

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

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

**May 16, 2007**

**ACTION REQUIRED**

**AGENDA ITEM NO. XI.E.**

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

**TOPIC – Blue Ribbon Panel for Chugach Electric Association**

**DISCUSSION (by Directors Kalenka and Gimarc)**

Chugach Electric is a key part of public infrastructure in Anchorage and the Railbelt. It has a significant role in determining the basic cost of living and doing business in Anchorage. As a cooperative, Chugach Electric needs to do its part to help Southcentral Alaska be more competitive in the global marketplace to encourage new business investment to our area and lower everyone's cost of living.

Major issues facing Chugach Electric are:

1. Fuel supply and new generation
2. Loss of wholesale customers
3. Debt refinancing
4. Board of Directors instability from annual election cycle and undue special interest influence
5. Management uncertainty from Board instability
6. High service costs compared to national benchmarked electric utility economic performance norms

Years of conflict in board elections and unanswered issues suggest that an outside review, investigation and/or management audit would be useful.

As a first step, it's time to reach out to community leaders and appoint a small group of top corporate executives with expertise to make a high level assessment of Chugach Electric and make recommendations. This group will be known as the Blue Ribbon Panel for Chugach Electric Association.

The Review Panel will:

- A. Review basic high-level performance measures and finances.
- B. Make recommendations as to whether there should be a more detailed outside review, investigation and/or management audit undertaken.
- C. Review Chugach Electric communications on the issues most important to its members and the business community.

- D. If indicated, recommend how Chugach should restructure to deliver value in line with national economic performance standards for electric utilities.
- E. Make recommendations in other areas that it deems appropriate or that arise as it undertakes its review.

Tentative Schedule:

May 16	Authorize Review Panel
June 1	Appointments completed by BOD Chair Vazquez
August 1	Interim Report
Sep 1	Final Report then Action by BOD

**RECOMMENDATION (by Directors Kalenka and Gimarc)**

Motion 1: Move that the Board of Directors authorize the appointment by board Chair Vazquez of up to five executives to constitute the Blue Ribbon Panel for Chugach Electric Association. Members of the Blue Ribbon Panel will sign professional services contracts and Chugach Electric confidentiality agreements.

The Blue Ribbon Panel will work independently in separate facilities from Chugach Electric. An initial budget not to exceed \$80,000 is authorized for panel member fees, expenses, and temporary staff for the Panel. The Panel shall have full access to Chugach Electric managers and information it needs to fulfill its objectives.

The Board Chair shall administer the budget and execution of the work of the Blue Ribbon Panel. The Chair shall report on progress to the full board each month. The Panel shall select one of their members as Chair with the concurrence of Chair Vazquez.