

January 11, 2013

Senator Fred Dyson
State Capitol Room 121
Juneau AK, 99801

Dear Senator Dyson:

I am writing to express Chugach Electric Association's support for SB 14. Chugach initiated the proposed change to AS 10.25, the Electric and Telephone Cooperative Act, to permit longer terms for members of a cooperative's board for several reasons.

Our own board felt that allowing up to a 4-year term rather than the 3 years in current statute would allow a director extra time to be productive after learning about the often complicated electric utility business. It can also stabilize a board by slowing the rate of turnover. Chugach is governed by a board of seven directors. With 3-year terms and annual elections, our normal election pattern is two, two, and three. Turning over three members out of seven in a single year can mean sudden changes of direction for an organization. This possibility is exacerbated in a year in which an additional director off-cycle due to a resignation or death (as recently happened at Chugach). Moving to 4-year terms would allow a rotation of two, two, two and one, providing increased stability and continuity.

While Chugach's interest is stability, for other cooperatives moving to 4-year terms could also provide cost savings by moving away from annual elections. Rather than holding an election annually, some cooperatives may choose to elect half of its board every other year.

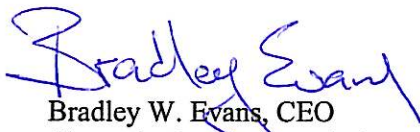
Flexibility is really what this proposed statute change offers a cooperative. However, it's important to note the change merely offers an option. It would not mandate a change from present practice if a cooperative feels its current practice is working well.

Changing the statute does not automatically change a cooperative's director terms. At Chugach our bylaws presently align with the current version of AS 10.25 and specify 3-year terms. In order to implement a change, Chugach members would need to vote to amend the cooperative's bylaws. I believe this is probably true for many if not most other cooperatives as well.

In general, Chugach is in favor of a statute like AS 10.25 providing broad guidance and allowing an individual cooperative the ability to determine what works best for it through member-approved bylaws.

Thank you for your support and sponsorship of this legislation. My staff and I are available to assist in its passage.

Sincerely,


Bradley W. Evans, CEO
Chugach Electric Association

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