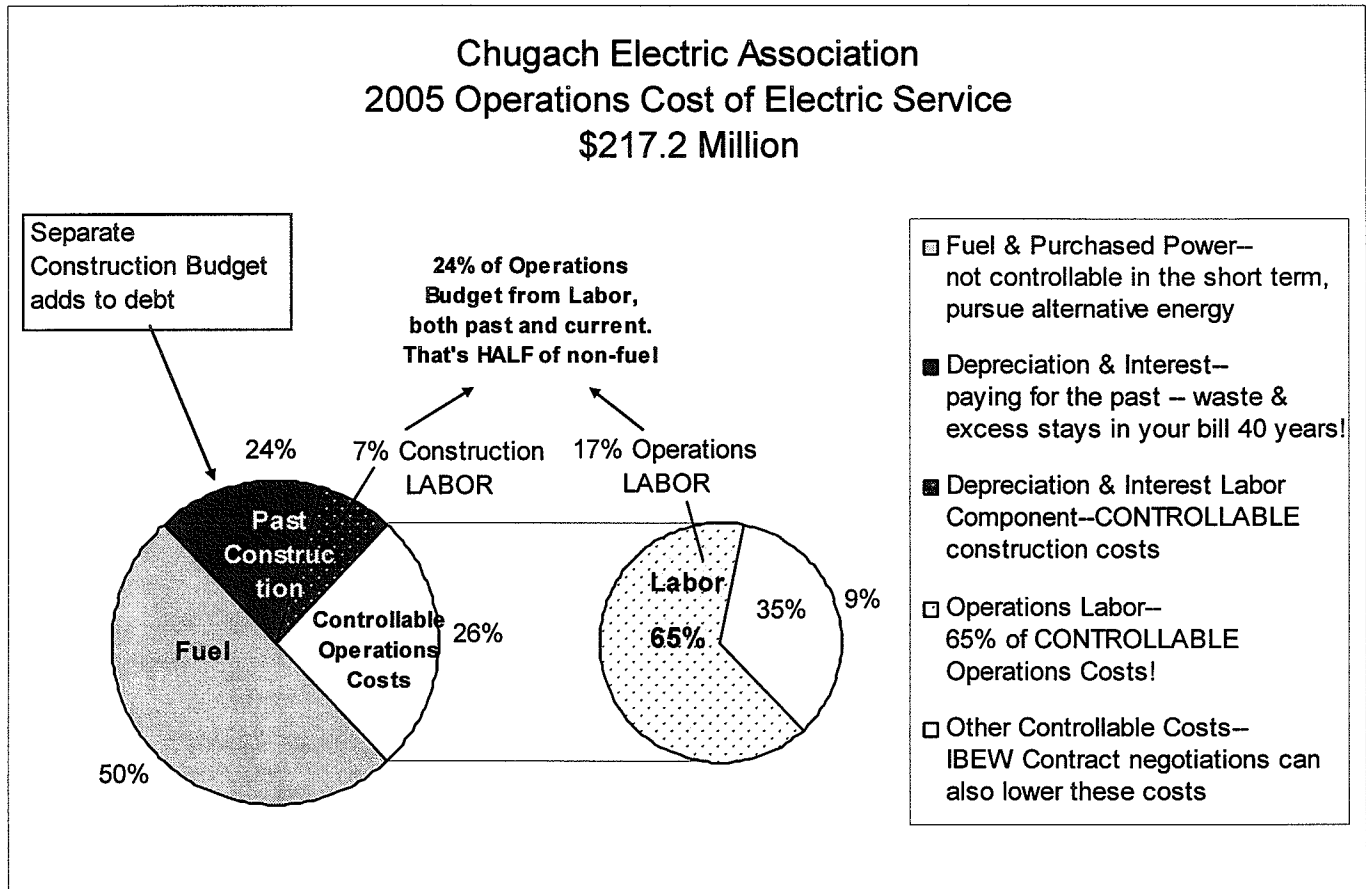
Library

Links

Help Out!



## WHAT IS CONTROLLABLE BY THE BOARD?



You hear that labor is “only 17%” of the budget, but it is 65% of the operations costs readily controllable by the board! Labor is also a large component of a separate Construction Budget, a big cash cow for the IBEW Union. The workers get paid today, but you and your kids and grandkids pay, with interest, for the next 40 years! Construction labor enters your rates as depreciation and interest. Past construction is now a quarter of your bill! In all, labor is about 24% of your bill, 7% from past construction and 17% from current operations.

Category	Amount	Percentage	Notes
Total Cost of Electric Service	\$217.2 million		2005 Statement of Operations
Fuel & purchased Power	\$108.4 million	50%	Half is for fuel & purchased power
Depreciation & Interest	\$51.8 million	24%	1/4 is from past construction. Past bloat will just have to work its way through the system
<b>* Labor Component</b>	<b>\$15.6 million</b>	<b>7%</b>	Workers are paid today, but you pay for the bill for the next 40 years!
Controllable Ops Costs	\$56.9 million	26%	Where the board can have most influence on current costs. 2/3 is labor!
<b>* Labor Component</b>	<b>\$37.0 million</b>	<b>17%</b>	<b>65% of current controllable costs</b>



# Chugach board OKs resolution favoring unions

## Calls for utility to adopt IBEW pact

August 8, 1990, The Anchorage Times

By JAY STANGE  
Times Business Writer

Chugach Electric Association recently approved a resolution giving unions a tighter grip on the Anchorage utility's operations.

The resolution, which Chugach's board of directors approved last week in a 5-2 vote, calls for the utility to adopt an agreement with the International Brotherhood of Electrical Workers Local 1547.

The agreement, which still must be finalized with one signature each from management and the union, makes official a long-standing Chugach management policy of favoring union contractors' bids on its capital works projects, which has a budget

worth nearly \$30 million this year.

It also calls for Chugach to use binding arbitration to settle contract disputes between the union and management and thereby avoid a crippling strike.

Union concessions in a separate letter of intent included an allowance for non-union contractors to perform hazardous waste removal or work involving complex machinery for which union members might not be trained. Also, a drug-testing program was put in place in accordance with the Drug-Free Workplace Act.

Union critics Tuesday said the agreement is not in the best interests of Chugach's members.

"From the employer's perspective, it is really bad," said

See Unions, page B-2

## Unions

Continued from page B-1

Tom Humphrey, a board member from Fairbanks who voted against the resolution. "That is an unfair labor practice."

The new agreement reduces the number of contractors bidding on the utility's construction projects, which ends up costing the members more money, Humphrey said.

Arbitration put into place also will make it impossible for union members to be fired, Humphrey said.

Humphrey is a non-union electrical subcontractor. He and newly elected Bill Ryan cast the only no votes.

Humphrey and a member of the advisory council said Chugach's board is lined up with the union's wishes.

"They might as well be dues-paying (union) members be-

cause of the way they act," said Joe Graham, a retired real estate salesman who serves on the council.

"The poor doggone member and rate payer . . . are getting clipped," Graham said.

Proponents of the resolution, however, argued it will save needless costs associated with strikes and contracting.

"The board and management have agreed that no wars will be waged over contract negotiations," said Joe Griffith, executive manager of finance and planning for Chugach.

A two-month walkout by the IBEW in 1987 cost Chugach \$4.4 million.

Under the new arbitration agreement, if the union and Chugach have not agreed to a new labor contract within 30 days of contract expiration, an independent federal mediator will be called in to speed negotiations.

If an impasse still results, an independent arbitrator from the American Arbitration Association is called in to settle the dispute.

The present union contract is in effect until 1994.

"This agreement means the settlement mode gets serious much more quickly," said Peg Tileston, a board member who voted for the resolution.

Tileston was a board member during the 1987 strike.

"My experience at Chugach is that people on both sides come in with a lot of extraneous stuff. It takes a long time to move through it. Under the new time limitation, you have to get through all that malarkey," she said.

Members of the IBEW did not return two phone calls placed by The Times Tuesday. There was no public comment made at the board meeting in support of or opposition to the resolution. A representative of the association's five-member advisory council offered no comment at the meeting.

"There was no public testimony," said Tileston. "The agenda was in the paper as are all our meetings. Nobody showed."

# IBEW accused of muscling in on contractors

**Union wins top Chugach projects**

August 26, 1990, The Anchorage Times

By JAY STANGE

Times Business Writer

Non-union contractors in Alaska say they are being muscled out of contracts with the state's cooperative electrical utilities by agreements between the utilities and the International Brotherhood of Electrical Workers Local 1597.

As a result, unions, not low bidders, are winning the go-ahead for a growing number of the cooperatives' construction projects and the utilities' customers are the ultimate losers, they say.

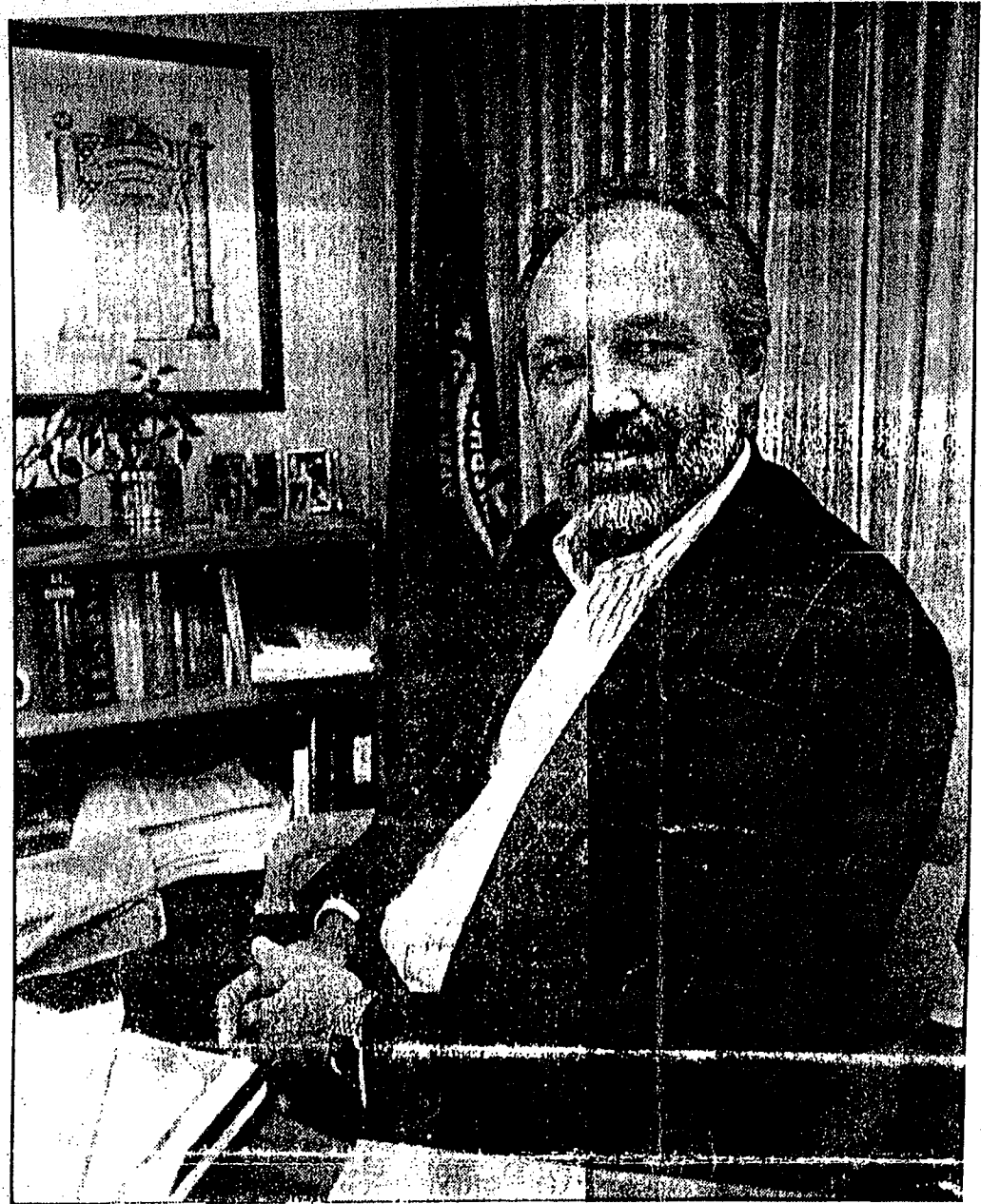
But IBEW says the recent spate of agreements guarantee the utilities the ability to hire locally, keep long-term labor peace, attract qualified workers, and pay fair wages, said Gary Brooks, business manager for the IBEW, one of Alaska's largest union with 4,000 members.

Brooks, a former linemen for the Matanuska telephone Utility, manages the 4,000 member IBEW Alaska union.

Alaska's electrical cooperatives, including Chugach Electric Association, Homer Electric Association, Matanuska Electric Association, Golden Valley Electric Association, employ mostly IBEW members.

CEA and HEA manage operating budgets in excess of \$160 million yearly. Capital works budgeted for Chugach, alone, in 1990 weigh in at more than \$30 million and include a \$16.3 million submarine cable project between Point Woronzof and Point MacKenzie, the Hillside Substation, and two relocations of underground cable lines.

Contractors with union agreements have won the top Chugach projects this year, said Phil Steyer, utility spokesman.



Times photo by ROB LAYMAN

**Gary Brooks, who manages the 4,000-member IBEW Alaska union, argues contracts guarantee the ability to attract qualified workers and to pay fair wages.**

See Unions, page C-5

EXHIBIT

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OF

19 PAGES



# Unions

Continued from page C-1

Of HEA's operating budget of just over \$30 million, about \$4 million will be voted to capital works. MEA has scheduled about \$3.2 million worth of construction in 1990.

The IBEW's non-union critics are primarily independent contractors who fear agreements such as one recently signed by Chugach is setting a dangerous precedent — one that could spark a wildfire of similar pacts that would effectively wipe out their hopes for tens of millions of dollars in future contracting work.

Chugach's board of directors agreed to require virtually all contractors and subcontractors doing work for the utility to be union members.

Now, independent contractors worry that similar agreements could be in the works at other cooperative utilities during upcoming labor negotiations.

For example, management at the Homer Electric Association, where about 65 percent of the 108 employees are union members, will sit down in May to negotiate a labor contract with the IBEW.

At that time, an agreement similar to the Chugach pact could be discussed, said Fred Braun, president of the nine-member HEA board.

"It's hard to say if that will happen," Braun said of a possible contracting agreement between HEA and the union.

"But if it means smoothing out contracts, that could be a possibility. It was voted down three or four years ago. The board then was not willing to accept all-union contracting."

However, the IBEW, at this time, is not seeking to establish agreements with utilities similar to the one it now has with Chugach, Brooks said.

"Ninety-eight percent of the cooperatives are not encumbered by any language that gives us any advantage in that marketplace," Brooks said. "Decisions about specific capital works projects are made totally by the management of individual utilities. We don't participate."

Brooks said his main priority is employment of his members.

"We do sit down and talk about ways which would enhance our membership becoming gain-

Contractors with union agreements have won the top Chugach projects this year.

—Phil Steyer,  
utility spokesman

fully employed," he said.

Yet competition between union and non-union factions at HEA has already created problems for that utility. Last year, the cooperative's board of directors voted to award a \$3.7 million contract for a 26-mile power line from the \$312 million Bradley Lake hydroelectric project to a non-union contractor, Irby Construction Co. of Jackson, Miss.

Irby was the low bidder on the contract.

However, the IBEW filed suit to block the work in Anchorage district court last summer, claiming the HEA had violated the union's labor agreement by awarding the contract to Irby.

A compromise allowing HEA to build 17 miles of the line with its own employees was reached, and the IBEW withdrew its suit.

Since that time, Kent Wick, the HEA general manager who allowed Irby to bid on the project, resigned his position. His resignation coincided with the public release of a board-requested management audit that cited internal operating inefficiencies and warring factions within the utility.

Historically, Alaska utilities have established pre-qualification for bidder list participation to determine which contractors they want to bid on their projects.

Those qualifications include bidder competence, licensing and bonding, past work records, local hire and a variety of other considerations prepared by each cooperative's seven-member board of directors.

The requirement for union or non-union bidders at each cooperative is determined by the respective board of directors, said Bob Mau, manager of engineering services at the Matanuska Electric Association.

"We pick the contractor who does the job best," Mau said.

MEA has hired union and non-union contractors for its projects, Mau said.

Labor policy is set each time the utility and the union go to the bargaining table, typically every three years.

Most of the union contracts with the cooperatives are in mid-

term, Brooks said.

In a separate letter of understanding with Chugach this summer, the IBEW secured a collective bargaining agreement, meaning a breakdown in contract negotiations between the IBEW and Chugach would require an independent mediator to sit in and help the parties reach a compromise.

Such agreements favor union members, said Tom Humphrey, a board member at Chugach, who objected strenuously to the pact, which he described as a major concession to the IBEW.

Aaron Downing, the former manager for Irby Construction on the HEA project on the Kenai Peninsula once was an IBEW member. He said he is critical of the union for shutting his independent firm out of bidding with what he calls unfair policies even though he says he generally supports the IBEW's positions.

But union officials and some non-union utility managers argue that the agreements eliminate the possibility of a crippling strike such as the one that forced Chugach executives to fill in for their subordinates two years ago when union linemen and laborers walked off the job.

Critics of the union's influence say organized labor costs more, which drives up the utilities' rates.

"Labor costs 30 percent to 50 percent more than it should cost," said Downing, owner of Alaska Utilities Construction, an independent electrical contractor.

Alaska utilities offer rates to consumers that are among the lowest in the nation, Humphrey said.

Utility rate payers have not objected because power costs to Chugach members are relatively low even though labor costs are high. Humphrey said extremely low natural gas contracts were negotiated years ago, and those contracts have enabled total costs to remain low when compared with other areas.

Chugach members are getting low rates but what they do not realize is they could be getting lower rates because Chugach's costs are low, Humphrey said.

Anchorage Times 8-26-90

EXHIBIT F PAGE 9 OF 19 PAGES

# Voice of The Times

## Don't let Al the plumber fool you, vote yes

By RAY KREIG

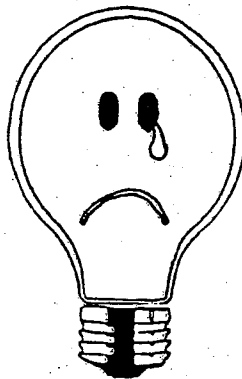
"Someone wants to get their hands on Chugach Electric," claims "Al the Plumber" in recent ads paid for by the International Brotherhood of Electrical Workers Union and their friends. They have launched an extensive media campaign to defeat a long-overdue revamping of contracting procedures at Chugach Electric Association. Contrary to how it may appear, this is not a union versus non-union dispute.

At issue is a proposed bylaw originated by fiscally concerned co-op members (Section 1 on the Chugach ballot). It is designed to force Chugach to adopt the standard free, open and competitive bidding procedures that are used by virtually all business and government organizations in the country. It would stop the utility's current practice of awarding all construction work to a favored, high-cost monopoly.

But the flap over the bylaw proposal is only a symptom of a greater problem at Chugach. Even though the cooperative is owned (and, in theory, controlled) by the 60,000 rate payers it serves, the vast majority of the members do not take any interest in its affairs and participation in co-op elections has remained in the 15-to-25 percent range in recent years. By default, this has left the co-op under the effective control of the employees union. The IBEW has been very skillful in its use of professional campaign consultants and large amounts of advertising in recent elections. Quite understandably, the union has crafted a labor monopoly for itself at the utility.

But all monopolies result in higher costs and Chugach consumers are paying for that higher cost every month. In a recent year, the highest paid IBEW Union workman at Chugach received over \$180,000 in wages and benefits, while 100 others received over \$100,000. In any other business, customers would force Chugach to correct this imbalance by taking their business elsewhere, but this is, of course, impossible with electric service.

The IBEW is well aware that its members are overpaid at Chugach. Elsewhere, when competition for a job occurs, the union will lower its rates. To secure work on a recent (non-Chugach) project, for example, Gary Brooks, the business manager of the IBEW, cut wages across the board by 23 percent and cut all over-



time to time-and-one-half from the double time they get at Chugach.

Thus, competition resulted in a labor cost reduction of about 30 percent.

Why should this matter to residents of the railbelt? A recent estimate indicates that electric rates could be reduced 10 percent if Chugach stopped overpaying its labor and ended restrictive work rules that limit cost control by management. The price of many new houses could be reduced by about \$2,200 by eliminating unnecessary cost inflation in powerline extensions. Similarly, the city could see an increase in the amount of overhead lines being buried each year as a result of savings that would accrue from more flexible and cost-effective management.

Higher utility costs take dollars out of every household budget and business enterprise. Not only does it reduce the average standard of living of Chugach customers, but it also hurts our state's competitiveness in attracting the new industry necessary to diversify our economy. A rate reduction of 10 percent would save our consumers over \$11 million each year. This is comparable to the current shortfall in the Anchorage school operating budget.

In addition to saving electric ratepayers money, the proposed bylaw would mandate fairness in the employment of construction workers by Chugach contractors. This issue is not one of "union verses non-union" but rather: Is it rea-

sonable for essentially all of the available work of a community-owned business to be controlled by just one union? Shouldn't Teamsters, operating engineers, mechanics, laborers, pile bucks, carpenters and all the many others who also pay Chugach for their electricity have an equal opportunity for employment? Fairness requires that the present practice dictating that all workmen have an agreement "acceptable" to IBEW be ended.

The bylaw change is designed to guarantee competition so members of Chugach will enjoy lower electric rates. Residents should remember that

**Is it reasonable for essentially all of the available work of a community-owned business to be controlled by just one union?**

Chugach Electric is a cooperative owned by the members it serves. You, the member, have the right to vote for a bylaw that will have a big impact on your electric bill. Don't

be misled by a special interest's manipulation of the truth or by their threats; they want to keep their monopoly.

Vote YES on a bylaw that will guarantee equal employment opportunity for everyone, bring a monopoly to an end, and at the same time reduce your electric bill. Show "Al the Plumber" that it's the members of Chugach that want to get their hands on their cooperative and take it back!

*Ray Kreig is a member of the Chugach Electric by-laws committee that proposed the bylaw question for this year's ballot. He is also one of the seven candidates running for the board.*

# The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans, putting Alaska first"

Editors: DENNIS FRADLEY, PAUL JENKINS, WILLIAM J. TOBIN

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5-1-93

## Three win board seats at Chugach

### That utility ballot

**I**F YOUR HOUSEHOLD is like most in Anchorage, you probably filed away the election ballot from the Chugach Electric Association. And if you're like eight out of 10 members of the utility cooperative, you'll end up eventually tossing the ballot away — never voting.

Do something different this year. Vote. You have the whole month of April in which to do it.

Seven candidates, two of them incumbents, are vying for three seats on the board. Also this year is a proposal for a significant by-law change — one which if approved could eventually end a stranglehold by one labor organization over management decisions regarding contract services.

The bylaw change would permit the utility to use "free, open and competitive bidding in procurement of outside services" without requiring contractors or employees of contractors first to be members of a specific organization. This, according to supporters, will free management to run a more cost-effective operation.

Currently, Chugach Electric requires all contractors to have a labor agreement acceptable to the International Brotherhood of Electric Workers Union. This, according to today's guest columnist Ray Kreig, results in unnecessary, higher costs for utility consumers.

Kreig is a member of the utility's 1993 bylaws committee which drafted the proposed change. He is also one of this year's candidates for the board. Admittedly, changing the cooperative's bylaws seems a cumbersome way to affect change in future contract agreements — but it may be the only route available to utility membership.

**THE IBEW**, understandably, does not support the proposal. Its current ad campaign attempts to scare members away from the change by suggesting that unqualified contractors and workers would end up doing electrical jobs.

We doubt that would result, but we have no doubt about the consequence of monopolies.

Whenever one special interest gains total control of a market, the customer loses. Competition is the equalizer that best protects consumers' interests. For the optimum service to be provided at the most reasonable costs, Chugach's management should have the flexibility to choose the best contractor available — without the constraints of arbitrary restrictions in contract terms.

The bylaw change, if approved, is not likely to result in unqualified workers doing critical work — as Al the plumber asserts in the ads. Rather, in instances where electrical work is required, management will probably still chose IBEW contractors, because they have extensive experience and ability to deliver quality work. For other jobs, Teamsters or Operating Engineers may offer the best choice.

Make sure you register your opinion. If you have discarded your ballot, call 561-1837 and another will be mailed to you.

Chugach Electric Association members elected three directors during its annual meeting, held Thursday night at the Anchorage Hilton Hotel.

Also, voters defeated a proposed bylaw amendment that would have relaxed the requirement that electrical and other contractors hired by Chugach use union labor. The measure was defeated, 6,013 to 5,981.

Chugach is Alaska's largest electric utility.

Seven candidates competed for three seats on the board of directors. The winners were incumbent Bill Ryan with 6,647 votes, Pat Kennedy with 6,079 votes and incumbent Lace Stanaland with 5,816 votes. Each will serve a three-year term. Ryan became board president, Stanaland vice president, and Kennedy secretary.

The four losing candidates were Ray Kreig with 5,521 votes, Marilyn Moore with 3,717, Bill McKee with 2,921, and Pat Redmond with 2,896.

C 93-3.1

# Voice of The Times

## Don't underrate your Chugach Electric vote

By RAY KREIG  
and GLENDA CLARK

It's election time again, and, no, we're not talking about the upcoming municipal election. Chugach Electric Association ballots went out to ratepayers this week, and if you're a member of the co-op, your vote is crucial in determining the kind of service you'll be receiving in the future. The results of the election will determine whether the board is one controlled by special interests or one that will represent you.

Chugach is owned by the 50,000 ratepayers it serves. However, the vast majority of its members take no interest in its affairs. Typically only 20 percent of the membership votes in co-op elections. This has made it possible for a minority special interest to control the board.

At Chugach Electric the special interest is the International Brotherhood of Electrical Workers Union (IBEW), which represents the majority of Chugach employees. This special interest always gets out its vote.

As a special interest, IBEW's purpose is to obtain benefits, advantages or privileges for its membership above and beyond what it would ordinarily receive as an average member of the public.

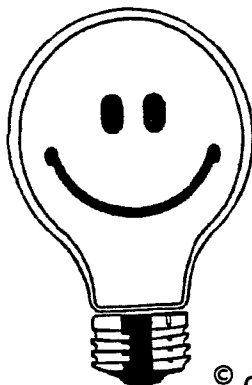
If you wonder about the influence this special interest exerts in board elections, in last year's co-op election, 95 percent of all the money spent on campaign advertising was paid for by the IBEW and its friends. This money was aimed at defeating the independent candidates for the board and the open bidding bylaw that was proposed on the ballot.

Ratepayers lost on that vote, but the special interest won.

An estimated \$50,000 to \$100,000 is typically spent by Chugach employee groups to influence the outcome of Chugach elections. From their standpoint, it was money well spent.

If boards free of special interest pressures could be elected by the ratepayers, as a number of us advocate, an estimated \$10 million a year can ultimately be saved for Chugach Electric consumers. The utility could stop overpaying its labor and end restrictive work rules that limit cost control by management.

It is difficult for truly independent candidates to raise the money needed to get their message out. Fund raising costs are too high for the thousands of small donations from individual consumers that would be needed to "level the campaign playing field."



CITIZENS FOR AN  
INDEPENDENT CHUGACH  
ELECTRIC  
P.O. Box 90235  
Anchorage, Alaska 99509-0235



This is not a union vs. non-union issue. Unions can do many good things for their members, their community and their employers. But when any group — be it a corporation, a government or a union — becomes so powerful as to have no check or balance on its activities, the public good suffers.

Chugach Electric has reached this state of affairs.

No business can operate efficiently when employees are able to select or remove their own bosses. That's why it is not surprising that board members at Chugach "give away the farm" when making decisions affecting the special interests, which, after all, paid for the campaigns that placed most of the members on the board in the first place.

Take labor contracts. The Chugach board extended IBEW contracts in 1990 and in 1993 without negotiations or consideration for the excessive costs involved, which continue to be passed on to the Chugach ratepayers.

Recently, the Chugach board of directors took the extremely unusual step of stripping the Chugach bylaws committee of its duties after this group of members

proposed three reform bylaws on competitive bidding, freedom of information (including release of salary lists) and qualifications for the director position. Since 1958, the bylaws committee has been charged with proposing bylaws changes for ratepayers to vote on. This year, Chugach members are being denied the opportunity to vote on the bylaw proposals.

Don't throw away your Chugach Electric Association ballot this year. Vote.

Be wary of the big-spender candidates with the expensive media advertising, campaign materials, yard signs, and so forth.

They are likely to be the ones backed by the special interests. You will be paying higher electric rates if they win.

Read the candidate messages carefully. Special interests frequently advertise their candidates as "independents" or "consumer advocates" in order to confuse the ratepayer.

Ask yourself why anyone would spend lots of money to get candidates elected to a non-profit co-op!

Take a moment to think about the issues and evaluate the candidates. Don't hesitate to call them and challenge their position on key issues.

Most importantly, don't wait for others to look after your best interests.

Take part and vote your mailed ballot.

Ray Kreig is co-chairman of the Chugach Bylaws Committee and one of the six candidates running for the board. Glenda Clark is executive director of Citizens for an Independent Chugach Electric.

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C94-49

# Voice of The Times

## Most voters still in dark on Chugach vote

By DENNIS FRADLEY

Where are the "ad watch" news teams when we need them?

The only time so far this campaign season that I recall the local news media doing a critique of a candidate's commercials is when the Daily News and Channel 2 dumped on Jim Kubitz. They took him to task for his commercials pointing out that Mark Begich had spent \$5,000 of his campaign money last year to promote a city sales tax. The allegation was accurate, the reporters said, but Kubitz failed to note he himself had supported a sales tax proposal once. Tsk, tsk.

Other than that barely disguised favor for Begich, the news teams haven't done much more to critique campaign fodder flooding the air, mail boxes and news pages.

Take the election for three new members of the Chugach Electric board of directors. That's a campaign ripe for an "ad watch" investigation. It could be your classic David-vs-Goliath battle — provided anyone bothers to pay attention to what's going on.

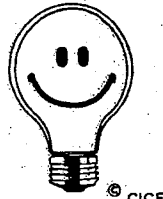
On one side, there's a group calling itself Citizens for an Independent Chugach Electric (a grassroots group of fiscally concerned co-op members). On the other is the International Fradley



To give you an idea of the financial muscle involved, the citizens group says to date it has raised and spent some \$2,000 for two newspaper ads and postcard mailings. The union, by conservative estimates, has spent at least 10 times that amount for print ads and a whole lot more for television, radio and mailings. In past Chugach board elections, the citizens group calculates the union spent upwards of \$100,000 to influence the outcome.

It's hard to get an accurate picture of how much is being spent by whom because, unlike races for city and state government, there is no requirement for parties in a co-op utility's board election to file records with the Alaska Public Offices Commission.

Barbara Granger, whose husband Ed was a Chugach board member until he resigned in disgust last month, pointed



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out to me that board members earn a meager \$100 a meeting. She asked: Don't you wonder why so much money is spent on union-backed candidates for a job that pays so little?

That's only one of many good questions that could be asked by an ad watch news team.

Ed Granger, who also serves on the state's Select Committee on Legislative Ethics, was the first candidate from the Citizens for an Independent Chugach Electric to be elected to the board. He resigned last month in protest of board actions to prohibit the utility's bylaws committee from placing proposed bylaw amendments on the ballot. It was the final straw, he said.

"The IBEW Union has gained virtually total economic control over Chugach Electric," warns a postcard message from the citizens group, which highlights the following from the union contract:

- Nearly all non-management Chugach employees, including clerks, secretarial and messengers, must join the IBEW Union as a condition of their employment.

- Chugach may not take advantage of new technology if it reduces the number of IBEW union workers.

- Chugach also may not use subcontractors in order to reduce costs to consumers.

- IBEW union overtime is paid at double time wages.

- IBEW union work on holidays, in-

cluding employees' birthdays, is at triple time wages.

As a result of these and other contract provisions, the citizens group says, Chugach employees are receiving very generous salaries.

The group has a printout of specific employee salary and benefit totals from 1991, which shows a senior meter reader earned \$92,721 total compensation (wages, overtime and benefits). Technicians, linemen, and foremen, at the top end of the 1991 salary list, received an average of \$157,587. More than 100 Chugach union employees cleared \$100,000 in pay and benefits three years ago.

Why a 1991 salary list? Chugach/union policy won't allow more current information to be made public. The bylaws committee had recommended the policy be changed, and wanted a bylaw amendment proposal to be placed on this year's utility ballot so ratepayers could decide the question.

The board of directors, the majority of whom are backed by the IBEW, didn't allow it.

So we're stuck with a lot of accusations — some backed up with persuasive documents, like the 1991 salary list.

The IBEW responded to the citizens group mailing with a half-page ad in the News, labeling it outrageous. "The truth is, employee wages at Chugach Electric are comparable to wages paid at most other Alaska utilities," said the IBEW ad. An accompanying chart gave the dollar-per-hour rates earned by some workers — but said nothing about overtime and benefits. Nor did it acknowledge the 1991 salary list, which the citizens' group will share with whoever requests it.

There are a lot of questions unanswered for the utility rate payers.

Citizens for an Independent Chugach Electric says that unless one or more truly independent, non-union backed candidates is elected to the board to replace departed member Granger, ratepayers will be left in the dark even more.

If you care about any of this, and you're a Chugach ratepayer who has yet to vote, you may want to call the citizens group at 276-3384, or the IBEW. And use your ballot. If you don't have one, or misplaced the one you got, call the utility at 278-8878 and have them mail it to you.

There are only a few weeks left to make a difference.

Dennis Fradley is an editor of The Anchorage Times.

C94-51

EXHIBIT 1 PAGE 7 OF 19 PAGES

## Chugach vote pits independents vs. IBEW

*Ray Kreig was elected in 1994 to the Chugach Electric Association's board of directors and is vice chairman of the public interest group, Citizens for an Independent Chugach Electric. Editor Dennis Fradley asked Kreig what he sees at stake in the utility election now under way.*

**Are customers of Chugach Electric, who are the co-op members, adequately informed about decisions made by your board or by utility management?**

**Ray Kreig:** I don't think so. For instance, the monthly newsletter mailed with the electric bills is not covering fundamental issues in the co-op so that members can understand adequately what alternatives and business decisions need to be made on their behalf. Members could be kept better informed.

**Can you give an example?**

I think the members should be given guidelines, or a report card if you will, on how well Chugach is performing its services compared to other cooperatives nationwide.

**What would a report card say?**

If an honest evaluation were being issued now, it would say that Chugach is among the bottom 10 percent of all electric utilities in efficiency. It would say that Chugach's distribution costs are among the highest in the nation.

**Do you feel customers are paying more than they should?**

Yes, 10-to-20 percent more than if wage rates and staffing were at levels that are more the norm for the other 860 electric cooperatives nationwide.

**Besides better informing members, what else should the co-op be doing that it's not?**

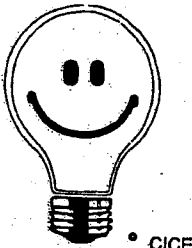
Free, open and competitive bidding should be used for all capital projects and maintenance. The salaries and benefits for employees should be disclosed to the membership. Chugach is virtually alone as a publicly owned enterprise in keeping this information from its member-owners. State, federal and local government all disclose this information.

**The Alaska Public Utilities Commission supposedly protects utility consumers from the effects of monopoly. Does it?**

The APUC appears to be only doing accounting reviews of receipts and depreciation schedules. The APUC is afraid to

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• CICE

look at labor inefficiencies because of the political power of labor unions and contributions made to legislators. Another reason is the APUC tends to look at cooperatives as being controlled by members, and it doesn't get very involved.

**Why do you think salaries and benefits are out of line?**

The average hourly wage paid at Chugach Electric is 68 percent above the national average of 861 electric cooperatives according to records of the Rural Electrification Administration. That's 68 percent after the cost of living adjustment is taken into account. It's more like 76 percent above the national average if you don't subtract for Alaska's cost of living differential.

**Six candidates are competing for three board seats right now. Why do you think it's important which ones the members select and what difference will it make?**

Let me put it this way. Right now the majority of the seven members of the board of directors obtained office through campaigns paid for by the IBEW union and its allies. If the three women, who are endorsed by CICE, are elected then the IBEW union will lose control of the board. The three independent candidates are Pat Jasper, Mary Minder and Kathleen Weeks.

**Are the other three candidates, the three men, supported by IBEW then?**

Yes. Now I don't know if the IBEW has announced publicly that they are their candidates. That's something you

may have to ask IBEW directly yourself. But there are flyers hanging on the walls at the union hiring hall over on Denali Street for those three candidates. Flyers for the three men were passed out at a safety meeting for employees at Chugach Electric Monday morning. Their campaign brochures appear to be printed at the same place.

Their campaigns are coordinated. We feel very confident that they are the IBEW-endorsed candidates.

**Why is it important for CICE that you get a majority on the board?**

CICE is not a formally corporate group. It's an ad hoc citizens' group of volunteers who are concerned that Chugach Electric members be the beneficiaries of the lowest electric rates possible. Here in Southcentral Alaska we have access to abundant, low cost natural gas to use as the fuel to generate our power. Chugach customers should realize those benefits. They are not getting them.

And so you don't get the wrong idea, this isn't a union vs. non-union controversy. Consider Enstar Natural Gas. It's a union company. It is producing off the same low cost natural gas deposit. Enstar is selling gas retail in Anchorage at the lowest cost in the nation. Why, then, is Chugach selling above the national average? The utility, like the gas company, should be providing its customers a better benefit.

*Ballots were mailed to Chugach customers this week. Co-op members have until April 24 to return them.*

EXHIBIT PAGE 8 OF 19 PAGES

## Group seeks to reform Chugach Electric

To the Editor:

Chugach Electric ballots will soon be in the hands of ratepayers to vote for board directors and bylaws. Three conservative professional women will be seeking a directors seat this year. Kathleen Weeks, Mary Minder and Pat Jasper are familiar with business and what it takes to balance a budget and manage a job efficiently.

Chugach is owned by the membership who buys power from the association. Unfortunately the union that represents the employees of the utility have for many years had "majority" control of the voting record of the board and therefore control of the utility, its operations, contracts for expansion, etc.

Citizens for an Independent Chugach Electric (CICE) is a small group of Chugach ratepayers/owners who are dedicated in their efforts to bring about needed reform at Chugach. CICE is again gathering important information and trying to inform the public and Chugach members of the issues. We have combined our individual efforts to find quality candidates to run for the board and hopefully through election victories win a majority on the board. A victory will bring about bylaw reform and common sense operation to the association and will benefit all of the membership. Little by little we are getting near this goal.

The current Chugach board majority have been busy this year bottling up the association and "damming up" the lines of communication to the membership. The newsletter you get with your bill each month is a "farce" and an example of their unwillingness to allow any information of consequence to be printed. Why not cover the board's voting record, discussion of important bylaws or cost-cutting measures? Millions in over-spending is occurring — what about this?

More ridiculous and frivolous is their recent effort to make it mandatory that candidates running for the board by petition be required to have 750 member signatures instead of the 50 currently needed. This would make it difficult for the average member to run for the board. It takes zero signatures to run for all elected offices, even the U.S. Congress.

A victory by Jasper, Minder and Weeks would give the membership a non-special interest majority on the board and the ability to make changes to benefit all of the Chugach membership.

Glenda Clark  
Executive Director, CICE

C95-26

# THE WAY IT IS

By TOM FINK

There is an important mail-in ballot election going on now for Chugach Electric Association board members. The results of this election substantially affect everyone from Talkeetna to Homer, and it will even have an effect on the entire state.

Chugach serves the largest number of users in the Municipality of Anchorage and is the source of electricity to all the other power companies in South-central. Further, it is the wage rate base for all IBEW contracts throughout the state. It is the desired goal of all the other unions.

Chugach is not a government organization, and it is not a private organization. It is a half-breed. It is not subject to the laws of public corporation such as cities or state. It is not subject to all the laws that private companies are subject to. Some would have you believe that is a superior type structure that is not motivated for profit, but is motivated to the highest beneficial level of its users.

The biggest problem with this type of organization is that it is not really subject to any scrutiny. Governments such as the city must do everything in public, and all the information that it has is subject to public review. People are elected to government office after a contested campaign on issues. A co-op is like any other mutual company where in because everybody owns it, nobody owns it. Everybody lets a few run the organization, and unless some kind of obvious abuse becomes known, the small group can run it to suit its own purposes. Generally, its goal is peace and harmony achieved by satifying the large interest groups. In the case of CEA, the board keeps the IBEW happy.

There is a substantial abuse in Chugach today. Because Chugach has low natural gas prices, we have among the cheapest sources

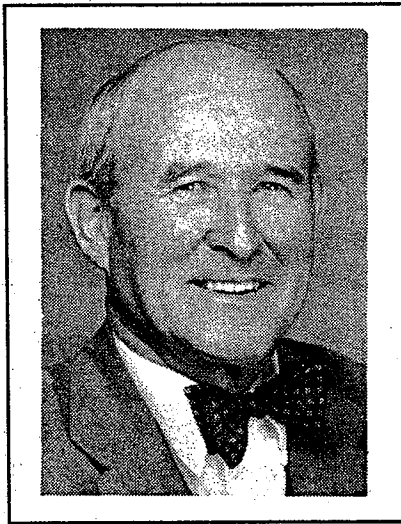
of generation. Yet we are a long ways from having the cheapest electrical power. Chugach's big problem is its very high labor costs. Its labor costs are nearly double the national average of electrical co-ops. It further has a labor contract that says it cannot let its construction work be done by the lowest contract bidder, but must give all of its contracts to an IBEW affiliated contractor.

Last year the By-laws Committee of Chugach recommended that several bylaw changes be put to the membership which our current board refused to do. The two most important bylaw changes were to provide freedom of information on such items as payroll and to require that all future Chugach construction contracts be put out to competitive bid.

In the current election, there are really two slates of candidates.

One slate consists of three women, Minder, Jasper and Weeks, who make it clear they are not under the yoke of the IBEW. They want to open up CEA to members' scrutiny, and they support those two bylaws being put on the ballot for the Chugach members. The other slate are three people, two of whom are incumbent, that the IBEW are supporting.

I understand that many Chugach members will have voted before this article is published since the ballots were mailed out last week. There are, however, a lot of ballots that haven't yet been cast, and under normal circumstances, might never be cast. I want to urge anyone who hasn't voted to vote. The primary reason, of course, is that its outcome affects the rates and stability of Chugach Electric. Far beyond that, however, it affects all wage rates and therefore our cost of living throughout the state. The current board has been very compliant with any wishes of the IBEW.



The Chugiak - Eagle River Alaska Star brings you a wide range of opinion from people with a wide background in various fields of endeavor. If they hit a nerve, write a letter to the editor stating your opinion of their opinion.

EXHIBIT PAGE 9 OF 19 PAGES

# Voice of The Times

## The Anchorage Times

Publisher: BILL J. ALLEN

"Believing in Alaskans, putting Alaska first"

Editors: DENNIS FRADLEY, PAUL JENKINS, WILLIAM J. TOBIN

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### LETTERS TO THE DAILY NEWS

#### To illuminate the light bulbs

In reviewing the 1996 Chugach Electric voting booklet, I noticed a large light bulb on the cover followed by the sentence: "You hold the power with your vote." That seemed harmless enough until I noticed another light bulb at the end of each candidate backed by the group known as CICE (Citizens for an Independent Chugach Electric). This looks to me like a crude form of subliminal advertising to promote specific candidates.

For the record, the three light bulb candidates are beating a dead horse. The National Labor Relations Board has ruled that the existing labor contract is valid. The article appeared in the Eagle River paper. CICE candidates have been running on this single issue for the last seven or eight years. In spite of them, the majority of the elected board has put things in perspective and made Chugach an AAA-ruled utility with the highest level of system reliability. This past year however, has seen this CICE group in the majority. The destruction of Chugach has begun. You can save your electric utility by not voting for these one-issue candidates. That's why I have voted for Kennedy, Hendershot and Nordstrom.

— Justin Henke  
Anchorage

IBEW Son of Shop Steward



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## Rejecting mud

THE VICIOUS advertising campaign aimed at some of the candidates running for the Chugach Electric Association board of directors may be only a preview of what's to come this year. We hope not.

There are no public disclosure requirements for utility co-op board elections. As a result, you can only guess how much money the local electricians' union has spent on a barrage of television, radio and newspaper ads — not to mention mailed fliers and brochures — attacking the integrity of some of the candidates. Whatever the amount, it appears to be far more than has been spent by any of the candidates now running for the Assembly or School Board.

Some object that the International Brotherhood of Electrical Workers, which represents the overwhelming majority of utility employees, should have such a dominant role in the election of CEA board members. But it's up to the utility membership to set the co-op's bylaws — and as of now, there simply is no limit on the amount of money that can be spent.

Such heavy involvement in the campaign becomes ethically wrong when tactics are used to sabotage the election process and intimidate candidates. From the looks of it, these may be among the objectives of the union campaign.

Besides an obvious aim to discredit non-favored candidates, one purpose of negative campaigning is to so disgust voters that they won't participate in an election. In this instance, a low turnout benefits union-backed candidates, because a core group of IBEW supporters will vote for their candidates — no matter what.

That core group includes more than just electrical workers. At least one other union, NEA-Alaska, is lending its support. Public school teachers received letters from the president of the state NEA, telling them to vote for the IBEW slate.

Another goal of mud-slinging is to cause so much grief for the candidates and their families that future opponents will shy away from running for office. Tactics like these hurt the community.

A professional political consultant probably is to blame for designing this negative campaign. His strategy will work, however, only if a majority of the CEA membership is gullible enough to allow it to succeed. In other words, the political consultant will win if a lot of Chugach members fail to vote. And if this negative campaign succeeds, you can bet Alaska's fall primary and general election campaigns will be splashed with a lot more mud.

But if co-op members ignore the negative ads and look instead at the issues and the qualifications of candidates, the mud-slinging consultant will be sent packing.

If you object to the negative ads, and haven't discarded your utility ballot, please vote.

C96-33



# Voice of The Times

## Dirty campaign mars utility board election

By CHRIS BIRCH

The Chugach Electric Association is a cooperative that serves 55,000 member-owners in the Anchorage area. Because utilities are currently granted service monopolies, customers have no choice where they buy power. If you live in the service area, you must buy your electricity from Chugach.

How do we keep the cooperative operating efficiently if the customers have no alternative choice when costs become too high? The answer lies in your selection of a board of directors.

Of the seven Chugach directors, three will be elected this month by an estimated 14,000 Chugach members, the number who typically vote in co-op elections.

The board can choose to operate the utility on a "cost plus" basis or it can insist on operating at the lowest cost possible, consistent with safety and reliability. It is, therefore, extremely important for consumers to participate in their co-op elections and to choose their directors carefully. This is the only time this year that members can influence the price they will pay for electricity.

The current Chugach board has made a priority of increasing the business, financial and operational information available to the membership for the purpose of helping members make informed choices in co-op elections. For instance, this board has released employee wage and benefit lists and comparative efficiency studies. Never before has there been such a wealth of information available to the membership to follow a campaign and understand the issues being debated.

Co-op elections are normally low key events at most of the other 840 non-profit electric cooperatives around the country. In the cooperative community, Chugach Electric elections are well known to be highly politicized and costly.

Why do you suppose this is? What is different about Chugach? Why are campaign costs adding up to \$50,000 or more for a seat on a non-profit board that typically pays only \$5,000 per year for hundreds of hours of work?

The answer is that for years the International Brotherhood of Electrical Workers union has been financing the campaigns of Chugach Electric directors. Boards sympathetic to the IBEW have embedded some of the nation's highest labor costs in Chugach operations. The average hourly wage at Chugach is 76



percent above the national average of all the other electric cooperatives. Comparative efficiency studies undertaken by the new independent Chugach board over the past year have estimated that Chugach line maintenance costs are five times higher (per mile) than a group of 23 utilities of similar size.

Some examples of total annual compensation that were paid in 1994 to Chugach IBEW union employees are: meter reader, \$89,827; power plant warehouseman, \$128,209; warehouseman trainee, \$87,494.

To protect these above-market wages for their members at Chugach Electric, it is essential for the IBEW to control the Chugach Board — especially with labor negotiations due to begin next year. This year the IBEW wants to elect its slate of candidates (Kennedy, Hendershot and Nordstrom) and is financing at least four campaign fronts to achieve this end. They're titled: Beauty & Brains, Rewire the Board, Former Directors Speak Out, and the ugly and untrue series of radio and television smear ads against independent candidates Ed Granger and myself.

It is noteworthy that in the "Former Directors Speak Out" ad signed by 10 former Chugach directors, ALL of these former directors were recipients of IBEW financial support.

The barrage of negative campaigning is designed to discourage independent candidates from running for the board and to avoid discussion of the issues. This is wrong. Elections should be won or lost

based on an open and honest discussion of the issues.

On the ballot this year are also three reform bylaws on full and open competitive bidding, conflict of interest, and member access to information. The 1994 board, with Pat Kennedy presiding, refused to place these bylaws on last year's ballot. These bylaws are now on this year's ballot and if approved by ratepayers will save millions of dollars in future construction costs.

All Chugach customer/members should have received their ballots in the mail by now. The ballots must be returned by April 22, or members can vote at the annual meeting at the Egan Center on April 25.

The co-op membership will determine whether Chugach Electric is to be managed by those persons supported by a special interest or by independent candidates, committed to the long-term health of our cooperative. Patricia Jasper, Ed Granger and I are the independent candidates in this election, and we welcome your support. We also urge you to vote YES on all bylaws.

But no matter which candidates you support or however you decide on the proposed bylaw changes, we urge that you participate in the election process, itself. Mark and mail in your ballot. It's the best way to make sure your co-op is serving your interests.

Chris Birch, P.E., is one seven candidates competing for three seats on the Chugach Electric board of directors. He is a licensed engineer employed by the state.

C96-31

PAGE 11 OF 12 EXHIBIT

# Voice of The Times

## Mud, big bucks mar utility board race

By DENNIS FRADLEY

The 40 candidates who ran last month for the six Anchorage Assembly seats and three School Board seats spent, in total, about \$350,000 for their media campaigns.

Meanwhile, the handful of candidates competing for three seats on the Chugach Electric Association's board of directors spent almost as much money.

We can only estimate the total actually spent in the CEA board contest because the utility is a non-government cooperative (the customers are the owners), and as such it doesn't fall under the state's campaign disclosure laws. Nonetheless, it is possible to make an educated guess.

That's what the group known as Citizens for an Independent Chugach Electric (CICE) did. Volunteers tallied all the advertising placed in local papers, in mass mailings, on the side of city buses, and their estimates of the number of commercials on television and radio. From that, CICE calculates that the local chapter of the International Brotherhood of Electrical Workers



Fradley

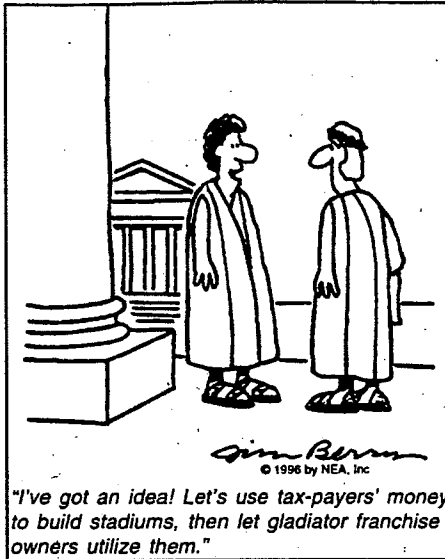
spent over \$200,000 on behalf of the union's three endorsed candidates. For its own part, CICE says it raised and spent about \$50,000 for the three candidates it backed.

Why would a position on the utility board — one that pays something like \$5,000 a year — entice the two groups to spend more than a quarter-million dollars?

Both say they want Chugach to provide quality, dependable service. Where they differ is that a priority for the IBEW is to obtain contracts that provide the best benefits for utility workers, the majority of whom are represented by the union. CICE, on the other hand, wants utility rates kept low as possible for the customers.

The non-partisan Chugach board election, therefore, is a tug of war between the union interests and the rate payers/owners. It's a tug of war that can get downright nasty. Ask Chris Birch.

He was one of four challengers competing against three incumbents for the three open seats this past election. Two of the incumbents were supported by CICE, the other by the IBEW.



Birch was the CICE-endorsed challenger, hoping to unseat the IBEW incumbent. Two other challengers, backed by the IBEW, wanted to accomplish the same against the two CICE incumbents. The seventh individual in the race was independent of either camp.

In utility board contests, unlike Assembly races, candidates don't actually compete for specific seats. The top vote-getters win. Chris Birch wasn't one of the top three finishers.

I've known Chris for about 10 years. He's an engineer, a decent guy, good family man, active in civic affairs. He and his family moved to Anchorage about five years ago from Fairbanks, where he had served on the borough Assembly, including a term as chairman. He's a member of the Anchorage Chamber, the Rotary, an assistant coach for the local Little League, and a volunteer on a dozen panels and committees involved in community work.

I wasn't surprised that he was tapped last year by the power utility board to head its bylaws committee, a panel that proposes changes to the co-op's charter. Changes proposed by the committee usually are submitted to the customer/owners in the annual ballot.

A couple years ago they weren't, and Chris' involvement in that matter became the centerpiece of a smear campaign in this last election.

The changes proposed to the bylaws that year were opposed by the IBEW, because they would have opened contract jobs to other than union-approved contractors. Since the board that year had a majority of IBEW-backed members, it

stopped the bylaw proposals from going onto the ballot.

Enter the Matanuska Electric Association, which buys some of its power from Chugach. It stood to save money if the bylaw changes were made. So MEA sued to force the board to put the question on the ballot. MEA asked Birch to be a party to its suit and represent the Chugach owners. He did, he says, but only after making sure he would not be liable for any penalties if the suit failed. The challenge failed, and the court ordered MEA to pay court and lawyer fees of some \$10,000. MEA did so.

In last month's election, however, the IBEW peppered the airwaves with an allegation that Birch was now trying to recover that \$10,000 by getting on the board. It was a totally false charge, he says — but an impossible one to correct when the adversary is playing it on television every hour or so. He says the campaign attacks were particularly upsetting for his wife and children. But since he had no campaign war chest to rebut the allegations, he had to live with the attack on his integrity.

Another CICE candidate, incumbent board member Ed Granger, was also the target of a similar mud-slinging attack. Granger won, however. Birch finished fourth, behind the IBEW-backed incumbent.

Ironically, the bylaw changes that were the subject of the court suit and attack ads were on this year's ballot, too. They passed by an overwhelming 80 percent vote. Apparently voters didn't identify Birch with the bylaws effort that they so strongly endorsed — or the IBEW incumbent as the opponent of those proposals. That's life, I guess.

After the dust settled, the make-up of the utility board isn't changed. CICE-backed members remain in the majority. The mud and quarter-million dollar spending spree accomplished nothing.

As for Birch, he is again serving as the volunteer chair of the bylaws committee, and he's looking at ways to limit utility campaign spending in the future. His committee may recommend restricting business and union spending in utility campaigns — as the state is preparing to do for campaigns for public office.

And of course, don't be surprised to see him run again. He's that type of guy.

Dennis Fradley is an editor of The Anchorage Times. C96-57

# THE CHUGACH OUTLET

April/May  
1996  
Number 147



## Board viewpoint by Ray Kreig, President



### Damage to our cooperative from election mudslinging

We have suffered through one of the nastiest Chugach elections in recent memory. In this last campaign the Anchorage Daily News carried twice as many column-inches of paid advertising on our Chugach election than for all of our Municipal Assembly and School Board candidates combined. The public was bombarded with advertising on radio, TV, multiple mailouts, and even buses. Such high-cost media wars are virtually unknown in co-op elections elsewhere in the nation. A management consultant to a former board said, "The kind of money being spent on (Chugach) elections is obscene and is making this board look like the US Congress." Something is seriously wrong.

Did this advertising address the critical business issues affecting our future rates and Chugach planning? Generally NO!

Increased member communication has been a very high priority of this board so that you might make informed decisions during co-op elections. Never before have Chugach members had more information on the business affairs of their co-op available to them for open discussion. New information brought to you that should have been debated during this campaign include: the salary and benefit list, the NRECA operations benchmarking study, and the Intertie Contracting Alternatives study.

We released all in ample time to be discussed for the election. Additionally, since Chugach doesn't have to directly compete for your business, this board initiated a competitive comparison with the nation's best performing utilities to

improve our performance so you will know when we are delivering the best value to you.

Rather than a good faith dialogue and debate on this new information, it is disappointing that the International Brotherhood of Electrical Workers Union chose instead to conduct a smear campaign against decent citizens willing to volunteer their service by running for your Chugach board. It is additionally regrettable that candidates supported by the IBEW sat silently as lies, distortions, and innuendoes were made on their behalf. I believe that board members have an obligation to maintain a higher standard of conduct and not allow the membership to be intentionally misled. Such campaigns are very harmful to public discourse in a democratic society and they lower the quality of life in our entire community. They also reflect poorly on the capable and decent Chugach employees, many of whom are represented by the IBEW.

We live in a free country — the IBEW has the right to run a confusing smear campaign — a technique used when one doesn't want to address the issues. However, as a Chugach member, with a clear understanding of the financial motive of the IBEW Union in wanting to control your board, you can discourage this type of campaigning by being aware of it in future co-op elections, and exercising your right to vote. We will do our best to keep you informed of the facts.

*Ray Kreig*

# Project Labor Agreements

Opinions of Leaders in Business, Labor, Law & Construction

A Special Section of *The Alaska Contractor* Summer 1996

## COMPETITIVE BIDDING COULD SAVE MILLIONS

By Ray Kreig, President,  
Chugach Electric Association  
Board of Directors  
Anchorage

**P**roject agreements reduce competition. The public—when given the chance—clearly understands the cost benefits of open competition. Our board placed a bylaw change on this spring's co-op election ballot that requires Chugach to use full, open, and competitive bidding in future construction. It was passed by better than 3 to 1 and Matanuska Electric Association members passed a similar measure by the same margin in 1994.

Electric utilities in the railbelt typically spend about \$40 million each year on capital construction and maintenance. In addition there is \$200 million proposed for construction of three electric transmission interties over the next five years. Chugach Electric Association does about half of the construction and maintenance contracting and is currently planned to be responsible for over 40% of the total of all three intertie costs.

**C**hugach has taken the lead in exploring cost reduction alternatives because, as the railbelt's largest utility, Chugach pays the largest share of intertie and other construction costs. The Chugach board recently retained consultants to evaluate whether the Memorandum of Understanding Chugach and other utilities signed in March 1990 with the International Brotherhood of Electrical Workers Union would affect the cost of intertie construction. Here is what we have found:

Full, open and competitive bidding which would allow other unions and open shop contractors to work on the projects, could cut the cost of the intertie construction by over \$15 million.

The study analyzed a preliminary cost estimate prepared by an Alaska engineering consultant for the transmission line portion only of the Northern Intertie system. The study estimated that it would cost \$50.5 million to build the Northern Intertie between Healy and Fairbanks if it were bid out under the National Electrical Contractors Association-IBEW Union agreement (this agreement controls over \$10 million of Chugach's present annual capital construction program.) The study evaluated concessions already granted by the IBEW for this intertie at \$2.8 million and identified \$6.7 million in additional savings that would be possible under full and open con-

tracting. Full and open contracting means no restriction on the source of labor, wages rates, fringe benefits, and a finding that the Alaska "Little Davis Bacon" Act does not apply to the project. Under that scenario the Northern Intertie could be constructed for \$41 million, 19% less than under the standard NECA-IBEW agreement. The study estimated that Alaska "Little Davis Bacon" bidding restrictions add 12% to the cost of the Northern Intertie.

Similar savings could be realized on the proposed Southern Intertie between Anchorage and the Kenai Peninsula, and on the proposed Copper Valley Intertie between Sutton and Glennallen. Beyond the concessions already made by the IBEW, the consultants suggested that additional savings of over \$15 million (could be achieved) if all three interties are built under full and open bidding.

The Chugach economic study was performed by Herbert R. Northrup and Armand J. Thieblot. Northrup is Professor Emeritus of The Wharton School, University of Pennsylvania; Thieblot is former Associate Professor of Management at the University of Maryland. Both are noted for their expertise in labor and manpower policy, labor economics, and labor relations.

The study only included savings from readily quantified differences in labor costs such as wages, fringe benefits, special payment requirements, crew makeups, etc. Not included were additional savings that could result from other factors such as increased competition, differences in equipment costs, supervision, insurance and bonding, as well as other items.

A problem with negotiated project agreements is that the public never knows if it is getting the best price. No one can predict what the open market best price would be from contractors that are free to use their creativity in approaching a project. Project agreements generally stifle creativity since, by nature, labor productivity becomes regimented to the terms of the agreement.

**O**n June 5, 1996 the Chugach Electric Board of Directors exercised its options and stated that it did not intend to operate under the March 1990 Memorandum of Understanding with the IBEW Union. This action was taken by the board in order to carry out the overwhelming mandate by our membership to realize the benefits of full, open and competitive bidding for our construction projects. We fully expect, however, that the IBEW will ultimately perform a large part of the work on these projects by being competitive in an open and fair process and we welcome their many qualified and experienced workers on our projects.

## Change needed at Chugach Electric

By RAY KREIG

Three years ago this month, the Chugach Electric Association skipped its first opportunity in 13 years to commence an arms-length, full negotiation of its costly labor contracts with the International Brotherhood of Electrical Workers union.

That's because in 1990 an IBEW-friendly Chugach board and management put binding-interest arbitration in the labor contract, which tied the hands of future boards to bargain for contracts more fair to the 60,000 customer-owners of the largest electric utility in the state.

The presence of binding-interest arbitration in a contract means that a third-party arbitrator makes the decisions if the board and union cannot agree on the next contract's terms.

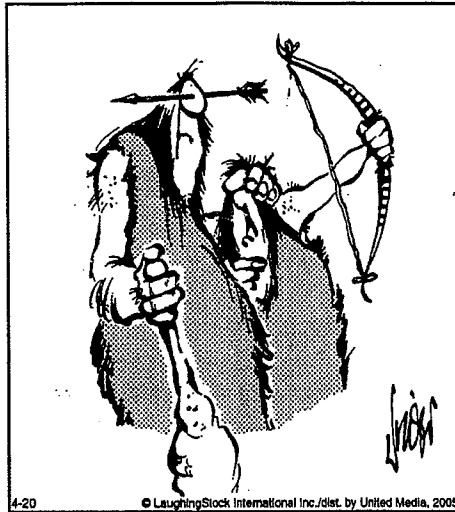
These arbitrators rarely take anything away. They tend to continue the contracts "as is" so it becomes practically impossible to reform abusive labor contracts such as those at Chugach while binding-interest arbitration controls the process.

In 2000, binding-interest arbitration successfully was removed from the contract by a then pro-consumer Chugach board, but 2003 was the first time a subsequent board was free to fully negotiate. But the board didn't want to negotiate.

Even after strenuous protests from ratepayers and a fight over the release of suppressed performance evaluations, which document the inflated costs at Chugach Electric and which remain suppressed, the IBEW contract was extended by accepting the IBEW's first offer without negotiation.

More than \$10 million was left on the table over the course of the three-year term. The worst result is the continued sidestepping of the 1996 bylaw passed by 80 percent vote of Chugach members. This bylaw requires Chugach to save money by using open, competitive bidding and ending the exclusion of non-IBEW contractors.

Why does all this matter? Our electric rates are 20 percent higher than they would be if Chugach were being run to national norms of economic efficiency.



"I've still got a few wrinkles to iron out."

A 20 percent rate reduction in a typical household amounts to more than \$200 a year, and that's just the direct savings. That consumer also indirectly pays higher taxes for the increased electricity costs of government buildings, schools, streetlights and the higher costs for products handled by stores that pay inflated electric bills. These add additional hundreds of dollars to the typical household budget.

Today we are in the midst of a highly contested Chugach Board of Directors election with three incumbent directors who favor another non-negotiated contract extension opposed by challengers who want rates at Chugach reduced. This cannot be done unless the labor contracts are negotiated and modernized.

In similar circumstances in the past, lame duck pro-IBEW boards have rushed through contract extensions just prior to the announcement of election results that could alter the number of board directors useful to the IBEW. This must not happen this year. Chugach Consumers is conducting a legal review of the exposure of directors to personal liability should they do something so imprudent.

I will reveal that those suppressed performance evaluations I mentioned earlier found that Chugach Electric's \$1,061 annual per-line mile mainte-

nance cost was five times that of the average for 23 large electric cooperatives in the comparison group. Chugach's cost per mile to construct underground lines was three times the average.

Chugach needs to communicate with the public openly and candidly on the issues instead of its "clam up-circle the wagons with the IBEW" stance that it is taking with Chugach customers who are demanding information and in its refusal to make any substantive comment to the media except to say "this is not news."

We think this is big news. One reason is that high electric rates hurt low-income people more than any other segment of our city. Utility expenses for these neighbors are a much larger percent of income than for wealthier Alaskans.

It's curious that for the first time in Chugach Electric elections, the Alaska Conservation Voters has been active in supporting pro-IBEW candidates whose policies oppose taking measures that would reduce the burden of electric rates on the public.

The Chugach board's recent achievements include doubling director pay, ending director term limits, ditching measurable efficiency goals in favor of touchy-feely, vague slogans and investigating gold-plated insurance coverage to protect directors against ratepayer lawsuits for financial malfeasance. Now it wants to reduce its accountability to the public by ending the taping of board meetings.

Matanuska Electric has cut its rates 15 percent in the last 10 years. We need a new Chugach board that believes in making the same reforms. We are endorsing Alan Christopherson, Uwe Kalenka and Elizabeth Vazquez. Be sure to vote. Your last chance is at the Egan Center, Thursday, April 28, from 6 p.m. to 7:30 p.m. It will take only a few minutes.

For more information see [www.ChugachConsumers.org](http://www.ChugachConsumers.org)

Ray Kreig is chairman of Chugach Consumers and a former president of the Chugach Electric Board of Directors.

### The Anchorage Times

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**BILL J. ALLEN**  
Publisher**Voice of the Times****WILLIAM J. TOBIN**  
Senior editor

A CONSERVATIVE VOICE FOR ALASKANS

**Continue reform at Chugach Electric**

By RAY KREIG

This is the most important Chugach Electric election in almost 20 years. International Brotherhood of Electrical Workers-endorsed board candidates are running radio and TV ads threatening labor unrest and disruption of your electric service if you do not vote for them. Even the former Chugach chief executive officer has stepped forward to help with these intimidation tactics.

Why the bullying?

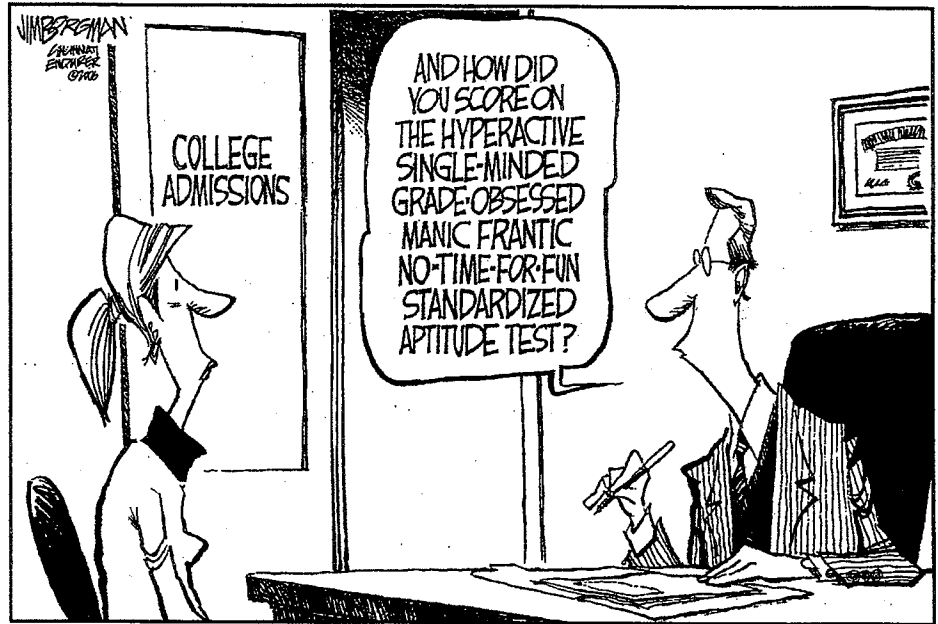
Some of the largest costs paid by electric customers, and controllable by the Chugach board and management, are related to labor. That is why the IBEW intervenes. It wants to ensure it is on both sides of the negotiating table when its contracts end in three months. And it had some friends in high places managing Chugach.

Right before last year's board election, the IBEW feared it would lose its majority on the Chugach board. The former Chugach chief operating officer apparently urged the old board to rubber-stamp a premature contract rollover without negotiation of the three bloated union-labor contracts, a year and a half before they even expired.

These contracts are chock full of goodies like double and triple pay for all overtime, breathtaking wages and benefits — warehouseman \$133,176, helper \$102,070, senior meter reader, \$103,653, etc. — and triple pay if you work on your birthday. Because of rollovers, negotiations have been avoided for 19 years and the gravy-train continues. You pay for this each time you write your monthly check to Chugach.

Through negotiation, millions of dollars per year can be saved without cutting employees' current generous hourly wages just by eliminating featherbedding, outmoded work rules, and paying overtime at the normal time and half rate.

Actions by Chugach Consumers, a grassroots group of concerned ratepayers, blocked the rollover last year and demanded negotiations. Depending on what Chugach management urged the old board to do in the still-secret process of last year's closed meetings, the savings opportunities from stopping the extension could be in the tens of millions of dollars.



Chugach Electric ratepayers last year demanded a change. In a landslide, members voted out three directors useful to the IBEW and placed three pro-consumer reformers on the board — Alan Christopherson, Uwe Kalenka and Liz Vazquez. When I was appointed to fill a vacancy in July, the board finally had a consumer-sympathetic majority. The IBEW wants to change that.

Under the reformers put into office last year, Chugach Electric's board has reduced costs and is making positive changes. It cut the non-fuel 2005 budget by \$1.5 million, which met stiff resistance from IBEW-supported director Jeff Lipscomb. The 2006 budget was set \$2.5 million below that level without affecting safety and reliability standards. These decisions saved \$4 million and more is yet to come.

The board currently is working with staff to evaluate the economic viability of wind generation, and it will do the same for other alternatives. It is deciding what actions will lead to cost savings, not just feel-good politics.

As fuel costs increase, the board is extending better outreach with energy conservation information and programs to help consumers reduce their costs without sacrificing their comfort or standard of living.

The upcoming election is not about party politics or union affiliation. It is all about you, the owner and ratepayer, and the cost of delivering electricity to you.

The IBEW spends tons of money to defeat independent candidates in Chugach elections. If it controls the board then it does not have to negotiate; it gets whatever it demands. It wants to be on both sides of the bargaining table. That is not bargaining, that is a giveaway. Say "no" to the IBEW and "yes" to candidates that represent your interests.

This year's election is critical to the ratepayers' pocketbook. Our reform-minded board is moving down the right track. However, Chugach ratepayers are at risk of losing the board majority necessary to continue the positive changes already begun. If a reform majority is not maintained, the board is likely to return to showing little concern for the ratepayers and instead letting the IBEW define the agenda.

Not sure who has your best interest at heart? Look for the Chugach Consumers endorsement: The smiling light bulb.

Ray Kreig is a director of Chugach Electric Association.

**The Anchorage Times**

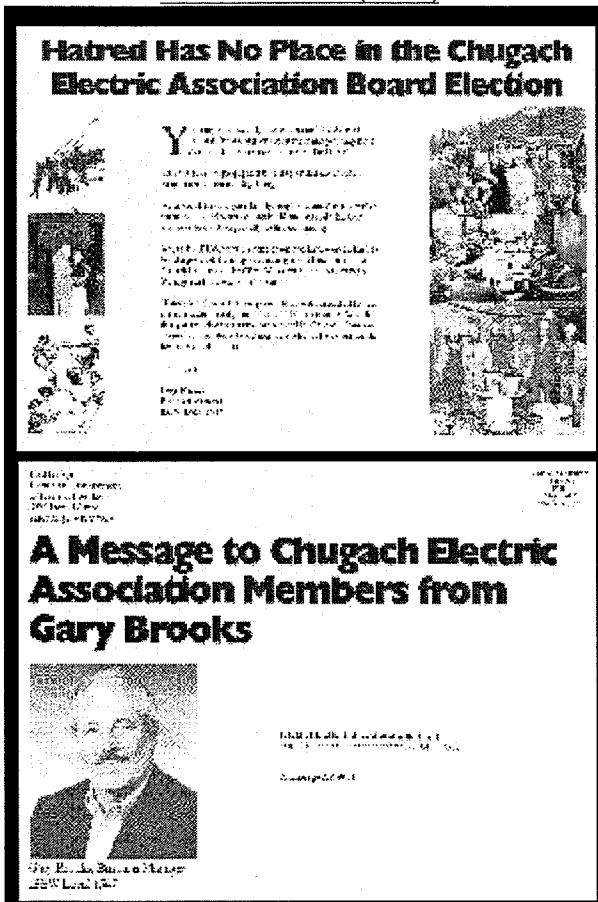
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# 2005 Chugach Electric Election "Hatred" Mailer from the IBEW Union attacking a "disgruntled" Ray Kreig (4/7/05)

NOTE: This is a rather fascinating classic in campaigning because it is attacking the Chugach Consumers Campaign Manager, Ray Kreig who was not even running for election or on the Chugach board at that time. It ignores the three candidates he was working for (Alan Christopherson, Elizabeth Vazquez and Uwe Kalenka)! And IBEW doesn't even tell the recipient who to vote for (Sam Cason, Red Boucher, Pat Jasper)!!

Full size PDF (1048kb)



8.5" by 11" white card

## Hatred Has No Place in the Chugach Electric Association Board Election

You may have recently received an anti-IBEW card in the mail from Chugach Consumers and you may have also heard a radio show that bashed the IBEW.

These attacks are propagated by a disgruntled ex-Chugach Board member named Ray Kreig.

We at the IBEW are your family, neighbors and friends. We've spent the past 58 years helping build and wire Alaska. Our members feel a strong loyalty to this community.

We, at the IBEW, want a strong co-op and have worked hard to build a good relationship with management based on the best financial interest of the CEA. We've won some battles with Management and we've lost some.

History has shown that one person filled with unbridled hatred can ruin a community, ruin a state and ruin a country. We ask that you not give into hatred propagated by Chugach Consumers and vote for those board members who will look out for the best interest of the co-op.

Thank you.

Gary Brooks  
Business Manager  
IBEW Local 1547

EXHIBIT F PAGE 17 OF 19 PAGES

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*Gary Brooks*  
Business Manager  
IBEW Local 1547

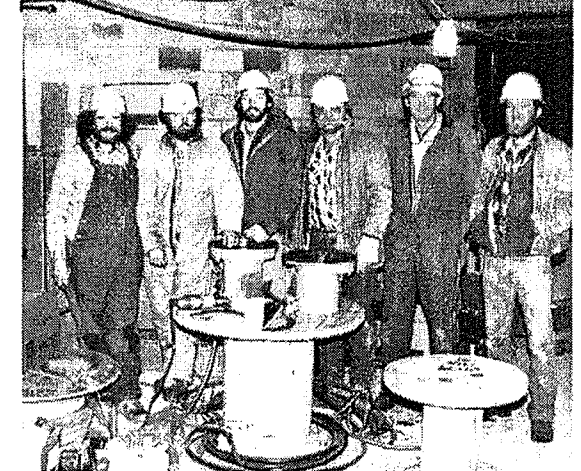


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# A Message to Chugach Electric Association Members from Gary Brooks

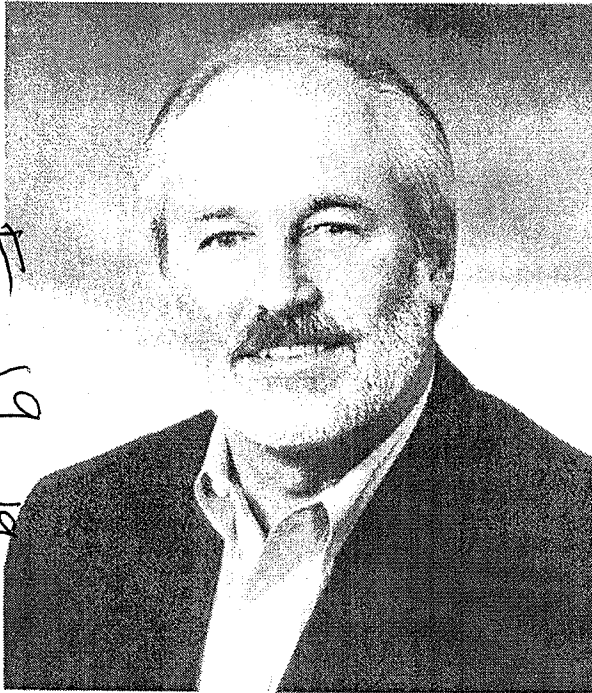


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Gary Brooks, Business Manager  
IBEW Local 1547

# CHUGACH ELECTRIC ASSOCIATION HISTORICAL SUMMARY CHART

## PRO-CONSUMER vs IBEW UNION INFLUENCED BOARD MEMBERS & GENERAL MANAGERS

Prepared by Chugach Consumers - [www.chugachconsumers.org](http://www.chugachconsumers.org)

Revised: 12/02/06



											BOARD OF DIRECTORS			BOARD BALANCE						
											President		Members					I	?	U
					1976	L.J. "Bud" Schultz	Richard B. Smith	John L. Rader	Peter Kalamarides	Richard B. Smith	John E. "Pat" Ryan	Marlin S. Stewart	Walter G. Bagley	J David W. Robinson	7					
					1977	L.J. "Bud" Schultz	Richard B. Smith	John L. Rader	Peter Kalamarides	Richard B. Smith	John E. "Pat" Ryan	Gerald K. Morrell	Walter G. Bagley	J David W. Robinson	7					
					1978	L.J. "Bud" Schultz	Richard B. Smith	John L. Rader	Peter Kalamarides	Richard B. Smith	John E. "Pat" Ryan	Gerald K. Morrell	Walter G. Bagley	J David W. Robinson	7					
					1979	L.J. "Bud" Schultz	Richard B. Smith	Marlin S. Stewart	Peter Kalamarides	Richard B. Smith	John E. "Pat" Ryan	Gerald K. Morrell	Walter G. Bagley	J David W. Robinson	7					
					1980	L.J. "Bud" Schultz	Richard B. Smith	Marlin S. Stewart	Pat Rodey	Richard B. Smith	John E. "Pat" Ryan	Gerald K. Morrell	Walter G. Bagley	J David W. Robinson	7					
					1981	L.J. "Bud" Schultz	Richard B. Smith	Marlin S. Stewart	Pat Rodey	Richard B. Smith	John E. "Pat" Ryan	Gerald K. Morrell	L. Van Whitehead	David W. Robinson	7					
					1982	Tom Kolasinski	Richard B. Smith	Liz Gilbert	Pat Rodey	Richard B. Smith	John E. "Pat" Ryan	Gerald K. Morrell	L. Van Whitehead	David W. Robinson	1	6				
					1983	Walter V. Truitt	L. Van Whitehead	Liz Gilbert	Steven R. Foster	Richard B. Smith	Joyce Murphy	Marchine Dexter	L. Van Whitehead	David W. Robinson	1	4	2			
					1984	Tom Kolasinski	Joyce Murphy	Liz Gilbert	Peg Tileston	Richard B. Smith	Joyce Murphy	Marchine Dexter	Richard G. Wilson	Jo "Mike" Fenwick	1	2	4			
					1985	Robert Martin, Jr	Joyce Murphy	Doug Stark	Frank McQueary	Peg Tileston	Joyce Murphy	Marchine Dexter	Richard G. Wilson	Jo "Mike" Fenwick	2	1	4			
					1986	Robert Martin, Jr	Joyce Murphy	Doug Stark	Frank McQueary	Peg Tileston	Joyce Murphy	Kris Lethin	Richard G. Wilson	Jo "Mike" Fenwick	3	1	3			
					1987	Rick Newland	Jo "Mike" Fenwick	Doug Stark	Frank McQueary	Peg Tileston	Dale Merrill	Kris Lethin	Liz Gilbert	Jo "Mike" Fenwick	5		2			
					1988	Rick Newland	Raj Basi	Raj Basi	Lace Walls	Peg Tileston	Paul Lisankie	Joe Green	Liz Gilbert	Jo "Mike" Fenwick	1	6				
					1989	David L. Highers	Peg Tileston	Raj Basi	Lace Walls	Peg Tileston	Bob McGrane	Joe Green	Liz Gilbert	Paul Lisankie	1	6				
					1990	David L. Highers	Lace Walls	Raj Basi	Lace Walls	Peg Tileston	Bob McGrane	Joe Green	Tom Humphrey	John Franklin	1	6				
					1991	David L. Highers	Lace Walls	Bill Ryan	Lace Walls	Peg Tileston	Raj Basi	Joe Green	Tom Humphrey	John Franklin	2	5				
					1992	David L. Highers	Tom Humphrey	Bill Ryan	Lace Stanaland	Peg Tileston	Ed Granger	Jim Hendershot	Tom Humphrey	John Franklin	3	1	3			
					1993	David L. Highers	John Franklin	Bill Ryan	Lace Stanaland	Peg Tileston	Ed Granger	Jim Hendershot	Roger Shaw	John Franklin	2	5				
					1994	David L. Highers	Bill Ryan	Bill Ryan	Lace Stanaland	Pat Kennedy	Ed Granger	Jim Hendershot	Roger Shaw	Pat Redmond	2	5				
					1995	Gene Bjornstad	Pat Kennedy	Bill Mehner	Lace Stanaland	Pat Kennedy	Ray Kreig	Marty Bushue	Roger Shaw	Jim Hendershot	1	1	5			
					1996	Gene Bjornstad	Ray Kreig	Pat Jasper	Ed Granger	Pat Kennedy	Ray Kreig	Marty Bushue	Kathleen Weeks	Mary Minder	5	2				
					1997	Gene Bjornstad	Ray Kreig	Pat Jasper	Ed Granger	Pat Kennedy	Ray Kreig	Marty Bushue	Kathleen Weeks	Mary Minder	4	3				
					1998	Gene Bjornstad	Pat Jasper	Pat Jasper	Ed Granger	Pat Kennedy	Ray Kreig	Chris Birch	Bruce Davison	Mary Minder	6	1				
					1999	Gene Bjornstad	Pat Jasper	Pat Jasper	Ed Granger	Pat Kennedy	Ray Kreig	Chris Birch	Bruce Davison	Mary Minder	6	1				
					2000	Gene Bjornstad	Chris Birch	Pat Jasper	HA "Red" Boucher	Pat Kennedy	Ray Kreig	Chris Birch	Bruce Davison	Mary Minder	3	3	1			
					2001	Gene Bjornstad	Pat Jasper	Pat Jasper	HA "Red" Boucher	Pat Kennedy	Jeff Lipscomb	Chris Birch	Bruce Davison	Mary Minder	3	3	1			
					2002	Gene Bjornstad	Bruce Davison	Pat Jasper	HA "Red" Boucher	Pat Kennedy	Jeff Lipscomb	Chris Birch	Bruce Davison	Dave Cottrell	3	2	2			
					2003	Joe Griffith	Bruce Davison	Pat Jasper	HA "Red" Boucher	Sam Cason	Jeff Lipscomb	Chris Birch	Bruce Davison	Dave Cottrell	2	1	4			
					2004	Joe Griffith	Bruce Davison	Pat Jasper	HA "Red" Boucher	Sam Cason	Jeff Lipscomb	Chris Birch	Bruce Davison	Dave Cottrell	2	1	4			
					2005	Joe Griffith	HA "Red" Boucher	Pat Jasper	HA "Red" Boucher	Sam Cason	Jeff Lipscomb	Chris Birch	Bruce Davison	Dave Cottrell	2	1	4			
					2006	Bill Stewart	Christopherson	Liz Vazquez	Christopherson	Uwe Kalenka	Jeff Lipscomb	Ray Kreig	Bruce Davison	Dave Cottrell	4	2	1			
					2007	Bill Stewart	Jeff Lipscomb	Liz Vazquez	Christopherson	Uwe Kalenka	Jeff Lipscomb	Jim Nordlund	Bruce Davison	Dave Cottrell	2	3	2			
					2008	Interim 9/05	Replaced Lipscomb 9/05	Liz Vazquez	Christopherson	Uwe Kalenka	Jeff Lipscomb	Jim Nordlund								
					2009															
					2008	4 Interim 9/05	3 Replaced Lipscomb 9/05		Alan Christopherson				Appointed 7/05							

\* NOTE A - Reportedly 6 general managers over 2 years (confirm)  
 \*\* NOTE B - PREMATURE, NON-NEGOTIATED LABOR CONTRACT EXTENSIONS:  
 4/90 - Contract was extended (to 1/94) in middle of 1990 board election when it was known that more votes were cast than in any prior election. This deprived the membership of the ability for their new board to vote on the contracts during its three year term. Binding interest arbitration added 8/90.  
 1/93 - contract extended (one year early) to 1/98  
 4/02 - contract extended (one year early) to 6/06; threw away first opportunity in 13 years to negotiate a contract fair to consumers without straight jacket of binding interest arbitration. Information was suppressed to Chugach members about the issue and again it was needlessly rushed through right before an election.  
 # NOTE C - REFORM BYLAWS: Free Open and Competitive Bidding, Reduce Board Conflict of Interest, Open Member Information

I - Independent - Pro-Consumer  
 ? - Unknown or Vacillating  
 U - IBEW Union Influenced from an evaluation considering such factors as:  
 (Italics Swiss Font)  
 \* Endorsed by IBEW and their allies during a contested campaign  
 \* Campaign funding or advertising paid for by IBEW and their friends  
 \* Voted in Opposition to Free Open & Competitive Bidding Bylaw  
 \* Low overall Chugach Consumers board vote analysis score  
 \* Voted for premature, unnegotiated IBEW contract extensions in 1990, 1993, 2002  
 \* Signed "Former Chugach Directors" ad in 3/96 endorsing union backed candidates  
 \* Distributed Board sensitive information to the IBEW Union

REVISIONS, corrections to Chugach Consumers:  
[execdir@chugachconsumers.org](mailto:execdir@chugachconsumers.org)

Exhibit G

## COLLECTION OF INFORMATION ON IBEW UNION NOT BEING COMPETITIVE IN THEIR CONTRACTS WITH UTILITIES

This is because they don't have to be when they contract with politically-controlled co-ops and municipal utilities with captive customers that have no other alternative. If a ratepayer lives in the service area they must use only one supplier of power no matter how high the cost.

IBEW has cut their labor rates and costly work rules when they have to compete (such as for Alyeska Pipeline, state bidding, North Slope contractors, commercial wiring work etc.)

Is it fair for them to take advantage of trapped utility customers by overcharging for their services? OF COURSE NOT! Is it fair for them to pour large amounts of money into utility board elections so they can have IBEW - friendly board members to rubberstamp their labor contracts? OF COURSE NOT!

*Information compiled by Citizens for an Independent Chugach Electric - December 24, 1995.*

### SUBJECT: Comparison of IBEW Union Scale to Open Market

Enclosed are some items that may be useful in comparing how IBEW Union wages compare to the open market. In these cases the IBEW had to cut their scale and terms because they were under competitive pressures.

Alyeska Pipeline Project Agreement - 1992 to 1998 - It was entered into by a group of eight major contractors and a group of six major unions, including IBEW to do work for the Trans Alaska Pipeline System, Alaska's fourth largest private employer.

To be competitive with non-union companies they had to cut their state "Little Davis Bacon" wage scales according to the following concessions:

UNION	WAGE SCALE	FRINGE BENEFITS
Operating Engineers Local 302	-22 to -31%	-8%
Laborer's Locals 942 and 341	-23%	-11%
Plumbers & Pipefitters Local 367	-23 to -29%	-12% to 0%
Plumbers & Pipefitters Local 375	-18 to -25%	-18% to -28%
Teamsters Local 959	-23 to -27%	-4%
Technical Engineers Local 959	-16 to -26%	-17%
IBEW Local 1547	-19%	-32%

All overtime work over 8 hours a day at time and one-half except for holidays. Included are the backup pages for the IBEW data above.

Sheep Mountain - Provides further evidence of IBEW's disparity with the open labor market. Had to cut their scale 23% to be competitive and waive double and triple overtime.

IBEW Alaskan Electrical Worker's News clipping - Admit that non-union bids are 25 to 40% less than union bids.

Newspaper Clip - Over 200 callers for a \$7/hr job. [Chugach Electric doesn't have to pay \$65,000 year in wages & benefits for a meter reader. Homer Electric doesn't have to pay \$80,000 a year].

**SECTION 4**  
**WAGE AND FRINGE SCHEDULE**  
**FOR**  
**ELECTRICIANS LOCAL NO. 1547**

**Wage Rates:**

General Foreman		<b>\$23.39</b>
(\$2.00 over Journeyman rate)		
Foreman		<b>21.99</b>
(\$0.60 over Journeyman rate)		
Journeyman	100%	<b>21.39 - 17% 26.32 *</b>
Low Apprentice	65% of J.W.	<b>13.90</b>
High Apprentice	85% of J.W.	<b>18.18</b>

**Fringe Benefit Contributions:**

Health and Welfare	3.00	4.40
Legal Fund	0.10	0.15
Apprentice Training	0.30	0.30
Pension	3.00	6.29
NEBF - 3% of gross pay	0.66	0
Annuity	<u>0.55</u>	<u>0</u>
 Subtotal Fringes	 <b>\$7.61</b>	 <b>-32% 11.14</b>

**Deduct:**

Dues	2.0% of gross pay
Work Recovery Dues	2.5% of gross pay

\* inside journeyman lineman

21.39		Little Davis Bottom 26.32
7.61	fringe	11.14
<u>\$ 29.00</u>	-23%	<u>\$ 37.46</u>
		Effective 2/1/94

TAPS

C96-2.2

-119-

STATE "LITTLE DAVIS BACON"

# STATE OF ALASKA

DEPARTMENT OF LABOR  
OFFICE OF THE COMMISSIONER

P.O. BOX 21149  
JUNEAU, ALASKA 99802-1149  
PHONE: (907) 465-2700  
FAX: (907) 465-2784

September 15, 1995

Re: Fiscal Year 1996, Change #1 to Prevailing Rates

This is a copy of the new prevailing wage rates that become effective October 1, 1995.

CLASS CODE	CLASSIFICATION OF LABORERS & MECHANICS	BASIC HOURLY RATE	FRINGE BENEFITS PAYMENTS			TOTAL S.T. RATE
			HEALTH & WELFARE	PENSION	APP TR	
<b>ELECTRICIANS</b>						
A0701	Inside Cable Splicers	28.07	4.40	6.34	.15	39.26
A0702	Inside Journeyman Wiremen, including: Technicians & Communications	26.32	4.40	6.29	.15	37.46
A0703	Outside Cable Splicers	32.40	4.75	5.29	.15	42.89
A0704	Journeyman Linemen, including: Outside Communications Equipment Operators	30.65	4.75	5.24	.15	41.09
A0705	Groundmen	19.45	4.75	4.90	.15	29.55
A0706	Material Handlers	19.08	4.40	3.00	.15	26.78

## International Brotherhood of Electrical Workers Local 1547

2702 CANALI STREET  
ANCHORAGE, ALASKA 99503-2779

TELEPHONE (907) 272-6671    DISPATCH (907) 278-1647    FAX (907) 278-1983

GARY BROOKS    YEAN G. "BOB" GARRISON  
BUSINESS MANAGER - FINANCIAL SECRETARY    PRESIDENT



DATE: March 31, 1992

TO: I. M. Waldrop, Jr., Chapter Manager, NECA  
and NECA Contractors

FROM: Gary Brooks, Business Manager, IBEW Local 1547

SUBJECT: Copper Valley Electric Sheep Mountain Line Extension  
Phase 2 Bid

For the above-referenced job, Local Union 1547 agrees to reduce the wage rates to seventy-seven (77) of the wage rates listed in Section 3.41 of the current NECA/IBEW Outside Agreement. Also, all overtime on this job will be paid for at the rate of one and one-half (1-1/2) times the regular rate of pay.

C96-2.3

I - W Sheep Mtn. Concessions

EXHIBIT PAGE 3 OF 5 PAGES

# Electrical Worker's News

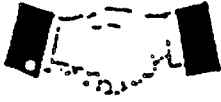
for CAREER ALASKAN ELECTRICIANS

Published in Alaska by IBEW Local 1547

Volume 1-93

February 93

## Welcome



to the newest tool in the electrical workers tool box. In an effort to keep all skilled electrical workers informed on issues that cut across the boundaries established by collective bargaining agreements, we at IBEW LOCAL 1547 have developed this newsletter. We hope that by establishing an open line of communication with all electrical workers on issues that concern us that the electrical industry will be more responsive to all our needs.

The purpose of this paper is to keep everyone abreast of the issues that affect our ability to earn a fair wage for a fair day's work. As we learn more and more about the various employers and their employment practices we hope to identify to you, the trade company is paying what the employees company.

## Why this interest by I

In 1992 we exhausted our contract and hired from our non-union to man our work. We anticipated a severe demand for electrical construction workers again for Lower 48, we would like to see Alaskan workers join our Union. We are hoping that by open communications with upper management workers we can convince them of the benefits of becoming a member of the International Brotherhood of Electrical Workers, Local Union

1547.

As a skilled craftsman licensed by the State of Alaska, I am assuming you are a career electrician. If that is the case, the following is



## WHY IBEW?

important to both you and your family. Read it carefully and think about the potential gains you may earn through the IBEW as opposed to your current employment.

As the union bid and the nonunion bid is labor. Nationwide the difference between the union bid and the nonunion bid is labor.

We would expect the nonunion bid to be 25 to 40% less than the union bid. Page 2

the union and nonunion worker is 40%. In actuality the nonunion contractors' bids are rarely close to the union bid. We reaffirm the commitment made by our Founders in 1891. During the early years the only requirement you needed to become a member of the IBEW was a demonstrated ability to find and

secure work within the electrical industry. We have adopted that

" ... we will recover this jurisdiction and again organize as did our Founding Fathers!"

requirement again. Our Business Manager, Gary Brooks, has emphasized to this membership that we will recover this jurisdiction and again organize as did our Founding

others. If you are working in the electrical industry and can demonstrate the ability to find and take employment, membership in IBEW Local 1547 is open to you. If you are employed by a contractor, you belong with the membership of IBEW. Even if you are not a contractor, you will already have an employer and possibly even a plan, and possibly even a need organization. If you need organization, you need a Union. If the employer makes bad decisions or "low-balls" a contract, the cost of labor is usually the first method of recovering profit margins.

Historically, those who supply labor to those who supply the capital have always had opposing interests. The capitalist seeks to maximize profits while the worker seeks to raise their standard of living. Without

# Moonlight madness

## Over 200 callers swamp landscaper for \$7 an hour, graveyard-shift job

By ROBERT MEYEROWITZ  
Daily News reporter

When the people at Appleseed's Landscape Design and Construction ran a help-wanted ad recently, they expected a trickle of responses.

They got a torrent. "Night Waterer needed for landscape firm," read the ad in the Daily News. "Hrs 11-6am."

"I expected we'd have 10 or 12 calls on it," said Siri Moss, Appleseed's office manager.

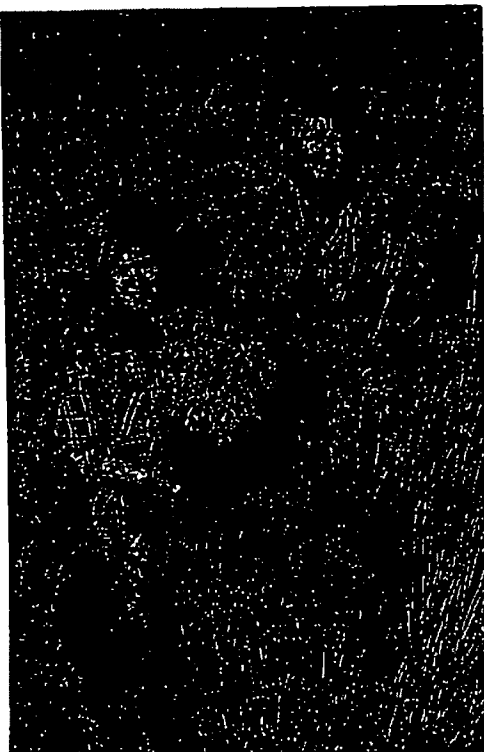
But Appleseed's gotten so many calls about the job that its answering machine was constantly jammed. In desperation, the company pulled the ad after it had run for just two days.

And the calls still kept coming.

"We were inundated," Moss said, estimating that between 200 and 250 people left messages before things calmed down.

The job, an entry-level position, pays "an entry-level wage," Moss said — about \$7 an hour. It takes a steady, gentle hand, someone who can patiently mist petunias, marigolds and lots of snapdragons and geraniums.

"It's something that somebody who wants to be up all night could do," Moss said. "They go around in our little



FRAN BURNER / Anchorage Daily News

Joni Matthews and her new boss, John Fowler, at Appleseed's

Please see Page R.2 JOB

# JOB: Graveyard shift has hundreds of eager takers

Continued from Page B-1

truck and basically water all the annuals."

About three times as many men as women called, she said, and many were from would-be moonlighters. "An awful lot of people said, 'I already have a job and I need another one, so I want to do this at night.'"

"I think for a lot of people it sounded mellow, just watering — you know, like, 'Oh, that sounds cool,'" said Appleseed's owner, John Fowler.

Economists said Appleseed's could have been flooded with callers for several reasons. "Our job market is nothing to write home about," said Neal Fried, an economist at the state's Department of Labor. "There aren't that many good-paying jobs out there, and good-paying part-time jobs are hard to find."

The demand for a second job is part of a nationwide trend, Fried said, and the hours for the Appleseed's position are right up a moonlighter's alley.

"More and more Americans are holding second jobs," he said. "Part of the reason is because of the kind of job they have as a first job. Also, there's an increase in the number of part-time job-holders who are not doing so voluntarily, and who may be looking for a second part-time job to equal one full-time one."

So the spillover of night-waterer calls could reflect a national trend. Or it could be a local one: the seasonal influx of Outsiders, looking for a job that leaves their days free. Or perhaps it's a little of both.

But meanwhile, Appleseed's had more applicants than they knew what to do with and all those impatiens waiting for water.

Last week, they hired their new night-waterer: Joni Matthews, a 27-year-old Arkansas native.

Matthews, who holds an associate's degree in agriculture, said she'd called the number in the help-wanted ad twice. "It appealed to me because I needed a job," she said, "and because I'd never worked a graveyard shift like that."

No one returned her calls, however.

In the end, she got the job the old-fashioned way: She discovered that she and the company's owner had a mutual friend.

Which only goes to prove that, even in the delicate business of watering by moonlight, it's not what you know that lets you rise before the flood.

EXHIBIT H PAGE 5 OF 5 PAGES

C96-2.5

# EXHIBIT H2

SEE CONFIDENTIAL  
FILING



## Ray Kreig

---

**From:** Alan Christopherson [alan@pnd-anc.com]  
**Sent:** Wednesday, April 12, 2006 7:39 PM  
**To:** Ray Kreig; Elizabeth Vazquez  
**Subject:** 4/19/06 BoD Motions

Ray and Liz:

The two Board motions you submitted to me on Tuesday, April 12, 2006 will be renamed and added to the second ES agenda scheduled for the Wednesday, April 19, 2006 CEA Board meeting.

Ray, I will permit you to pass out a narrative on CEA labor history but you will not be allowed to address the Board.

The ES session agenda with the revised motion names will be released Friday, April 14, 2006.

Alan B. Christopherson, P.E.  
Principal Engineer/ Treasurer  
P|N|D Incorporated, Consulting Engineers  
1506 West 36th Ave Anchorage, AK 99503  
p. 907.561.1011 f. 907.563.4220 c. 907.351.5473  
ABC@pnd-anc.com|www.pndengineers.com

CALL FOR SPECIAL MEETING

OF THE

BOARD OF DIRECTORS OF  
CHUGACH ELECTRIC ASSOCIATION

at

4:30 PM on April 19, 2006

in the board room at  
Chugach Electric Association  
5601 Electron Drive, Anchorage Alaska 99519

Pursuant to Article V. Section 2 of the bylaws of Chugach Electric Association the undersigned three directors call a special meeting of the board of directors for the following purposes:

- I. Release information needed by the membership to evaluate and make informed judgment and comment on labor negotiation options.
- II. Release benchmarking and other documents (1995-1999) useful for members to evaluate the economic efficiency of Chugach Electric.

*Uwe Kalenka*

Uwe Kalenka signed April 14, 2006

*Ray Kreig*

Ray Kreig signed April 14, 2006

*Elizabeth Vazquez*

Elizabeth Vazquez signed April 14, 2006

RECEIVED  
4/14/06

1:27 pm

*Diana Hellmeyer*

EXHIBIT J PAGE 1 OF 1 PAGES

# EXHIBIT K

SEE CONFIDENTIAL  
FILING

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**SPECIAL BOARD MEETING MINUTES**

**April 19, 2006**

A special meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order by Director Vazquez at 4:35 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

The following board members were present:

Elizabeth Vazquez – Treasurer  
Ray Kreig – Director  
Uwe Kalenka – Director

The following employees, members, and guests attended:

Bill Stewart	Lee Thibert	Brad Evans
Dianne Hillemeier	Connie Owens	Mary Tesch
Carol Johnson	Carol Heyman	Patti Bogan
John Cooley	Deanna Scott	Jean Sauget
Margaret Hansell	Parry Grover	Bill Mede
Lee Ann Gerhart	Jennie Scott	John Fenwick
Other (unidentified)		

Jennifer McDonald, Legal Secretary, recorded meeting proceedings.

Director Vazquez entertained a motion to appoint a Chair Pro Tem. Director Kalenka moved and Director Kreig seconded the motion to appoint Ray Kreig Chair Pro Tem. The motion passed unanimously.

Chair Pro Tem Kreig stated that there was an absence of a quorum with only three Directors present. Chair Pro Tem Kreig entertained a motion to adjourn the meeting to another date and time. Director Kalenka moved and Director Vazquez seconded the motion to move the meeting to Wednesday, April 26, 2006 with the time to be determined. The motion passed unanimously.

Director Kalenka moved and Director Vazquez seconded the motion to hold the Special Meeting immediately after the April 26, 2006 Regular Board Meeting on or around 5:00 p.m. and 5:30 p.m. Director Vazquez offered a friendly amendment to set the meeting time at 5:30 p.m. The motion passed unanimously.

Chair Pro Tem Kreig commented that the rescheduling of this meeting and the Regular Board meeting overlaps with the Finance Committee meeting already scheduled on April 26 and the rescheduled meetings will take precedence over the 4:00 p.m. previously scheduled Finance Committee meeting.

Chair Pro Tem Kreig entertained a motion to adjourn. Director Kalenka moved and Director Vazquez seconded the motion to adjourn. The motion passed unanimously. The meeting adjourned at 4:39 p.m.

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**April 26, 2006**

**SPECIAL BOARD OF DIRECTORS'**  
**MEETING MINUTES**  
**5:30 p.m**

A special meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order at 5:30 p.m. in the boardroom of Chugach Electric Association, Inc., 5601 Electron Drive, Anchorage, Alaska.

The following board members were present:

Alan Christopherson - Chairman  
Dave Cottrell – Secretary  
Elizabeth Vazquez – Treasurer  
Bruce Davison – Director  
Uwe Kalenka – Director  
Ray Kreig– Director  
Jeff Lipscomb – Director (via teleconference)

The following employees, members, and guests attended:

Bill Stewart	Petty Gold	Paul Neas-Arnold
Happy Anderson	Frank Gwartney	Connie Owens
Ashley Bergsrud	Margaret Hansell	Susan Pope
Bill Bernier	Ed Helton	Dave Reeves
Patti Bogan	Carol Heyman	Jean Sauget
Laurel Brouillette	Dianne Hillemeier	Dave Smith
Jon Cason	Joe Hodge	Mike Snell
David Class	Mark Hodsdon	Phil Steyer
John Cooley	David Hubbard	Sev Swanson
Mike Cunningham	Erika Kelly	Lee Thibert
Brad Evans	Ed Jenkin	Ken Thomas
Ruth Fitzpatrick	Carol Johnson	Ron Vecera
Mark Fouts	Dan Knecht	Jim Walker
Rick Freymiller	Monica Lewis	Jody Wolfe
LeeAnn Gerhart	Joe Miller	

DeAnna Scott, Executive Assistant, recorded meeting proceedings.

**I. EXECUTIVE SESSION**

At 5:30 p.m., Director Davison moved and Director Kalenka seconded the motion that pursuant to Alaska Statute 10.25.175 (c)(1)(3), the Board go into executive

session to discuss 1) matters the immediate knowledge of which would clearly have an adverse effect on the finances of the cooperative and 3) 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. The topic to be discussed in executive session are 1) Release of Information, 2) Labor Negotiations and 3) Release of Information regarding Benchmarking. Motion passed unanimously.

The meeting reconvened at 6:40 p.m.

**XII. ADJOURNMENT**

At 6:41 p.m., Director Davison moved and Director Lipscomb to adjourn. Chairman Christopherson, Directors Davison, Lipscomb and Cottrell voting yes and Directors Kreig, Vazquez and Kalenka voting no. The motion passed. The meeting adjourned at 6:42 p.m.

---

Jim Nordlund, Secretary  
Date Approved: July 19, 2006

**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**SPECIAL BOARD MEETING MINUTES**

**April 27, 2006**

A special meeting of the Board of Directors of Chugach Electric Association, Inc. was called to order by Director Vazquez at 5:45 p.m. in the boardroom of the Egan Convention Center, Anchorage, Alaska.

The following board members were present:

Elizabeth Vazquez – Treasurer  
Ray Kreig – Director  
Uwe Kalenka – Director

The following employees, members, and guests attended:

Carol Johnson  
Dianne Hillemeier

Barbara Kraft

Parry Grover

Dianne Hillemeier, Executive Assistant, recorded meeting proceedings.

Director Vazquez moved to appoint Director Kreig as Chair Pro Tem. Director Kreig seconded the motion. The motion passed unanimously.

Chair Pro Tem Kreig stated that there was an absence of a quorum with only three Directors present. Director Kalenka moved to adjourn and Director Vazquez seconded the motion. The motion passed unanimously and the meeting adjourned at 5:50 p.m.

## Ray Kreig

---

**From:** Ray Kreig [ray@kreig.com]  
**Sent:** Thursday, April 27, 2006 12:03 PM  
**To:** Alan Christopherson; Lee Ann Gerhart; Jeff Lipscomb; David Cottrell; Bruce E Davison; Uwe Kalenka; Elizabeth Vazquez  
**Cc:** Bill Stewart; Carol Johnson  
**Subject:** RE: WILL BE HELD: SPECIAL BOARD OF DIRECTORS' MEETING

Alan,

This is in response to your April 26, 2006 11:04 PM email that states "Stop wasting the boards time. The issue is over."

The issue is by no means over.

Any director of the board of directors is entitled to submit motions for consideration by the board.

We have had one meeting called to consider these two motions that was boycotted [April 19].

Last night I was not allowed to even make the two motions. No one outside the board even knows what they are. That is anti-democratic and improper.

It is a transparent abuse of the board deliberative process.

There is a third time for the board to act responsibly: 5:30 today at the Egan Center.

Ray

-----Original Message-----

**From:** Alan Christopherson [mailto:alan@pnd-anc.com]  
**Sent:** Wednesday, April 26, 2006 11:04 PM  
**To:** Lee Ann Gerhart; Jeff Lipscomb; David Cottrell; Bruce E Davison; Uwe Kalenka; Elizabeth Vazquez  
**Cc:** Ray Kreig; Bill Stewart; Carol Johnson  
**Subject:** RE: WILL BE HELD: SPECIAL BOARD OF DIRECTORS' MEETING

Ray:

Stop wasting the boards time. The issue is over.

Please use your time to prepare a letter of apology to the employees that you offended last week.

Alan Christopherson  
Chairman, CEA Board





# Anchorage Daily News

**Michael J. Sexton**  
President & Publisher

**Patrick Dougherty**  
Senior Vice President & Editor

**Steve Lindbeck**  
Associate Editor

Founded in 1946 by Norman C. Brown  
Fuller A. Cowell, Publisher, 1993-1999 Katherine Fanning, Editor and Publisher, 1971-1983  
Gerald E. Gilby, Publisher, 1984-1993 Lawrence Fanning, Editor and Publisher, 1967-1971

# OPINION

MORE INFO:  
[www.chugachconsumers.org/si](http://www.chugachconsumers.org/si)

## POINTCOUNTERPOINT Anchorage-Kenai intertie?



### Intertie promises to provide affordable power to Railbelt

ERIC P. YOULD, *Alaska Rural Electric Cooperative Association*

A project to benefit Alaska and Alaskans for the next 50 years is moving forward, thanks to the vision and efforts of legislators and electric utilities.

The Southern Intertie, an important new link in the Railbelt electric grid, recently passed a major milestone with the completion of comprehensive environmental reviews. After a thorough and public environmental impact statement process, three federal agencies last fall issued records of a decision identifying a route along the Kenai bluff of Cook Inlet and under the mouth of Turnagain Arm as the preferred path for the new transmission line.

The intertie will be a new transmission line between Nikiski and Anchorage that will improve the reliability of the Railbelt power grid. However, its most important function will be to help move power throughout the region from where it's most economical to make it to where customers need it. All six of the electric utilities that serve customers in the Railbelt are participating in the project. All six are not-for-profit utilities working on behalf of their customers. The current estimated cost of the line is \$100 million. Approximately \$70 million of the project will be paid by a state grant made by the Legislature in 1993 from the Railbelt Energy Fund — set up in 1986 to invest in projects that benefit Alaskans throughout the state's most populous region.

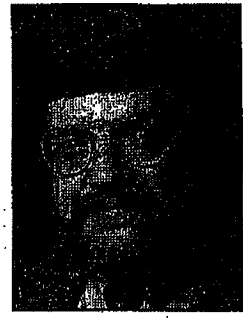
With the EIS completed, attention now

turns to design and construction. If work proceeds on schedule, Alaskans may be taking home paychecks from construction by 2004 and the new line could be in service by 2006 or 2007. That might seem a ways off, but it's just around the corner when you consider the need for this project that has been in the planning since the early 1980s.

Infrastructure is vital to Alaska's current and future health and economy. A strong interconnected Railbelt electric system that allows power to be made economically in one area and moved efficiently to another helps ensure that individual Alaskans and the businesses that employ them have reliable, affordable electric service. The Southern Intertie will do just that.

Critical infrastructure is often ignored or taken for granted until something goes wrong or existing facilities are overwhelmed by demand. That's why it's so important to plan. The fact you can flip a switch today and have the lights come on doesn't just mean someone did something special today. It happens because Alaskans decades ago had the foresight to put an electric grid in place to make it happen. It is our collective responsibility to provide the same benefit to our children and other people who are the future of this great state.

■ Eric P. Yould is executive director of Alaska Rural Electric Cooperative Association.



### Southern Intertie's benefits likely not worth the cost

RAY KREIG, *former Chugach Electric board member*

Clearly the Southern Intertie has some benefits. The question is whether they are worth the cost. Are there better uses for \$125 million in public and ratepayer funds? History indicates that cost overruns are highly likely, totally at ratepayer expense.

Currently, power is on 99.975 percent of the time. How much is it worth to gain a part of that remaining 0.025 percent (two hours a year)? Utility boards, legislators and the public have no way of judging without fair, impartial and unbiased project economic advice from independent experts.

Of great concern should be a history of deceptive manipulation of intertie benefit claims by utility managers. When I was Chugach board president in 1996, we received misleading benefit-cost advice from management on the northern intertie (between Healy and Fairbanks). If Chugach had participated in that project, it would have cost our ratepayers \$600,000 a year.

We then insisted on a very detailed and comprehensive study of the benefits and cost of the Southern Intertie. We retained Decision Focus Inc. because it had performed several studies on intertie economics for the state. DFI found only \$58 million in benefits. Chugach management kept that February 1998 study secret from the public.

Meanwhile, unbeknownst to the board, Chugach management supervised the same

consultant's preparation of another report issued for public consumption in March 1998. It conveniently claimed \$143 million in benefits — enough to show the \$125 million intertie cost to be barely justified. That was the only benefit information provided by Chugach to regulators and the public during the 1998-2002 environmental impact statement process.

Same consultant, two vastly different benefit numbers. What gives? In DFI's own words: "We believe our comprehensive approach (in the February 1998 study) is much more accurate."

In 1990, the state utility consumer advocate, Alan Mitchell, also found the Southern Intertie benefits to be only \$51 million to \$63 million. There is no independent third party that has found the benefits of the Southern Intertie anywhere near the \$125 million cost of this project.

Considering the deterioration that has occurred in Alaska's financial condition since the original appropriation in 1993, Southcentral utility boards and local governments should look very hard at the intertie and ask the Legislature to reappropriate the \$70 million in state funds pledged to the project. The money would better benefit Southcentral Alaskans if used to reduce utility or municipal and school debt by \$500 per household.

■ Ray Kreig is a former president of Chugach Electric Association and served on the executive committee of Alaska Rural Electric Cooperative Association.

EXHIBIT M PAGE 2 OF 2



# Anchorage

Michael J. Sexton President & Publisher  
Patr Senior Vn

Founded in 1946

Fuller A. Cowell, Publisher, 1993-1999  
Gerald E. Grilly, Publisher, 1984-1993  
Kathe Lawre

## OUR VIEW

# Southern intertie

### Good reason to question this Railbelt energy project

In 1993, the Alaska Legislature set aside \$46.8 million for building a second high-voltage power line between Anchorage and the Kenai Peninsula.

Some important things have changed in the 10 years since then. Alaska's state government finances have deteriorated, and easy spending money has disappeared. Lawmakers routinely balance the state budget by drawing at least half a billion dollars each year from a dwindling savings account.

Another noteworthy change is that doubts have recently come to light about the economic viability of the proposed power line. A 1998 utility company study that was kept secret for four years concluded the southern intertie would produce barely 50 cents' worth of benefit for every dollar spent.

Together the shortage of state money and new doubts about the project's payoff suggest the Legislature might find higher and better uses for that \$46.8 million.

Some advocates of the southern intertie reject that notion. They claim the money is locked up tight — \$46.8 million plus interest — and there is no point in

reconsidering the matter. The intertie money was the final part of a political deal that triggered a splurge of spending on energy projects and subsidies starting in the early 1980s. Anchorage and the southern Railbelt would be denied their fair share of state-funded energy goodies, intertie advocates say, if this final project is not built.

The project's defenders say a deal's a deal, even if it means throwing good money after bad. The day when Alaska could get away with such a cavalier approach to spending money is long past.

But for purposes of argument, let's accept the basic framework of this supposedly unbreakable deal. Let's grant that regional equity requires the money to be spent to benefit the southern Railbelt. Let's grant that it has to be spent to supply cheaper energy. Let's even grant that it has to be spent on a particular type of energy, namely electricity. Granting all that, it is still not clear that the southern intertie is the best way to do it.

The money could be used to retire debt at the region's electrical utilities. It could be used to upgrade and repair the existing high-voltage power line between the Kenai Peninsula and Anchorage. It could be used to install a centralized power dispatching system, to ensure that the most efficient mix of Railbelt power plants is used to meet electricity demand as it fluctuates during the day and during the year.

The new Anchorage-Kenai intertie should, at minimum, have to prove that it is a better investment than those options. That will require an independent, rigorous look at the intertie's costs and benefits and how they compare with the alternatives.

# Intertie II

### Is \$23 million of interest money legally available?

During debate over the proposed electrical intertie between Anchorage and Kenai, an interesting question has come to light. Just exactly how much state money is available for the project?

The state agency handling the project, Alaska Industrial Development and Export Authority, says the available funding is about \$70 million. That's the original \$46.8 million that the Legislature set aside in 1993 plus another \$23 million or so in interest.

There's just one problem with that claim. The 1993 legislation that set aside \$46.8 million (SB 126) imposed certain conditions. One condition requires utilities involved with the project to agree in advance that they will pay all costs of the intertie over and above \$46.8 million. No legislation passed since then has repealed that requirement.

It appears that state law is clear: Only \$46.8 million of the appropriation is available to pay for the intertie. (Unless, of course, state lawyers can come up with a convincing theory that explains why the law on the books doesn't mean what it says.)

*The more utilities  
have to pay for the  
Anchorage-Kenai  
intertie, the less  
likely they are to  
pursue it.*

This question is the kind that could make or break the \$100 million project. The intertie is an economically questionable investment that, even in the most optimistic analysis, produces minimal gain to Railbelt ratepayers. The more utilities have to pay for the Anchorage-Kenai intertie, the less likely they are to pursue it. In fact, project supporters are asking the Legislature to spend another \$30 million on it.

The powers that be in the Legislature and the Murkowski administration have shown no inclination to question the assumption that interest money is legally available for the southern intertie. But as critics of the project note, the legality of spending the interest money is one more important question facing an already questionable project.



EXHIBIT M PAGE 1 OF 2 PAGES

# ALASKA Journal of Commerce

Week of April 10, 2005 • Vol. 29, No. 15

www.alaskajournal.com

Alaska's Paper of Record • Established 1977

## Chugach Electric critic pushes for negotiations



PHOTO/Claire Chandler/AJOC

Former Chugach Electric board chairman Ray Kreig, citing confidential documents seen above, believes the utility could reduce its rates if it were to renegotiate its labor contracts. Chugach disputes the claim.

By Claire Chandler  
*Alaska Journal of Commerce*

Chugach Electric Association's management and board of directors have discussed the possibility of extending the utility cooperative's labor contracts with the International Brotherhood of Electrical Workers Local 1547, alarming former board member and consumer advocate Ray Kreig.

Officials from Chugach Electric say that while an extension has been discussed, there has been no action on the matter yet.

"What the board authorized me to do is to feel the union out and see what they thought about an extension. Nothing has happened on it,"

said Joe Griffith, chief executive officer of Chugach Electric.

Instead of extending the contract, Kreig said Chugach Electric should begin negotiations with the IBEW. Kreig is the chairman of the advocacy organization Chugach Consumers and served on the Chugach Electric board from May 1994 to April 2000, including two years as the board's chairman.

Griffith said labor negotiations take time and cost a lot of money.

The last negotiations between the association and IBEW spanned 2 1/2 years, from about early 1998 to 2000, when the agreements were reached.

In April 2002, Chugach Electric's

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## Chugach: Negotiations would be costly

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board voted to extend the association's labor contracts with the IBEW through June 30, 2006.

"What you are trying to do with an extension is extend (the labor contracts) with the simplest changes - you wouldn't try any negotiations that would be lengthy," Griffith said.

Kreig argues that carrying out labor negotiations is worth the time and money because the utility has to make changes in its IBEW labor contracts before it can become a well-run, cost-effective operation.

Chugach Consumers estimates that Chugach Electric's customers are paying 20 percent more than they would be if the utility were run according to the national norms of efficiency.

A 20 percent rate reduction in a household using 750 kilowatt-hours a month is more than \$200 a year, and that's just the direct savings for consumers, Kreig said. A reduction in Chugach Electric's rates would save consumers hundreds of dollars more in taxes that pay for the operation of streetlights, schools and other public facilities, as well as reduce the price of products sold in Alaska.

Chugach Consumers' estimate of potential rate reductions is based on information about Chugach Electric's operations over the last 10 years.

Much of the information is not available to the public because it is included in about a dozen confidential studies prepared when Kreig was a member of Chugach Electric's board, he said. "I think

all of them should be released either in their entirety or the summary of the salient points."

Kreig said the changes he advocates will not take place "unless there is pressure and public knowledge of why these rates are higher than they should be."

Kreig cited a 1995 study by UMS Group Inc. and analysts of the National Rural Electric Cooperative Association that compared 23 large electric cooperatives nationwide.

The study determined that the cost of operating Chugach Electric's distribution network was higher than all of other 22 cooperatives, and Chugach Electric's quality of service - such as its responsiveness to customers and the amount of time it took the utility to install new connections - was below the average quality of service provided by the other 22 utilities.

Chugach Consumers  
Anchorage, Alaska  
www.ChugachConsumers.org



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"It's as relevant today as it was then because Chugach hasn't begun to address the findings: They are not negotiating the work rules and restrictions that drive up costs," Kreig said.

### Critics says more efficient models exist and should be looked to

Kreig referred to Matanuska Electric Association's labor negotiations with the IBEW three years ago and other cost-cutting measures since general manager Wayne Carmony joined the utility in 1994 as examples of how Chugach Electric can lower operating costs to reduce its rates.

Using an estimate Chugach Electric gave MEA when offering to buy the utility in 1994, Tuckerman

Babcock, manager of government and strategic affairs for MEA, said that just more than 10 years ago MEA's rates were 17 percent greater than the rates of Chugach Electric.

In the last decade, MEA has reduced its rates 16 times and increased the rates twice, according to Babcock.

Chugach Electric's Griffith said the utility has not increased its rates - except for increasing its fuel adjustment - during the same 10-year period.

A household's average monthly 750 kwh-bill from MEA was \$81.01 last year, while a similar Chugach Electric consumer paid \$89.07, according to the Regulatory Commission of Alaska's data of 2004 electric rates statewide.

Babcock said MEA has lower rates than Chugach Electric even though MEA's network is larger and more expensive to operate.

Chugach Electric has 2.7 times the number of consumers per mile of line than MEA and 5.7 times the income.

"All of that points to we should not be less expensive," Babcock said.

Kreig agrees. "Based on that, Chugach Electric should have whacked 15 percent off its rates, if they were doing the same things MEA was doing to improve its economic efficiency."

Kreig said that before Chugach Electric can make significant changes in the way it operates, it has to negotiate its labor contracts with the IBEW.

"This is not about slashing people's basic hourly wages. That is not the top priority. The top priority is competitive bidding, modernizing work rules and addressing overtime abuses," Kreig said. "No. 1, they need to implement the 1996 competitive bidding bylaw, passed by 80 percent of the utility's voters, to allow for full competition for maintenance and new construction contracting."

Kreig said Chugach Electric has not implemented the full and open competitive bidding bylaw because its labor contracts with the IBEW restrict the type of contractors who can bid on some of Chugach Electric's projects to contractors that employ members of the IBEW.

If the utility complied with the bylaw by ensuring responsible bidders were not excluded, its

costs would decrease, he said. "If you expand the number of people bidding, more competition will drive down the cost. The IBEW contractors will still get much of the work, but they will be doing it at a more competitive price."

As the largest electric utility in Alaska, Chugach Electric would create a market for nonunion contractors if it were to negotiate full and open competitive bidding into its contracts with the IBEW, Kreig said. He added that this would lower costs for other utilities in the state, including MEA.

"That seems like commonsense to me," MEA's Babcock said.

MEA's costs dropped by 25 percent to 35 percent when nonunion contractors bid on its

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# IBEW: Utility, IBEW dismiss claims and Kreig as 'disgruntled'

Continued from Page A3

project from 1997 to 1999. MEA has not had any large nonunion bidders since then, Babcock said.

Griffith said Chugach Electric is complying with its full and open competitive bidding bylaw.

"We operate under full and competitive bidding today and Ray (Kreig) doesn't like the fact that there are no nonunion electric contractors in Alaska," he said.

Griffith added that Chugach Electric is not in violation of its IBEW contracts by operating under the bylaw.

### Critics target overtime pay, Chugach says gas shortage the bigger problem

Another change in the utility's labor contracts that Kreig is advocating for has to do with the overtime pay of IBEW members.

Kreig said that while overtime pay is typically one and a half times a person's standard pay, IBEW members at minimum earn double their standard pay when working overtime and on certain occasions, such as birthdays and holidays, earn triple their standard pay.

Chugach Electric spokeswoman Patti Bogan declined to comment on changes Kreig proposes the utility should negotiate into its contracts with the IBEW.

"Chugach cannot comment on contract negotiations or proposals," she said. "We do not negotiate in public, which is typical of any company negotiating a contract. And in our opinion there is no story and we can't comment on how Mr. Kreig reaches his opinions."

Melinda Taylor, communication director of the IBEW, also said there is no story concerning discussions between the union and Chugach Electric.

"We negotiate with utilities around the state and we don't encounter the type of situation that we do with Ray (Kreig) and Chugach," she said. "We see him as a disgruntled ex-board member. He is drumming up news where there is no news. There's no story here."

Red Boucher, the chairman of Chugach Electric's board, declined to comment on what the utility is negotiating with the IBEW.

"There is no sense publishing what our problems areas are. We have some and we are working on it," Boucher said.

The most important issue facing Chugach Electric is not the utility's labor costs; it's the potential natural gas shortage in Southcentral Alaska as early as 2009, he said.

"Let's take a look at the big picture," Boucher said. "The labor costs are a very small part of the overall Chugach budget."

"You can bang away at whatever a lineman gets but there are far bigger issues than what they (Chugach Consumers) are talking about."

Claire Chandler can be reached at [claire.chandler@alaskajournal.com](mailto:claire.chandler@alaskajournal.com).



Chugach Consumers  
Anchorage, Alaska  
[www.ChugachConsumers.org](http://www.ChugachConsumers.org)

clam up - Kill the messenger

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**CHUGACH ELECTRIC ASSOCIATION, INC.**  
**Anchorage, Alaska**

**BOARD MEETING**  
**AGENDA ITEM SUMMARY**

**February 15, 2006**

**ACTION REQUIRED**

**AGENDA ITEM NO.IX.D.**

Information Only  
 Motion  
 Resolution  
 Executive Session  
 Other

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**TOPIC – Amendment to Board Policy 128 repealing provisions improperly restricting accountability for executive session decisional deliberations.**

**DISCUSSION (by Director Vazquez)**

Chugach board members are responsible for making decisions that have multimillion-dollar impacts on our ratepayers. Important information intended to persuade the board to adopt a particular course of action is frequently provided in executive session or through other confidential channels that properly may not be appropriate for immediate public review or scrutiny.

Yet, unlike other governing bodies like the Anchorage Assembly, Chugach does not tape or keep any record of executive session deliberations and decisional materials that is routinely made public after a period of time. The only accountability for the veracity of the materials used to make a particular decision may frequently be the memory and personal files of the directors involved.

In March 2002 there was a controversy over confidential data regarding the value of potential labor negotiation savings targets not being provided to the board which at that time was being urged to extend labor contracts without negotiation. In apparent response to this event, Board Policy 128 (Confidentiality) was adopted by the Chugach board in October 2002 which among other things required Chugach directors to surrender confidential documents received and used during their board tenure even including their own notes.

This is not in the membership's interest because if this policy were to be actively enforced (and it hasn't been), the board could be pitched with anything in closed session, \$millions spent unwisely or wasted, and all materials then collected by management. Directors would then have nothing to rely on but memories of what commonly are complex presentations, data tables, and scenarios if future assessment of what the board was told were to be needed. This policy also is quite likely at variance with the fiduciary duty of a director to be prepared to defend and assess the outcomes of the decisions made while they are on the Chugach board. Furthermore, the increased duty of directors to exercise more careful oversight on management under Sarbanes Oxley mandate this reform to Board Policy 128.

This motion will repeal those sections of Board Policy 128 that improperly restrict the ability of directors to keep records of decisions and materials provided during their period of service on the board. Repeal of these sections in no way diminishes the fiduciary obligations of directors to keep

materials confidential that are properly classified confidential both during and after their period of service.

**RECOMMENDATION** (by Director Vazquez)

Motion 1: Move to waive seven-day rule

Motion 2: Move that Board Policy 128 be amended as follows:

C. Obligations Upon Termination of Employment and Board Membership.

1. ~~Directors and e~~Employees shall immediately return all confidential information or documents of the Association in their possession to the Association upon request of the Association, and, in any event, upon termination of their employment with the Association ~~or their membership on the Association's Board of Directors~~, including those in electronic format.

June 29, 2005

Ray A. Kreig  
201 Barrow Street  
Anchorage, AK 99501

Dear Ray:

I am sending this letter to you as a recent past Director regarding the Chugach Board Policy 128 on CONFIDENTIALITY. Directors collect a significant amount of information including confidential material during their service to the Association. Please contact Dianne Hillemeier (762-4709) to arrange for Chugach to pick up all Chugach confidential material you may still have and not destroyed or disposed of. Any electronic confidential information you may have should be deleted from your computer files.

If you have any questions, please feel free to give me a call.

Sincerely,

  
Jeff Lipscomb, Chairman  
Board of Directors

cc: Joe Griffith, CEO

September 6, 2006

Ray Kreig  
201 Barrow Street  
Anchorage, AK 99501

Dear Ray:

I am sending this letter to you as a recent past Director. Directors collect a significant amount of information, including confidential material, during their service to Chugach Electric Association. This information is the property of the Association and is to be returned upon the end of a Director's service on the Board. This is in accordance with Chugach Board Policy 128 effective June 21, 2006, and with applicable law.

Please contact Dianne Hillemeier (762-4709) to arrange for Chugach to pick up all Chugach material you may still have in your possession and control. If you desire, we will keep those materials segregated in third party document storage until May 1, 2011, at Chugach's expense. After May 1, 2011, the material will be destroyed. Neither you nor Chugach will be able to access the material without prior approval of the other upon submission of a written request and statement of proper purpose. Approval will not be unduly withheld.


All electronic confidential information of Chugach's, which you may have on computer hard drives and back-up storage devices, should be deleted and erased.

As you know, Chugach maintains copies of all information, including confidential material, distributed to Board members in its records.

Your prompt attention to this request is appreciated.

If you have any questions, please feel free to give me a call.

Respectfully,

  
Jeff Lipscomb, Chairman  
Board of Directors

Enclosure: Board Policy 128

cc: Carol Johnson

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