

HB

475

CURRENT LINE

Vol. 4, No. 5

MATANUSKA ELECTRIC ASSOCIATION, INC.

Palmer, Alaska

January 20, 1983

FROM THE BOARD ROOM

In its regular meeting of January 11, 1983 the Board of Directors took the following action:

*approved a contract with D. A. Vaughn Company, Real Estate Investors of Eagle River to market the unused Eagle River building and land.

*approved the Association's new Equity Management Plan which will see capital credits retirement checks mailed this year for the first time in MEA history.

*agreed to meet January 25 in a special meeting to consider the rate design and Annual meeting items. The APUC has given the Association a February 15 deadline for action on rate design.

*appointed the 1983 nominating committee. Committee members are: Don Savage, 376-4719; Linda Olson, 745-3355; Dorothy Jones, 733-2395, E. L. "Turk" Mayfield, 495-6413; Dale Briggs, 694-2311; Lorry Pollock, 745-4036; and Mac Stevens, 733-2281.

*approved the write-offs of uncollectable accounts for December making the total for 1982 \$68,448.79.

*declined to approve the removal of Director Sandvik from the Board of Directors as requested by Director Staudenmaier.

*set the next regular meeting of the Board as Tuesday, February 22, 1983 at 7:00 p.m.

PERSONNEL POINTERS

"Your Indirect Paycheck" for 1983

This information is intended to give you an idea of what MEA pays its nonunion personnel in addition to your salary. This "indirect paycheck" very often goes unnoticed and as a result, unused. They represent a real part of your total compensation which you should be aware of.

For purposes of conceptualizing these programs, an exempt employee was imagined who has worked four years at MEA, and makes \$30,000 per year. All variations were excluded, such as overtime, salary increases, program changes, price increases or decreases, etc. Exact percentages and figures will vary. If you would like to know what your figures would be, Personnel would be happy to compute them for you.

<u>PROGRAM</u>	<u>RATES ON \$30,000 SALARY</u>	<u>ANNUAL \$ AMOUNT IN ADDITION TO AN EMPLOYEE'S BASE SALARY OF \$30,000</u>
1. <u>NRECA Retirement</u> Pays 2% X salary X # of years worked	16.8%	\$ 5,040
2. <u>Required Employer Costs</u>		
A. <u>FICA: Social Security</u> costs 6.7% of wages up to \$35,700	6.7%	\$ 2,010
B. <u>FUTA: Federal Unemploy- ment insurance costs .7%</u> of wages up to \$6,000 = \$42.00 ÷ \$30,000 =	.14%	\$ 42
C. <u>Alaska Unemployment</u> <u>Insurance costs 1.66% on</u> wages up to \$20,000 = 335 ÷ \$30,000 =	1.12%	\$ 335
D. <u>Workmen's Comp Insurance</u> for exempt employees costs .69% of 1st \$400 of weekly wages: \$400 X 52 X .0069 = 144 ÷ \$30,000 =	.48%	\$ 144

3. <u>Alaska Public Utility Insurance Trust</u> Group health plans includes health, vision, dental & dependents life insurance	7.32%	\$ 2,197
4. <u>NRECA Long Term Disability</u> Pays 50% of your salary while disabled	1.31%	\$ 393
5. <u>NRECA Savings Plan</u> MEA required payments	1.00%	\$ 300
6. <u>NRECA Life and AD&D</u> Pays 2X salary	.82%	\$ 246
7. <u>MEA Self-Insured Short-Term Disability</u> Pays \$75 per week for 13 weeks. Present cost unknown but would have averaged in the past about .14% for this employee.	.14%	\$ 42
8. <u>Miscellaneous Benefits</u> Employee training, physical exams, jury duty, etc. are estimated to be at least 1%	<u>1.00%</u>	<u>\$ 300</u>
TOTALS	36.83%	\$11,049

\$11,049 ÷ \$30,000 = 36.83% means MEA pays 36% in addition to this employee's wage.

Annual Leave While payments for time away from work won't increase the amount paid to this employee, such payments significantly increase overall costs. If this employee was a temporary employee, not eligible for leave, this benefit could be valued as follows:

MEA 4 year leave accrual rate = 24 days X 8 hours = 192 hours per year. $\$30,000 \div 2080 = 14.42$ hours X 192 = \$2,769.21 ÷ \$30,000 = 9.23%

PERSONNEL POINTERS (continued from page 3)

This means annual leave could be valued by this employee at \$2,769 per year and constitutes approximately 9.23% of his/her compensation.

Similarly, Holiday Pay could be viewed as follows:

MEA holidays = 11 days per year X 8 = 88 hours per year X \$14.42 hourly rate = \$1,269 per year ÷ \$30,000 = 4.22%. Holiday pay could be considered to constitute 4% of this employee's pay and be worth \$1,269 annually.

If you add these percentages to the above figures, (36.83% + 9.33% + 4.22% = 50.38), an employee could consider receiving the equivalent to one-half of his or her salary in the form of employee benefits. The costs for this example would be approximately \$15,087.

For a \$20,000 per year employee MEA pays an additional \$9,042 per year, or 41.3%. When leave is considered the amount is \$11,734 or 54.76%.

For a \$40,000 per year employee MEA pays an additional \$13,537 or 33.85%. With leave considered, the additional amount is \$18,921 or 47.31%.

For a \$50,000 per year employee MEA would pay \$15,645 or 31.27%. When leave is added the amount would be \$22,375 or 44.73%.

These figures, when averaged, equal 35.81% or \$12,318, without leave or holidays. With leave and holidays added the averages are 49.29% or \$17,029.

The buying power of these group benefits significantly increases their value as well. We attempted to price a comparative private group health plan and were given such widely varying rates, (from \$400 up per month) that comparisons were impossible. There appears to be no private dental plans available anywhere. Most of these figures are not subject to taxes, thus increasing the value of them substantially.

MEA is pleased to be able to contribute these benefits in appreciation for the skilled and dedicated service received from our all employees. If you have any questions on what these figures mean or how you can obtain the maximum benefit from the varied coverage provided for you, please contact the Personnel Office.

COMMENDATIONS

Please join us in applauding these employees for doing an outstanding job. Their efforts have earned glowing words of praise from our members. We need to give as much attention to compliments as we do to complaints.

<u>Employee</u>	<u>Member Compliments</u>
Bill West, Eng. Tech II	"An A+ in public relations and professional expertise"
Ernie Jameson, General Foreman	"Mr. Jameson was very courteous and helpful"
Larry McDuffey, Foreman Larry Corcoran, Lineman Dennis Illies, Apprentice	"...could not believe how nice everyone had been to him..."
Terry Smith, ROW Agent II	"...thoroughly impressed with the professionalism Terry used in solving the problem."

New employees

Please join us in welcoming these new employees:

John Parker, Manager of Administration will start February 9, 1983.

Joan Bennett and Donna Mathena, Work Experience trainees, who started first week of January.

Adam Heller, Brian Shandler and Sherry Thom, high school trainees in Operations, who started January 17, 1983.

Also new in Operations: three temporary journeymen linemen; Bill J. Parker, Tony Tessaro, and John Donovan. Our new apprentice lineman Mike Hodsdon took Mike Thrasher's spot; he's now a journeyman. New apprentice Lee Stevens fill Larry Schnell's spot. Larry is now attending apprenticeship school.

Retirement Planning Seminar I'm sorry to report that the seminar we had planned for Saturday, January 22nd had to be cancelled. We could not recruit enough participation to cover the fixed expenses. We do hope to reschedule this seminar and we are considering inviting employees from a couple of other organizations so that participation will be higher. Thank you for your interest. Personnel will contact employees again when we have a new date.

To ALL HEA Personnel

A thank you is not enough but ---- thanks
to everyone for all your help and support.
You're a great bunch of people!!!

BT

FIRST AID TO BURN VICTIMS

The care of a burn victim depends on the percentage of burned body surface involved. In no instance should grease (butter, lard, vaseline, mineral oil, or other ointments) be applied to a burn. For first and second degree burns:

1. Immerse the burned part in cold water for two to five minutes.
2. Cover the burn with a sterile dressing or clean sheet.
3. Use cool, wet applications for relief of pain.
4. Transport the patient to a hospital.

If the victim has third degree burns, cover the burned area with a sterile dressing or a clean sheet. Use cool wet applications for relief of pain and be prepared to treat the victim for shock. Cover the victim with a blanket and elevate his feet. Get the victim to a hospital as soon as possible.

Joanie's Feline Orphanage Going Out of Business!

Due to overcrowded conditions at home I MUST sever my affectionate association with four of my cuttiest friends: FREE TO GOOD HOMES Momma cat, now neutered; Punkin, intact female 8 month old kitten. She's grey and gold like a crazy quilt, nut great personality. Also intact female, very pretty Siamese looking, about 6 months old, affectionate and gentle Crystal. Photos are available in the hall outside Personnel. I dread the worst fate for them so if you would ask around, i'd appreciate it. Or better yet, take one yourself, they make wonderful pets.



"...and right now I'm 'specially thankful we've got an automatic 10-cycle all-electric dish-washer."

INTRO TO ELECTRIC UTILITY CIRCUITS

Jim Hall is presently teaching a class on Intro to Electric Utility Circuits each Wednesday from 4-6 p.m. until mid-March. Anyone wishing to attend this class should contact Jim at X66.

NANCY DOLLARD'S CHEESE FILLED CORN BREAD

1 pkg. dry yeast
1/4 cup lukewarm water
1 teaspoon honey
1 egg lightly beaten
3/4 cup margarine
2 cups flour
1/4 teaspoon salt

Filling

2 pkgs. (8 ounces each) cream cheese
1/2 cup honey
1/2 teaspoon vanilla
1 teaspoon fresh lemon juice

Mix yeast, water and honey. Let stand for 10 minutes. Add egg. Cut margarine into flour and salt and mix well. Add yeast mixture and blend completely. Divide into 2 balls and roll each into 8 x 10 inch rectangles.

Filling

Combine cream cheese, honey, vanilla and lemon juice. Spread half of filling on each rectangle and fold by taking each long side toward the middle, making sure the sides overlap a little. Fold the ends up about 1/2". Bake immediately at 375° for 25 minutes. Serve warm. Makes 10 - 15 servings.

(Nancy was a temporary employee in Consumer Accounts and mailed us this recipe.)

CAR OPERATING COST

Americans spent an average \$2,790 last year to operate a car, equal to 34.5 cents a mile for an estimated 8,081 miles traveled, a Hertz Corp. study shows.

December 7, 1982

To: Robert L. Husted, President
Matanuska Electric Association, Inc.

From: 
Elden Sandvik, Chairman
Board Compensation Committee

Subject: Committee Recommendations

The following are our recommendations regarding MEA's compensation programs and practices.

- 1) Discontinue the practice of offering exempt employees paid time off in return for overtime hours worked (comp time). We recommend that compensatory time for exempt employees be eliminated and that the General Manager establish appropriate means of alternate compensation for unique circumstances.
- 2) In order to protect the tax exempt status of the Deferred Compensation program, it needs to be limited to department managers and the General Manager. This change should be made effective on January 1, 1983. Those employees who are in the program as of that date will have "grandfather rights" in the plan. Also effective January 1, 1983, MEA should not prepay an employee's yearly deferred compensation contribution. It should now be paid on a quarterly basis. MEA should continue to pass on its reduced benefit costs to deferred compensation participants using NRECA formulas.
- 3) The present savings program is structured such that all employees are enrolled in it. We recommend the installation of a participation requirement of a minimum of one (1) percent for the savings plan. This change permits MEA to switch from paying the entire cost at the start of the year to paying throughout the year and should result in a cost savings of approximately \$11,550 (per TB&A report). This \$11,550 should be applied to offset benefit cost increases resulting from our following recommendations.
- 4) MEA presently has duplicate employee coverage in life insurance and accidental death and dismemberment programs. Employees presently have two times annual salary in life and accidental death program from NRECA. They also have \$2,000 in life insurance and \$4,000 in accidental death from Alaska Public Utilities Insurance Trust (APUIT). The APUIT programs are comparatively expensive when compared to their small benefit. APUIT also offers an accident and sickness program which pays \$75.00 per week for thirteen weeks in the event of a non-work related injury or sickness. The monthly cost per employee is \$5.30 for the above benefits.

It is our recommendation to drop the above APUIT programs and apply the funds to improvements in APUIT's dental coverages as follows:

- A) Increase the annual maximum dental benefit from \$1,500 to \$2,000; cost \$1.07/employee/month. \$1.07
- B) Increase dental coverage from 80% to 90%; cost \$4.54/employee/month. 4.54
\$5.61

This represents an increase of \$.31 per month per employee (\$5.61 - 5.30 = \$.31).

It should be noted that the Board of Trustees of APUIT recently increased the vision benefit schedule by ten percent at a cost of \$.50 per month per employee.

It is our recommendation that we self-insure the accident and sickness program until an alternate program can be developed. MEA's leave policy presently provides coverage for a portion of this area and NRECA's long-term disability program provides coverage after thirteen weeks. It is our recommendation that we self-insure to the \$75.00 level that APUIT provided and utilize the same requirements. It is anticipated that a program can be developed which provides coverages for emergency leave situations for a reasonable cost.

- 5) MEA incurs an extensive financial unfunded liability when an employee does not utilize their vacation accruals. It is our recommendation we require employees to take at least ten working days off per year and provide a maximum accrual of 60 days.
- 6) We recommend improving the NRECA Retirement Program in order to increase the rewards for long service to the Association. The improvements are:
 - 1) Add a cost-of-living allowance which maintains an employee's retirement income at a uniform level regardless of inflation.
 - 2) Add a thirty year and out or retirement at 62 feature. This means someone starting to work at MEA at age 20 could retire at age 50 or anyone can retire at age 62.

This program can be made effective on January 1, 1984, and increase costs by about \$10,000 or about .5% of payroll. This increase can be offset by the next recommendation.

- 7) In an effort to save money, the presently distressed Social Security System is now using a strict definition of total disability. A person now has to be unable to do any type of work to be totally disabled. In the past they have used a more liberal definition. MEA's present NRECA Long-Term Disability program pays 50% of an employee's salary. Social Security payments, if any, are added to that 50%. It appears that many of our employees would now be unable to rely on any income from Social Security if they were totally disabled for more than thirteen weeks.

It is our recommendation that MEA select NRECA's LTD program which increases the percentage paid to employees from 50% to 66 2/3%. Social Security payments, if any, would be subtracted from NRECA payments. The most an employee could make while disabled would be 66 2/3% of prior salary to a maximum of \$4,500 per month. By selecting the increased rate, many future employees should receive a greater benefit than is now provided.

In those cases when an employee receives money from Social Security, NRECA saves that amount. That potential savings is passed on to MEA in a reduction in LTD rates of about 1.36%. That savings can be applied to the improvements in the retirement plan and other cost increases resulting from our recommendations. Therefore, it can be noted that the overall savings between items six and seven is .86% (.5% - 1.36% = .86%). We recommend this change be made as soon as NRECA programs permit.

- 8) We recommend MEA adopt the attached October-November 1982 salary survey and the resultant 1983 salary plan. We recommended that the overall organizational comp-ratio for MEA not exceed an average of .98. This does not mean employees will be restricted to this level, but that the General Manager is responsible for assuring that the average comp-ratio for the overall organization does not exceed .98. Fiscal considerations and member realities require MEA to take a conservative approach to its compensation programs. The .98 comp-ratio will also help establish a level of competence required in the activities of the Association employees. This area can be monitored by the Board, as a monthly report will be provided to the Board of Directors.
- 9) We recommend continuing to use the performance guide presently in use, copy attached for your information. This guide sets possible percentages given to employees who achieve various levels of performance. Increases in these figures cannot be supported by the CPI. Decreases at this time would cause MEA wages to fall behind the prevailing market.
- 10) We recommend discontinuing immediately lump sum payments for COLA, performance increases, and salary increases. We further recommend no change in policy regarding leave cash-in and commendation awards providing such commendation awards are only considered for extremely unique situations.
- 11) We also recommend that staff be directed to prepare the necessary policy revisions to implement the above changes as may be approved by the Board of Directors.

cc: Committee Members - Harvey Bowers
Tamie Miller



1982 Salary Survey
October/November 1982
Completed by
MEA Personnel Office

1. Position descriptions were summarized and approved by employees and supervisors.
2. Thirteen comparable firms were contacted to gain assistance and position questionnaires mailed out.
3. Follow-up included individual meetings and phone calls.
4. Position matches were mutually determined with the comparable firms. Actual salaries were then obtained and averaged to establish the new mid-point for each grade level.

Organizations Surveyed

- | | |
|---|---|
| 1. Copper Valley Electric | 8. Municipality of Fairbanks
(ML&P) |
| 2. Golden Valley Electric | 9. Mat-Su Borough |
| 3. Kodiak Electric | 10. Mat-Su School District |
| 4. Homer Electric | 11. State of Alaska |
| 5. Matanuska Telephone | 12. Alascom |
| 6. Chugach Electric
(no data returned) | 13. Retherford & Associates
(now International
Engineering) |
| 7. Municipality of Anchorage
(ML&P) | |

In the following report each organization is referred to by an alphabetical letter to protect the salary confidentiality of the survey participants.

1982 Salary Survey

Establishing Grade I

<u>Benchmark Positions</u>	<u>Actual Salaries Reported Matching Our Position</u>	
----------------------------	---	--

General Accounting Clerk	\$20,700	Employer A
	22,464	Employer C
	23,192	Employer I

General Office Clerk II	\$25,750	Employer D
	22,464	Employer I
	18,832	Employer L

Average of above \$22,233

Present mid-point \$22,300

Recommend increasing Grade I as follows:

1.	\$22,300	new mid-point
	22,300	old mid-point
	<hr/>	
	\$ 000	grade increase

2. Plus 4% of the 1982 rates to allow for 1983 wage increases.

1983 Recommended Grade I:

Minimum: \$19,700 Mid-point: \$23,100 Maximum: \$26,700

1982 Salary Survey

Establishing Grade II

Benchmark Positions	Actual Salaries Reported Matching Our Position	
Billing Clerk	\$28,059	Employer D
Cashier	\$20,700 28,059	Employer A Employer D
Engineering Clerk	\$24,900 24,252 22,283	Employer A Employer B Employer L
General Office Clerk III	\$22,464	Employer I
Purchasing Assistant	\$26,208	Employer I
Receptionist/PBX Operator	\$17,184 27,653	Employer A Employer D
Word Processing Operator	\$23,425	

Average of above \$24,107

Present mid-point \$23,600

Recommend increasing Grade II as follows:

- | | |
|----------|----------------|
| \$24,100 | new mid-point |
| 23,600 | old mid-point |
| <hr/> | |
| \$ 500 | grade increase |

- Plus 4% of the 1982 rates to allow for 1983 wage increases.

1983 Recommended Grade II:

Minimum: \$21,320 Mid-point: \$25,000 Maximum: \$28,800

982 Salary Survey

Establishing Grade III

Benchmark Positions	Actual Salaries Reported Matching Our Position	
Accounts Payable Clerk	\$24,900	Employer A
	27,643	Employer D
	27,144	Employer I
	23,100	Employer L
Payroll Clerk	\$33,100	Employer A
	26,208	Employer I
	23,100	Employer L

Average of above \$26,456

Present mid-point \$25,800

Recommend increasing Grade III as follows:

- | | | |
|----|----------|----------------|
| 1. | \$26,400 | new mid-point |
| | 25,800 | old mid-point |
| | <hr/> | |
| | \$ 600 | grade increase |

2. Plus 4% of the 1982 rates to allow for 1983 wage increases.

1983 Recommended Grade III:

Minimum: \$23,500 Mid-point: \$27,400 Maximum: \$31,500

1982 Salary Survey

Establishing Grade IV

Benchmark Positions	Actual Salaries Reported Matching Our Position	
Engineering Tech II	\$30,784	Employer I
	32,460	Employer M
Draftsman	\$34,529	Employer B
	32,073	Employer D
	30,000	Employer I
	28,080	Employer M

Average of above \$31,320

Present mid-point \$29,600

Recommend increasing Grade IV as follows:

1. \$31,300 new mid-point
 29,600 old mid-point

 \$ 1,700 grade increase

2. Plus 4% of the 1982 rates to allow for 1983 wage increases.

1983 Recommended Grade IV:

Minimum: \$27,600 Mid-point: \$32,500 Maximum: \$36,800

1982 Salary Survey

Establishing Grade A

<u>Benchmark Positions</u>	<u>Actual Salaries Reported Matching Our Position</u>	
Consumer Service Supervisor	\$28,828	Employer B
	28,205	Employer C
Credit Officer	\$25,875	Employer B
	33,500	Employer I
Personnel Assistant	\$33,900	Employer B
	22,000	Employer I

Average of above \$28,718

Present mid-point \$33,900

Recommend increasing Grade A as follows:

No change indicated.

1983 Recommended Grade A:

Minimum: \$27,100 Mid-point: \$33,900 Maximum: \$40,700

1982 Salary Survey

Establishing Grade B

<u>Benchmark Positions</u>	<u>Actual Salaries Reported</u>	<u>Matching Our Positions</u>
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Field Engineer	\$38,584	Employer I
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General Accounting	\$41,000	Employer A
Supervisor	31,512	Employer B
	47,822	Employer D
	36,500	Employer I

Average of above \$39,083

Present mid-point \$38,500

Recommend increasing Grade B as follows:

1.	\$39,000	new mid-point
	38,500	old mid-point
	<hr/>	
	\$ 500	grade increase

2. Plus 4% of the 1982 rates to allow for 1983 wage increases.

1983 Recommended Grade B:

Minimum: \$32,500 Mid-point: \$40,500 Maximum: \$48,500

1982 Salary Survey

Establishing Grade C

Benchmark Positions	Actual Salaries Reported Matching Our Position	
Chief, Accounting Services	\$39,300	Employer B
Chief, Computer Services	\$50,000	Employer I
Construction Engineer	\$50,833	Employer I
Personnel Officer	\$42,800	Employer I
Purchasing Agent	\$46,100	Employer A
	44,886	Employer E
	43,200	Employer L
Right of Way Agent III	\$38,600	Employer A
	38,000	Employer I
	42,000	Employer L
Warehouse Superintendent	\$49,727	Employer D
	49,900	Employer L

Average of above \$44,695

Present mid-point \$44,200

Recommend increasing Grade C as follows:

- | | |
|----------|----------------|
| \$44,700 | new mid-point |
| 44,200 | old mid-point |
| <hr/> | |
| \$ 500 | grade increase |

- Plus 4% of the 1982 rates to allow for 1983 wage increases.

1983 Recommended Grade C:

Minimum: \$37,300 Mid-point: \$46,400 Maximum: \$55,600

1982 Salary Survey

Establishing Grade D

<u>Benchmark Positions</u>	<u>Actual Salaries Reported</u>	<u>Matching Our Position</u>
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Distribution Engineer	\$54,270	Employer B
	46,846	Employer D
	55,000	Employer I
	55,600	Employer L

General Foreman	\$67,170	Employer B
	53,726	Employer D
	53,803	Employer E
	54,000	Employer I
	53,400	Employer L

Average of above \$54,868

Present mid-point \$52,300

Recommend increasing Grade D as follows:

1.	\$54,800	new mid-point
	52,300	old mid-point
	<hr/>	
	\$ 2,500	grade increase

2. Plus 4% of the 1982 rates to allow for 1983 wage increase.

1983 Recommended Grade D:

Minimum: \$46,000 Mid-point: \$56,900 Maximum: \$67,900

1982 Salary Survey

Establishing Grade E

<u>Benchmark Positions</u>	<u>Actual Salaries Reported Matching Our Position</u>	
Manager of Administration	\$62,500	Employer A
	59,460	Employer B
	62,500	Employer I
Manager of Electric Operations	\$70,380	Employer B
	59,898	Employer E
Manager of Engineering	\$58,000	Employer A
	67,140	Employer B
	61,000	Employer I
	65,700	Employer L

Average of above \$62,953

Present mid-point \$61,500

Recommend increasing Grade E as follows:

1. \$62,900 new mid-point
 61,500 old mid-point

 \$ 1,400 grade increase

2. Plus 4% of the 1982 rates to allow for 1983 wage increases.

1983 Recommended Grade E:

Minimum: \$52,600 Mid-point: \$65,400 Maximum: \$78,200

MATANUSKA ELECTRIC ASSOCIATION, INC.

SALARY PLAN

Exempt Positions

Effective: 1/1/83

	MEA GRADE	EVALUATION POINTS	SALARY RANGE (\$000's)		
			MINIMUM	MID-POINT	MAXIMUM
MANAGEMENT					
General Manager	N/A	N/A	Determined by Contract		
Manager of Administration	E	900+	\$52,600	\$65,400	\$78,200
Manager of Electric Operations					
Manager of Engineering Services					
ADMINISTRATIVE - PROFESSIONAL - SUPERVISORY - TECHNICAL					
Distribution Engineer	D	700-899	46,000	56,900	67,800
Manager, District Office					
Manager, Member & Public Relations					
General Foreman					
Real Estate & Properties Officer					
Substation/Transmission Engineer					
Chief of Accounting Services	C	550-699	37,300	46,400	55,600
Chief of Computer Services					
Construction Engineer					
District Engineer					
Engineering Office Coordinator					
Executive Secretary					
Personnel Officer					
Purchasing Agent					
Right of Way Agent III					
Right-of-Way Clearing & Maintenance Officer					
Staff Engineer					
Warehouse Superintendent					
Consumer Accounts Supervisor	B	450-549	32,500	40,560	48,500
Field Engineer					
General Accounting Supervisor					
Consumer Service Supervisor	A	300-449	27,100	33,900	40,700
Credit Officer					
Personnel Assistant					
Right of Way Agent II					

APPROVED BY MEA BOARD OF DIRECTORS,

Robert L. Husted

Robert L. Husted, President

DATE OF APPROVAL: December 7, 1982

DATE EFFECTIVE: January 1, 1983

MATANUSKA ELECTRIC ASSOCIATION, INC.

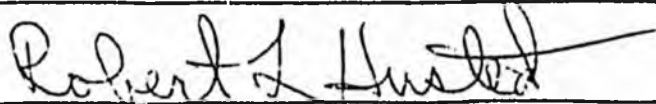
SALARY PLAN

Non-Exempt Positions

Effective: 1/1/83

	MEA GRADE	EVALUATION POINTS	SALARY RANGE (\$000's)		
			MINIMUM	MID-POINT	MAXIMUM
Engineering Tech II Draftsman	IV	710+	\$27,600	\$32,500	\$36,800
Accounts Payable Clerk Computer Specialist Distribution Engineering Clerk Payroll Clerk Plant Accountant Senior Billing Clerk Staff Accountant Work Order Clerk	III	560-709	23,500	27,700	31,500
Billing Clerk Cashier Computer Service Clerk Consumer Accounts Clerk Consumer Services Clerk District Services Clerk Engineering Clerk Engineering Technician I General Office Clerk IV General Office Clerk III Member Relations Assistant Operations Clerk Purchasing Assistant Receptionist/PBX Operator Word Processing Operator	II	460-559	21,320	25,000	28,800
Data Entry Clerk General Accounting Clerk II General Office Clerk II General Office Clerk I Service Records Clerk	I	410-459	19,700	23,100	26,700
Trainee (Minimum Wage)	T	\$3.85 hr. +			

APPROVED BY MEA BOARD OF DIRECTORS,


Robert L. Husted, President

DATE OF APPROVAL: December 7, 1982

DATE EFFECTIVE: January 1, 1983

SALARIES OF
STATE OFFICIALS
and
EXEMPT POSITIONS

July 1983

GOVERNOR/LT. GOVERNOR'S OFFICE

<u>CLASS. CODE</u>	<u>TITLE</u>	<u>RANGE</u>	<u>STEP</u>	<u>SALARY</u>
	GOVERNOR.....	30	F	\$81,648
	LT. GOVERNOR.....	28	F	76,188
1016	Legislative Assistant.....	26	A	59,532
1017	Special Assistant I.....	19	A	38,316
1018	" " II.....	22	A	46,800
1019	" " III.....	24	A	53,568
1158	Executive Resident Manager.....	16	A	31,032
1008	Election Supervisor I.....	21	A	43,788
1009	" " II.....	24	A	53,568
1010	" Deputy Director.....	24	A	53,568

LEGISLATURE

	LEGISLATORS.....	22	A	46,800
	Ombudsman.....	28	E	73,620

COURT SYSTEM

	Supreme Court Justices.....	30	F	81,648
	Superior Court Judges.....	28	E	73,620
	District Court Judges.....	26	C	63,636

COMMISSIONERS

	COMMISSIONERS (Cabinet Level)..	28	E	73,620
	Deputy Commissioners.....	28	A	63,636
1980	Assistant Commissioners.....	27	A	61,548
1917	Special Asst. to Commissioner I	21	A	43,788
1918	" " " " II	23	A	50,040
	Public Utility Commissioners...	26	C	63,636
	Transportation Commissioners...	26	C	63,636

DIRECTORS

	Division Directors.....	26	A	59,532
2202	Office Director.....	26	A	59,532
2203	Asst. Office Director.....	24	A	53,568
2170	Dep. Director-Housing Assistance	22	A	46,800

45 SENIOR BASE SALARIES 60,662.50
 45 CONGRESS MEN SALARIES 69,800.00

EXECUTIVE DIRECTORS *

1012	Public Offices Commission.....	22	A	46,800
1013	" " " " Asst.	18	A	35,760
1943	Public Broadcast Commission.....	26	A	59,532
1998	Older Alaskans Commission.....	24	A	53,568
1999	Council on Domestic Violence....	24	A	53,568
2327	Real Estate Commission.....	18	A	35,760
2348	Public Utilities Commission.....	26	A	59,532
3509	Historical Commission.....	26	A	59,532
3510	Arts Council.....	23	A	50,040

MISCELLANEOUS

1151	Secretary I.....	10	A	21,084
1152	" II.....	11	A	22,452
1155	Executive Secretary I.....	12	A	23,796
1154	" " II.....	14	A	27,024
1156	" " III.....	16	A	31,032
1157	" " IV.....	18	A	35,760
1981	Pioneer Home Manager.....	20	A	40,932
4204	Human Rights Field Rep. I.....	13	A	25,332
4206	" " " " II.....	16	A	31,032
4207	" " " " III.....	18	A	35,760
4208	" " " " IV.....	20	A	40,932
4209	" " " " V.....	21	A	43,788
4205	" " Technician.....	12	A	23,796
6199	Chief - Subsistence.....	24	A	53,568
7110	Associate Attorney I.....	17	A	33,252
7111	" " II.....	19	A	38,316
7795	Training Coordinator (Police Standards Council.....	19	A	38,316
8665	Deputy Pipeline Coordinator.....	25	A	57,384

* Exec. Directors for:

- Alaska Housing Finance
- " " Industrial Authority
- " " Resources Corp.

Their salaries are set by their Board of Directors. Not locked into state system.

MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

COMPOSITION OF TOTAL PAYROLL

1984 BUDGET

UNION PAYROLL:
(55 Positions)

Direct Wages	\$ 2,588,922
Annual Leave Accrual	<u>201,159</u>
Sub - Total	2,790,081
Other Fringe Benefits	
Employer's Payroll Tax Expense (FICA, ESC, FUTA)	164,397
Workmen's Compensation Insurance	47,895
IBEW Benefits (Health & Welfare, Training, Pension)	<u>452,285</u>
Total	\$ <u><u>3,454,658</u></u>

NON-UNION PAYROLL:
(131 Positions)

Direct Wages	\$ 4,095,047
Annual Leave Accrual	<u>318,185</u>
Sub-Total	4,413,232
Other Fringe Benefits-	
Employer's Payroll Tax Expense (FICA, ESC, FUTA)	260,036
Workmen's Compensation Insurance	75,758
Health Insurance & NRECA Benefits (Pension, Life Insurance, LTD, Savings)	<u>921,386</u>
Total	\$ <u><u>5,670,412</u></u> *
Grand Total	\$ <u><u>9,125,070</u></u> *

* Revised 12/83

MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

COMPOSITION OF TOTAL PAYROLL
1983 BUDGET

UNION PAYROLL:

Direct Wages	\$ 2,052,134
Annual Leave Accrual	<u>181,940</u>
Subtotal	2,240,074
Other Fringe Benefits -	
Employer's Payroll Tax Expense (FICA, ESC, FUTA)	127,399
Workmen's Compensation Insurance	62,155
IBEW Benefits (Health & Welfare, Training, Pension)	<u>369,023</u>
Total	<u>\$ 2,798,651</u>

NON-UNION PAYROLL:

Direct Wages	2,721,767	<i>664,372</i> <i>309,222</i> <hr/> <i>973,594</i>
Annual Leave Accrual	<u>240,604</u>	
Subtotal	\$ 2,962,371	
Other Fringe Benefits -		
Employer's Payroll Tax Expense (FICA, ESC, FUTA)	168,477	
Workmen's Compensation Insurance	82,197	
Health Insurance & NRECA Benefits (Pension, Life Insurance, LTD, Savings)	<u>667,375</u>	
Total	<u>\$ 3,880,420</u>	

1984 - 9,125,070

1983 - 6,679,071

2,445,999 Diff 1984

1983 6,679,071

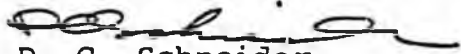
383,420
37,420

420,840



November 24, 1982

To: James F. Palin
General Manager

From: 
D. C. Schneider
Personnel Officer

Subject: Monthly Report - Personnel Office

November's activity centered around our annual salary survey and trying to encourage targeted survey participants to promptly furnish requested data. For a wide spectrum of excuses about half of the participants have not promptly furnished requested material. The survey will be finalized at the end of November.

Other activities in November included:

1. An NRECA employee benefit workshop, which covered recent changes and practices in NRECA programs;
2. Planning activities for the holiday season, such as the Christmas party and a community service activity;
3. Preliminary preparation of a training program for the contract dispatchers.

In addition, work was done on benefit programs, policies and job descriptions.

Total Employees as of October 31:		Total Employees anticipated on November 30:	
Non-union	68	Non-union	68
Union	30	Union	30
	<hr/>		<hr/>
	98		98
On Leave	1	On Leave	1
	<hr/>		<hr/>
	99		99
Temporary		Temporary	
Non-union	7	Non-union	7
Union	9	Union	4
	<hr/>		<hr/>
	115		110

MATANUSKA ELECTRIC ASSOCIATION, INC.

Palmer, Alaska

GENERAL MANAGER

1984 BUDGET

<u>DESCRIPTION</u>	<u>AMOUNT</u>
NRECA/CFC Annual Meeting San Francisco, Ca.	\$ 300
NRECA/CFC Region IX (District 9) Annual Meetings- San Diego, Ca.	300
ARECA Annual Meeting-Anchorage	300
ARECA Interim Meeting-Juneau	1,000
REA Visits, Washington, D.C. (4 Trips)	800
Legislative Session-Juneau (2)	1,200
In-State Meetings (Other than above)	2,000
Miscellaneous Itemized Business Expenses	2,000
Contingency	<u>3,000</u>
TOTAL	\$ <u><u>10,900</u></u>

MATANUSKA ELECTRIC ASSOCIATION, INC.

Palmer, Alaska

EMPLOYEE EDUCATIONAL/TRAVEL BUDGET - 1984
COMBINED

<u>DESCRIPTION</u>	<u>1984</u>
General Manager's Office	\$ 16,400
Electric Operations	9,500
Engineering Services	8,000
Administrative Services	<u>12,100</u>
TOTAL	\$ <u><u>46,000</u></u>

MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

EXPENSE BUDGET - 1983
GENERAL MANAGER

<u>DESCRIPTION</u>	<u>AMOUNT</u>
NRECA/CFC Annual Meetings - Las Vegas, Nevada	\$ 1,400
NRECA/CFC Region IX (District 9) Annual Meetings - Salt Lake City, Utah	1,100
ARECA Annual Meeting - Cordova	400
ARECA Interim Meeting - Juneau	600
REA Vists, Washington, D.C. (2 Trips)	4,000
Legislative Session - Juneau (1)	500
In-State Meetings (Other Than Above)	2,000
Miscellaneous Itemized Business Expenses	3,000
Contingency	<u>3,000</u>
TOTAL ESTIMATED EXPENDITURES	<u>\$ 16,000</u>

Note - Above Estimated Expenditures Exclude Labor

APPROVED:

Robert L. Husted, President
Matanuska Electric Association, Inc.

Date: _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

Palmer, Alaska

BOARD OF DIRECTORS

1984 BUDGET

<u>DESCRIPTION</u>	<u>AMOUNT</u>
NRECA/CFC Annual Meeting San Francisco, Ca. (5 Directors)	\$ 11,250
NRECA/CFC Region IX Annual Meeting San Diego, Ca. (4 Directors)	7,000
ARECA Annual Meeting-Anchorage-(5 Directors)	2,200
ARECA Interim Meeting-Juneau-(4 Directors)	3,800
NWPPA Annual Meeting - (2 Directors)	2,800
NRECA/NWPPA Seminar/Conference-(3 Directors)	4,950
Regular Monthly Board of Directors Meetings, Including Mileage; 12 meetings - (7 Directors)	2,200
Special Board of Directors Meetings, Including Mileage; 8 Meetings - (7 Directors)	1,500
In-State Meetings (Other than above)	8,000
Miscellaneous Expenses	1,000
Contingency	2,000
TOTAL	\$ <u><u>46,700</u></u>

EXPENSE BUDGET - 1983
BOARD OF DIRECTORS

<u>DESCRIPTION</u>		<u>AMOUNT</u>	
NRECA/CFC Annual Meetings - Las Vegas, Nevada (3 Directors)	\$ 2166.00	\$ 6,500	Diff 766.66
NRECA/CFC Region IX (District 9) Annual Meetings Salt Lake City, Utah (3 Directors)	2833.00	8,500	1,173.00
ARECA Annual Meeting - Cordova (4 Directors)	950.00	3,800	550.00
ARECA Intern Meeting - Juneau (3 Directors)	666.00	3,200	666.00
NWPPA Annual Meeting - Kalispell, Montana (2 Directors)	1250.00	2,500	
NRECA/NWPPA Seminar/Conference (2 Directors)	2000.00	4,000	
Regular Monthly Board of Directors Meetings, Including Mileage; 12 Meetings (7 Directors)		2,200	
Special Board of Directors Meetings, Including Mileage; 8 Meetings (7 Directors)		1,500	
In-State Meetings (other than above)		4,000	
Miscellaneous Expenses		2,000	
Contingency		2,000	
TOTAL ESTIMATED EXPENDITURES		<u>\$40,200</u>	

APPROVED:

Robert L. Husted, President
Matanuska Electric Association, Inc.

Date: _____

MATANUSKA ELECTRIC ASSOCIATION, INC.

Palmer, Alaska

PROFESSIONAL SERVICES

1984 BUDGET

<u>DESCRIPTION</u>		<u>AMOUNT</u>
Wholesale & Retail Rate Consultants		
COS - W/HEA	\$ 15,000	
Additional	15,000	
Contingency	10,000	
	<hr/>	
		\$ 40,000
Certified Public Accountants		
Audit	20,000	
General	7,000	
	<hr/>	
		27,000
Engineering Consultants		
Power Supply Study W/HEA	20,000	
Subdivision/Extension Design	500,000	
System Improvements	40,000	
SCADA	170,000	
	<hr/>	
		730,000
General Counsel		
Wholesale Power Matters	20,000	
APUC Matters	8,000	
Labor Matters	15,000	
General	40,000	
	<hr/>	
		83,000
		<hr/>
TOTAL		\$ 880,000
		<hr/> <hr/>

MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

EXPENSE BUDGET - 1983
CONSULTANT SERVICES

<u>DESCRIPTION:</u>		<u>AMOUNT</u>
Rate and Administrative Consultants		
Rate -	\$30,000	
Administrative -	<u>15,000</u>	\$ 45,000
Legal Consultants		
Labor Matters	15,000	
General	<u>60,000</u>	75,000
Certified Public Accountants		
Audit	25,000	
Miscellaneous	<u>2,000</u>	<u>27,000</u>
TOTAL		<u>\$147,000</u>

MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

MEMBER AND PUBLIC RELATIONS ACTIVITIES
1984 BUDGET

<u>DESCRIPTION</u>	<u>AMOUNT</u>
Publications	8,000
Advertising	5,000
Ruralite	48,960
Lamplighter/Bill Stuffers	24,920
Film and Photos	500
Equipment Rental	800
School Programs	4,000
Annual Meeting -	
Postage	\$ 6,800
Professional Fees	15,000
Publications and Ballots	12,000
Advertising	3,000
Film and Photos	100
Rentals	1,000
Other (Refreshments, Child Care, etc.)	<u>3,000</u>
	40,900
Member Advisory Committee -	
Consultant Fees	\$ 5,000
Mileage	500
Postage	1,000
Materials	<u>575</u>
	7,075
Miscellaneous	<u>5,000</u>
TOTAL	* <u>\$145,155</u>

<u>ACCOUNT</u>	<u>FIRST</u>	<u>SECOND</u>	<u>THIRD</u>	<u>FOURTH</u>	<u>TOTAL</u>
Customer Service & Info. Expense	\$ 25,288	\$ 25,289	\$ 25,289	\$ 25,289	\$101,155
Administrative & General Expense	<u>10,000</u>	<u>33,000</u>	<u>500</u>	<u>500</u>	<u>44,000</u>
TOTAL	<u>\$ 35,288</u>	<u>\$ 58,289</u>	<u>\$ 25,789</u>	<u>\$ 25,789</u>	<u>\$145,155</u>

* The Above Amounts do not Include Labor for MEA Staff.



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

MEMBER INFORMATION BULLETIN 84-3

February 15, 1984

TO: ALL MEMBER-CONSUMERS
FROM: MEMBER AND PUBLIC RELATIONS OFFICE
SUBJECT: APUC APPROVED RATES

SINGLE-PHASE SERVICE

Facilities Charge⁽¹⁾: \$15.00 per month

Energy Charge: First 1300 kWh at
7.505¢* per kWh
Over 1300 kWh at
5.804¢* per kWh

THREE-PHASE SERVICE

Facilities Charge \$40.00 per month

Demand Charge: \$3.61 per kW
Energy Charge: All kWh at
4.483¢* per kWh

SEASONAL SINGLE-PHASE SERVICE

Annual Facilities Charge: \$180.00
Energy Charge: As outlined under single-phase service

*Add to the stated rate a wholesale power cost rate adjustment of 0.917¢ (9.17 mills) per kWh approved by the Alaska Public Utilities Commission.

(1) FACILITIES CHARGE: The facilities charge is made by the Association to help cover costs to the Association which are not directly related to energy sales. These fixed costs include interest on debt, depreciation and cost of building equity. In 1980, the test year on which the facilities charge is based, these costs amounted to approximately \$5.4 million annually for single-phase service. When these costs are equally allocated to each single-phase account, they amount to approximately \$38 per month per account. The facilities charge recovers part of that \$38.

For more information contact one of these offices:

Palmer District Office
745-3231

Eagle River District Office
694-2161

Big Lake District Office
892-6021

Matanuska Electric Association, Inc.
P. O. Box 1148
Palmer, Alaska 99645



December 12, 1983

To: James F. Palin
General Manager

From: *John Parker*
John Parker
Manager of Administration

Subject: Tom Staudenmaier's Request for Rate Information

The following is a recap of single-phase rates in effect during 1983 and a brief description of why they changed.

1. Rates effective 1/1/83:


Facilities charge	\$20.00
1st 1300 kWh	5.325¢/kWh
over 1300 kWh	3.834¢/kWh
WPCRA	1.390¢/kWh

These rates reflect the interim increase received in U-82-60, MEA's rate case filed in September 1982.

2. No change in regular rates. WPCRA increased to 1.43¢/kWh. This change was effective March 11. The rate changed because of the reconciliation of wholesale power for the fourth quarter of 1982.
3. No change in regular rates. WPCRA changed to .033¢/kWh. This reflects the first quarter 1983 reconciled rate of 3.084¢/kWh for wholesale power and a change in the base rate from 1.6202¢/kWh to 3.051¢/kWh.
4. Single-phase rates effective June 24, 1983:

Facilities Charge	\$15.00
1st 1300 kWh	7.393¢/kWh
over 1300 kWh	5.723¢/kWh
WPCRA	0.033¢/kWh (no change)

This change in the permanent rates reflects the increase allowed in Bench Order, U-82-60. This increase was granted subject to reconsideration of one or two items in the rate case.



MATANUSKA ELECTRIC ASSOCIATION, INC.
Palmer, Alaska

MEMBER AND PUBLIC RELATIONS ACTIVITIES
1983 BUDGET

Publications		\$ 1,200
Advertising		9,500
Ruralite		32,400
Lamplighter		11,000
Film and Photos		500
Equipment Rental		700
School Programs		2,000
Annual Meeting -		
Postage	\$ 5,300	
Professional Fees	5,000	
Publications and Ballots	6,000	
Advertising	3,000	
Film and Photos	100	
Rentals	1,000	
Other (Refreshments, Child Care, etc.)	<u>5,000</u>	25,400
Member Advisory Committee -		
Consultant Fees	\$ 5,000	
Mileage	750	
Postage	<u>100</u>	5,850
Miscellaneous		<u>2,800</u>
TOTAL		<u>\$ 91,350</u>

<u>Account</u>	<u>First</u>	<u>Second</u>	<u>Third</u>	<u>Fourth</u>	<u>Total</u>
Customer Service & Informational Expense	\$14,950	\$14,950	\$14,950	\$14,950	\$59,800
Administrative & General	<u>14,238</u>	<u>14,238</u>	<u>1,537</u>	<u>1,537</u>	<u>31,550</u>
Total	<u>\$29,188</u>	<u>\$29,188</u>	<u>\$16,487</u>	<u>\$16,487</u>	<u>\$91,350</u>



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

March 13, 1984

Thomas G. Staudenmaier
Box 1603
River, Alaska 99577

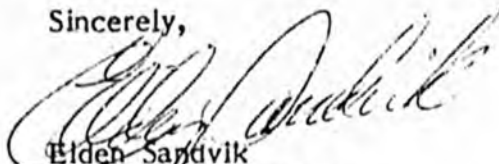
Dear Mr. Staudenmaier:

Subject: Recall Petition

In reference to the recall petition which you submitted to MEA on February 14, 1984, on behalf of the Staudenmaier Electric Merger Committee, please be advised that the Board has reviewed Attorney Roger Kempel's legal opinion dated March 1, 1984. A copy was provided to you with my letter of March 5. In addition, at its regular monthly meeting on March 13, 1984, the Board accepted Mr. Kempel's ruling that the recall petition does not contain valid charges, and rejected the petition for this reason, as well as for other reasons mentioned in the attorney's letter.

Should you desire to pursue or contest this decision, I suggest that you have your attorney contact Mr. Kempel so that the petitioners and the Association can seek judicial resolution of any disputes.

Sincerely,



Elden Sandvik
Secretary-Treasurer

JFP/cmb

cc: Board of Directors
Roger Kempel



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

CERTIFICATE

I, Elden Sandvik, do hereby certify that I am Secretary-Treasurer of Matanuska Electric Association, Inc., and that on the 14th day of February, 1984, the attached petition for removal of Matanuska Electric Association, Inc. Board members, Robert L. Husted, Barbara J. Miller, Elden Sandvik, Joy M. Foster, Wm. Harvey Bowers, Phil O'Neill and Robert C. Johnson, 115 pages, was personally delivered to me as Secretary of the cooperative by Tom Staudenmaier, MEA member.

3-1-84

ELDEN SANDVIK, SECRETARY-TREASURER
MATANUSKA ELECTRIC ASSOCIATION, INC.



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE:
(907) 745-3231

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

March 5, 1984

Mr. Thomas G. Staudenmaier
P. O. Box 408
Eagle River, Alaska 99577

Dear Mr. Staudenmaier:

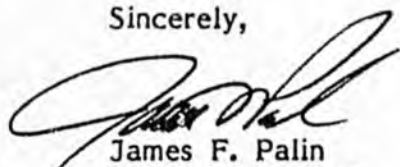
In reference to the recall petition which you submitted to MEA on February 14, 1984, on behalf of the Staudenmaier Electric Merger Committee, please be advised of the following:

1. We have verified that the petition contains an adequate number of member signatures, in accordance with MEA's Bylaws; and
2. At a special meeting of the Board of Directors of Matanuska Electric Association, Inc., held on February 23, 1984, the Board advised management to provide you a copy of MEA General Counsel Roger Kemppe's legal opinion as soon as it was available and, further, that the Board would officially accept Mr. Kemppe's legal opinion at the March 13, 1984 Board meeting.
3. A copy of Mr. Kemppe's opinion letter dated March 1, 1984 is enclosed. On page 11, Mr. Kemppe advised the Board that the recall petition does not contain valid charges and that the Board may consider rejecting this recall petition for this reason, as well as for other reasons mentioned in the letter. Based on Mr. Kemppe's letter, I believe that the Board will reject the recall petition.

You will note in the opinion letter that Mr. Kemppe suggests that you have your attorney contact him should you decide to contest the Board's action, so that the petitioners and the Association can seek judicial resolution of any disputes.

Please feel free to contact Mr. Kemppe or me if you have any questions.

Sincerely,



James F. Palin
General Manager

Enclosure

cc: MEA Board of Directors
Roger Kemppe, General Counsel

Law Offices of
Kemppel, Huffman & Ginder

255 E. Fireweed Lane, Suite 200
Anchorage, Alaska 99503

Roger R. Kemppel
Richard R. Huffman
Peter C. Ginder
Ronald L. Baird
Darrel J. Gardner

March 1, 1984

Telephone
(907) 277-1604
(907) 276-1605

Board of Directors
Matanuska Electric Association, Inc.
P.O. Box 1148
Palmer, Alaska 99645

Re: Recall Petition

Dear Board Member:

The Association received a recall petition from the Staudenmaier Electric Merger Committee on February 14, 1984, calling for the removal of the entire Board of Matanuska Electric Association, Inc. This petition purports to bring the following charges against the present Board of Directors of the Association:

"Charge 1: With failing to conduct the business of Matanuska Electric Cooperative, Inc. in a manner as to prevent an unreasonable increase in the electric bills and charges of the members and that you have entered into a course of action as to be unfamiliar with any alternative to the unreasonable burden placed upon the members, in particular senior citizens and parties of low fixed incomes.

"Charge 2: You have allowed the management of the corporation (MEA) to communicate incorrect and misleading information with the intent to subvert the election process (1983 Ballot for Directors). Marion Bowen Pippel officially withdrew in writing from running as a candidate for the Board of Directors of said Cooperative (MEA). Marion Bowen Pippel's name was deliberately placed on the 1983 MEA Ballot by management for the purpose of splitting the vote. Marion Bowen Pippel received 249 votes.

"Charge 3: You have allowed said Cooperative (MEA) General Manager James F. Palin a salary increase from \$73,800.00 to \$78,000.00 per year--a \$4,200.00 per year increase, at the April 12th, 1983 Board Meeting.

"Charge 4: You have lost the trust and confidence of Matanuska Electric Association Co-op owners."

Rec'd 3-5-84

March 1, 1984

action of the director to constitute "cause," that action must be wrongful or malfeasance in office. In a similar electric cooperative case, the Ohio court ruled that the above language in effect required that there be cause, and went on to define what actions on the part of a cooperative board of directors amounted to cause. In Neal Taylor, et al., Plaintiffs, vs. Buckeye Rural Electric Cooperative, et al., Defendants, 79-CL108 (Ohio 1979), the court found:

An examination of the instant charges, however, indicates a failure to direct any specific charge of malfeasance, misfeasance, or nonfeasance against any board member. All charges read the same against every board member, and, in effect, constitute disagreement with the policies of the trustees in operation of the business. But such disagreement with policy is the basic reason for the election of the trustees at regular annual meetings. The section entitled 'Removal' indicates a more radical and emergency type of procedure and not a method by 135 members to completely replace all of the trustees and officers of a multi-million dollar business. The resulting chaos can well be imagined.... Defendants claim all trustees, otherwise lawfully in office, can be replaced at a special meeting without any cause being stated. This section interpretation would make an annual meeting and election of trustees meaningless. Any faction constituting 10% of the company membership could, at any special meeting, replace the whole board of trustees of the company and therefore, the whole company management. This could go on indefinitely. The words 'removal' and 'charges' and 'present evidence' indicate that no such intention

March 1, 1984

But unless the officer has been guilty of some acts of misfeasance or nonfeasance he is not subject to removal, nor is a director subject to removal by reason of acts committed in another office.... Of course a director cannot be removed on the ground of incompetency where the facts show the contrary. 2 W. Fletcher, Cyclopaedia of the Law of Private Corporations, §356 (1982).

As the Backeye case, supra, indicated, there is no power to remove a director if the basis of the charge is that the person bringing the charge disagrees with the policies of the director. Such disagreement does not rise to the level of cause. If shareholders were to attempt to remove a director merely because they disagree with policies which that director supports, then the special relationship that a director has with the corporation would cease to exist. That relationship has been described by courts as that of a trustee or fiduciary:

While the ordinary rules of law relating to an agent are applicable in considering the acts of a board of directors in behalf of a corporation when dealing with third persons, the individual directors making up the board are not mere employees but a part of an elected body of officers constituting the executive agents of the corporation. They hold such office charged with the duty to act for the corporation according to their best judgment, and in so doing they cannot be controlled in the reasonable exercise and performance of such duty. As a general rule, the stockholders cannot act in relation to the ordinary business of the corporation, nor can they control the directors in the exercise of the judgment

March 1, 1984

As long as the members of the board of directors use their best business judgment to make a decision for the benefit of a corporation as a whole, that action is not a breach of their fiduciary or trust responsibility to the membership, even though a significant number of members may have voted differently on a particular issue. Proper charges, as required by Article IV, Section 5, of the Association's Bylaws, require more than mere disagreement. As the court stated in the case of Fox v. Codey, 252 N.Y. Supp. 395:

Removal may not be based upon whim or caprice. Mistake or misunderstanding probably will not suffice. Substantial grounds showing breach of trust must be shown.

Clearly the law does not permit the stockholders to create a sterilized board of directors. Manson v. Curtis, 119 N.E. 559 (N.Y. 1918); Fells v. Katz, 175 N.E. 516, 517 (N.Y. 1931). Accordingly, a director cannot be removed merely because the majority of the association members who attend the meeting happen to disagree with a particular policy.

Turning to the charges presented by the above petition, it should be noted at the outset that identical charges are being brought against each and every member of the Board of Directors. This of itself is not dispositive (since it is at least possible that each member of the Board may have committed identical acts of malfeasance in office), but it does at least lead to the suggestion that these charges are more in the nature of a purge or takeover rather than bona fide charges of individual misconduct as required by law.

The first charge contained in the attached petition alleges that the directors failed to prevent an unreasonable increase in electric bills and charges. This charge does not allege any specific examples of mismanagement or other misconduct. The case law makes it clear that when the shareholders attempt to remove a director for cause, there must be service of

March 1, 1984

SECTION 8. Manager. The Board may appoint a manager who may be, but who shall not be required to be, a member of the Association. The manager shall perform such duties and shall exercise such authority as the Board may from time to time vest in him.

The setting of salaries is a policy decision which is reserved by statute and the Bylaws of the Association to the Board of Directors. Article VI, Section 10(a), of the Association's Bylaws provides:

SECTION 10. Compensation. (a) The powers, duties and compensation of officers, agents and employees shall be fixed by the Board subject to the provisions of these Bylaws with respect to compensation for a board member. [Emphasis added]

As noted earlier, only the Board of Directors has the power and the right to manage the business and affairs of the Association. The power to set and establish salaries is an essential part of this right to manage the business and affairs of the Association. Unless it is alleged that the setting of salaries is done fraudulently, the members of the Association may not review this type of decision by recall petition. Again, this charge merely represents a disagreement with the Board of Directors as to the proper level of the general manager's salary. Such a disagreement clearly does not constitute legal cause for removal of a Board member.

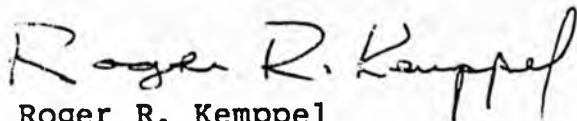
The fourth charge states that the Board has "lost the trust and confidence of Matanuska Electric Association Co-op owners." Once again, this charge is vague and so broad as to effectively deny the Directors charged the opportunity of meeting the accusation. Auer v. Dressel, supra; Campbell v. Loew's, Inc., supra. This charge in effect alleges a widespread "disagreement" with the presently-seated Board. Again, mere disagreement with the policies of the Board does not constitute

March 1, 1984

Should the Board resolve to reject the above petition as insufficient at law, I would suggest that you immediately arrange to provide Staudenmaier's petition committee with a copy of this opinion and request that that committee have its attorney contact me as soon as possible if it decides to contest the Board's action. It is important that the Staudenmaier Electric Merger Committee and the Association seek judicial resolution of any outstanding disagreement at the earliest possible time in order not to delay the Association's annual membership meeting scheduled to be held April 27, 1984, and in order to ensure the widest possible notice and membership participation at that meeting.

Sincerely,

KEMPEL, HUFFMAN & GINDER



Roger R. Kempel
Counsel for Matanuska Electric
Association, Inc.

RRK:la

Attachment: Copy of February 1984 Petition

cc: James F. Palin
General Manager, MEA

E



STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-2322

Help us cut your electric bill 67% to 80% per month

How?

Full Implementation of

STAUDENMAIER'S ELECTRIC MERGER PLAN

Sign

RECALL PETITION

Removal — Seven (7) Members of

Matanuska Electric Association

Board of Directors

The above sponsor is duly authorized to circulate the petition

the best and brightest ideas energizing in Alaska!



STAUDENMAIER'S
ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-2322

PETITION FOR REMOVAL—Seven (7) Members of Matanuska Electric Association Board of Directors

Authority Cited — MEA bylaws. ARTICLE IV Board Members. Section 5. removal of board member by members. (Alaska Statutes) Title 10 Chapter 25 Electric and Telephone Co-operative Act. Article 1. Sec. 10.25.140 (Board of Directors).

We, the undersigned members of Matanuska Electric Association, Inc. do hereby bring the following charges against the hereinafter listed Directors of Matanuska Electric Co-operative, Inc. (sometimes referred to as Officers or Trustees) and request the removal of such Directors by reason thereof. We hereby direct you, **Elden Sandvik**, Secretary-Treasurer to inform said Director, **Robert L. Husted**, President (MEA), **Barbara T. Miller**, **Phil O'Neill**, **Harvey Bowers**, **Joy Foster** and **Robert C. Johnson** in writing, of the charges hereinafter set out so that the President of MEA, Robert L. Husted shall call a special meeting of the members pursuant to **Article III Section 2 Special Meetings** of the By-Laws of Matanuska Electric Co-operative, Inc. affording said Directors an opportunity at the meeting to be heard in person or by counsel and to present evidence in respect to the charges, granting us the undersigned the same opportunity.

After said meeting and pursuant to Section 2 of Article III of the By-Laws of said Co-operative, we, the undersigned members of said Co-operative (MEA) petition **Robert L. Husted**, President of said Corporation, to call a special meeting of the members and cause notice of such meeting to be given as provided in said By-Laws for the purpose of voting on the question of removal of said Directors pursuant to Section 3 of Article III aforesaid.

That the following Directors are charged by the undersigned members. . .

CHARGE 1: With failing to conduct the business of Matanuska Electric Co-operative, Inc. in a manner as to prevent an unreasonable increase in the electric bills and charges of the members and that you have entered into a course of action as to be unfamiliar with any alternative to the unreasonable burden placed upon the members, in particular, senior citizens and parties of low fixed incomes.

CHARGE 2: You have allowed the management of the corporation (MEA) to communicate incorrect and misleading information with the intent to subvert the election process (1983 Ballot for Directors.) Marion Bowen Pippel officially withdrew in writing from running as a candidate for the Board of Directors of said Co-operative (MEA) Marion Bowen Pippel's name was deliberately placed on the 1983 MEA Ballot by management for the purpose of splitting the vote. Marion Bowen Pippel received 249 votes.

CHARGE 3: You have allowed said Co-operative (MEA) GENERAL MANAGER **James F. Pallin** a salary increase from \$73,800.00 to \$78,000.00 per year — a \$4,200.00 per year increase, at the April 12th, 1983 Board Meeting.

CHARGE 4: You have lost the trust and confidence of Matanuska Electric Association Co-op owners.

That these charges are brought against the following Directors and the removal of all of the following named Directors, the same being all of the Directors, (sometimes referred to by the Company as Trustees or Officers) are hereby requested and petitioned to be removed to wit:

Robert L. Husted, P.O. Box 132, Talkeetna, Alaska 99676. **Barbara T. Miller**, P.O. Box 151, Wasilla, Alaska 99687. **Phil O'Neill**, P.O. Box 2229, Palmer, Alaska 99645. **Harvey Bowers**, P.O. Box 1960, Wasilla, Alaska 99687. **Joy Foster**, P.O. Box 274, Wasilla, Alaska 99687. **Robert C. Johnson**, P.O. Box 456, Eagle River, Alaska 99577. **Elden Sandvik**, P.O. Box 512, Palmer, Alaska 99645.

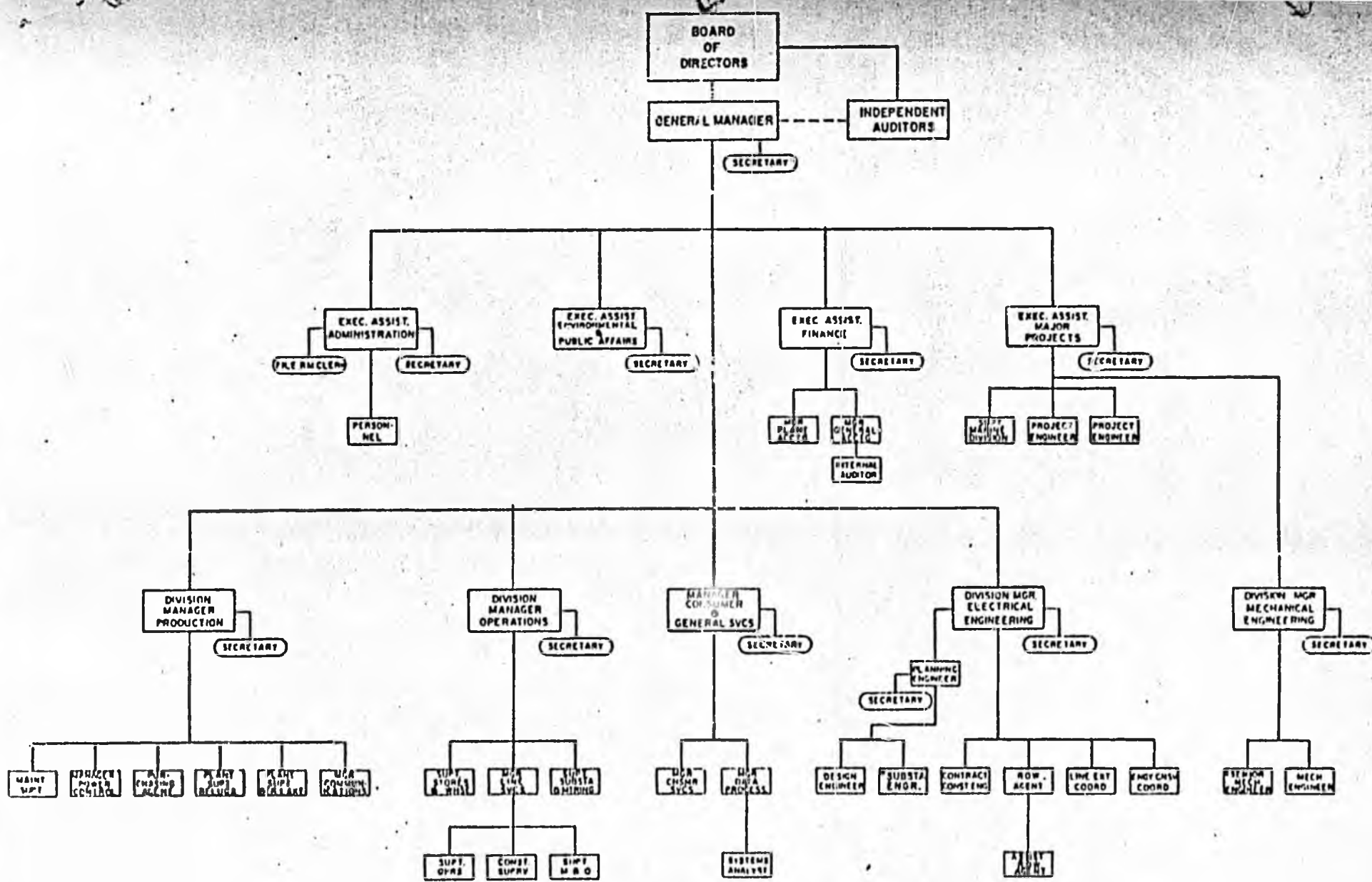
PLEASE PRINT! This Information Has To Be Verified. THANK YOU!

1.	Date	Print Full Name	Signature	Full Residence Address	Mailing Address	Phone Number
2.						
3.						
4.						
5.						
6.						
7.						
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Petition must be Returned to: Staudenmaier's Electric Merger Committee, P.O. Box 1603, Eagle River, Alaska 99577 — Phone 694-2322

Don't you be a DEAD BEAT! Get involved. Help cut your electric bill 67% to 80% per month.

the best and brightest ideas energizing in Alaska!



ORGANIZATIONAL CHART

Chugach ELECTRIC ASSOCIATION, INC

OFFICERS

1. Report below the name, title, office address, and salary for the year of each general officer of the respondent. Report the information also for each other employee whose annual salary is \$25,000* or more. The information required by this schedule may be omitted for assistant general officers whose duties do not embrace important executive or policy functions, and whose salaries are less than \$25,000* per year. (*\$35,000, if respondent's annual operating revenues are \$50,000,000 or more.)

2. If any officer or other employee reported in this schedule received remuneration from respondent, directly or indirectly, other than the salary reported in column (a), such as commissions, bonuses, shares in profits, moneys paid, set aside or accrued pursuant to any pension, retirement, savings or similar plan (exclusive of plans qualified under Section 401 of the Internal Revenue Code of 1954) including premiums paid for retirement annuities, or life insurance where the respondent is not the beneficiary, or any other advantageous arrangement which constitutes a form of compensation, give the essentials of the plan, not previously reported, the basis of determining the ultimate benefits receivable, and the payments or provisions made during the year with respect to each person reported herein. If the word 'none' correctly states the facts with respect to the matters referred to in this instruction, so state..... N/A per #7.....

3. State the annual benefits estimated to be payable to each of the three highest paid officers named herein in the event of

retirement at normal retirement date pursuant to any pension or retirement plan.

N/A per #7

4. Describe all transactions since the beginning of the year in which any person who was an officer of the respondent at any time during the year received remuneration, directly or indirectly, from the respondent in the form of securities, options, warrants, rights or other property, or through the exercise or disposition thereof. As to options, warrants or rights granted or extended, give the information under this caption on page 106. If the response "none" correctly states the facts with respect to the matters referred to in this instruction, so state N/A per #7

5. State briefly any arrangement under which any officer is insured or indemnified against liability which he may incur in his capacity as an officer. If there are no such arrangements, so state..... N/A per #7.....

6. If a change was made during the year in the incumbent of any position, show name and address and total remuneration of the previous incumbent and date change in incumbency was made.

7. Utilities which are not required to file copies of this report with the Securities and Exchange Commission may omit the data called for by instructions 3, 4, and 5. Omission of responses to such instructions for this reason should be stated.

Title (a)	Name of Officer (b)	Principal Business Address (City and State) (c)	Salary for Year * (d)
Employees:			
General Manager	LeRoy J. Schultz	P.O. Box 3518, Anch.99501	\$ 145,008.00
Asst. Assist. Admin.	Audrey E. Larson	Alaska	46,476.00
Asst. Assist. Environ-	Lawrence D. Markley		70,810.07
mental & Pub. Affa	Ted Wellman		82,236.00
r. Mr. Elect. Eng	Thomas S. Kolasinski		87,000.00
r. Mr. Production	Robert M. Braukus		64,922.00
r. Mr. Operations	John Polyansky		70,584.00
Asst. Assist. Major	Eric J. Haemer		32,608.80
Projects			
r. Mr. Mech. Eng.			
Continued	104.1 through 104.4		
	* "Salary for year" as provided by individual represents compensation paid those individuals by Chugach during their period of employment at Chugach within calendar year 1981.		

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: C. [Signature]

Date: 11/18/83

CHUGACH

son who performs similar policymaking functions. 2. If a change was made during the year in the incumbent of

Line No	Title	Name of Officer	Salary for Year
1	1. General Manager	Walter V. Truitt, Jr.	(1) \$56,230
2			
3	2. Division Manager - Production	Thomas S. Kolasinski	(2) \$109,449
4			
5	3. Executive Assistant - Administration	Audrey E. Larson	(3) \$35,013
6			
7	4. Executive Assistant - Major Projects	John Polyansky	(4) \$90,943
8			
9	5. Division Manager - Operations	Robert M. Braukus	(5) \$61,481
10			
11	6. Executive Assistant - Finance	James C. Anderson	(6) \$50,257
12			
13	7. Manager of System Planning	Eric J. Haemer	\$81,000
14			
15	8. Executive Assistant - Environment & Public Affairs	Lawrence D. Markley	\$70,440
16			
17	9. Manager of Transmission & Distribution	Fed Wellman	(7) \$90,456
18			
19	10. Executive Assistant to General Manager	John E. Smith, Jr.	(8) \$16,705
20			
21	(1) Employment Date - June 8, 1982. (Annual Salary \$99,500.)		
22	(2) Also, Acting-General Manager until June 8, 1982. (Annual Salary \$95,700.)		
23	(3) Terminated - July 2, 1982. (Annual Salary \$53,446.)		
24	(4) Terminated - October 1, 1982. (Annual Salary \$81,876.)		
25	(5) Terminated - September 15, 1982. (Annual Salary \$73,611.)		
26	(6) Employment Date - January 25, 1982. (Annual Salary \$53,666.)		
27	(7) Annual Salary \$79,092. During 1982 paid for leave not taken.		
28	(8) Employment Date - September 27, 1982. (Annual Salary \$63,000.)		
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I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. J. [Signature]

Date: 11/18/83

Line No	Classification	Direct Payroll Distribution	Allocation of Payroll Charged for Clearing Accounts	Total
		(b)	(c)	(d)
1	Electric			
2	Operation			
3	Production	\$2,245,227		
4	Transmission	194,050		
5	Distribution	1,060,392		
6	Customer Accounts	1,574,406		
7	Customer Service and Informational	45,081		
8	Sales	-0-		
9	Administrative and General	640,276		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	5,759,362		
11	Maintenance			
12	Production	1,148,055		
13	Transmission	169,981		
14	Distribution	1,216,743		
15	Administrative and General	207,587		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	2,741,366		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	3,393,282		
19	Transmission (Enter Total of lines 4 and 13)	363,131		
20	Distribution (Enter Total of lines 5 and 14)	2,276,845		
21	Customer Accounts (Transcribe from line 6)	1,574,406		
22	Customer Service and Informational (Transcribe from line 7)	45,081		
23	Sales (Transcribe from line 8)	-0-		
24	Administrative and General (Enter Total of lines 9 and 15)	847,963		
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	8,500,708	-0-	\$8,500,708
26	Gas			
27	Operation			
28	Production—Manufactured Gas	N/A		
29	Production—Natural Gas (Including Expl. and Dev.)	N/A		
30	Other Gas Supply	N/A		
31	Storage, LNG Terminaling and Processing	N/A		
32	Transmission	N/A		
33	Distribution	N/A		
34	Customer Accounts	N/A		
35	Customer Service and Informational	N/A		
36	Sales	N/A		
37	Administrative and General	N/A		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	N/A		
39	Maintenance			
40	Production—Manufactured Gas	N/A		
41	Production—Natural Gas	N/A		
42	Other Gas Supply	N/A		
43	Storage, LNG Terminaling and Processing	N/A		
44	Transmission	N/A		
45	Distribution	N/A		
46	Administrative and General	N/A		
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)	N/A		

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. Minton

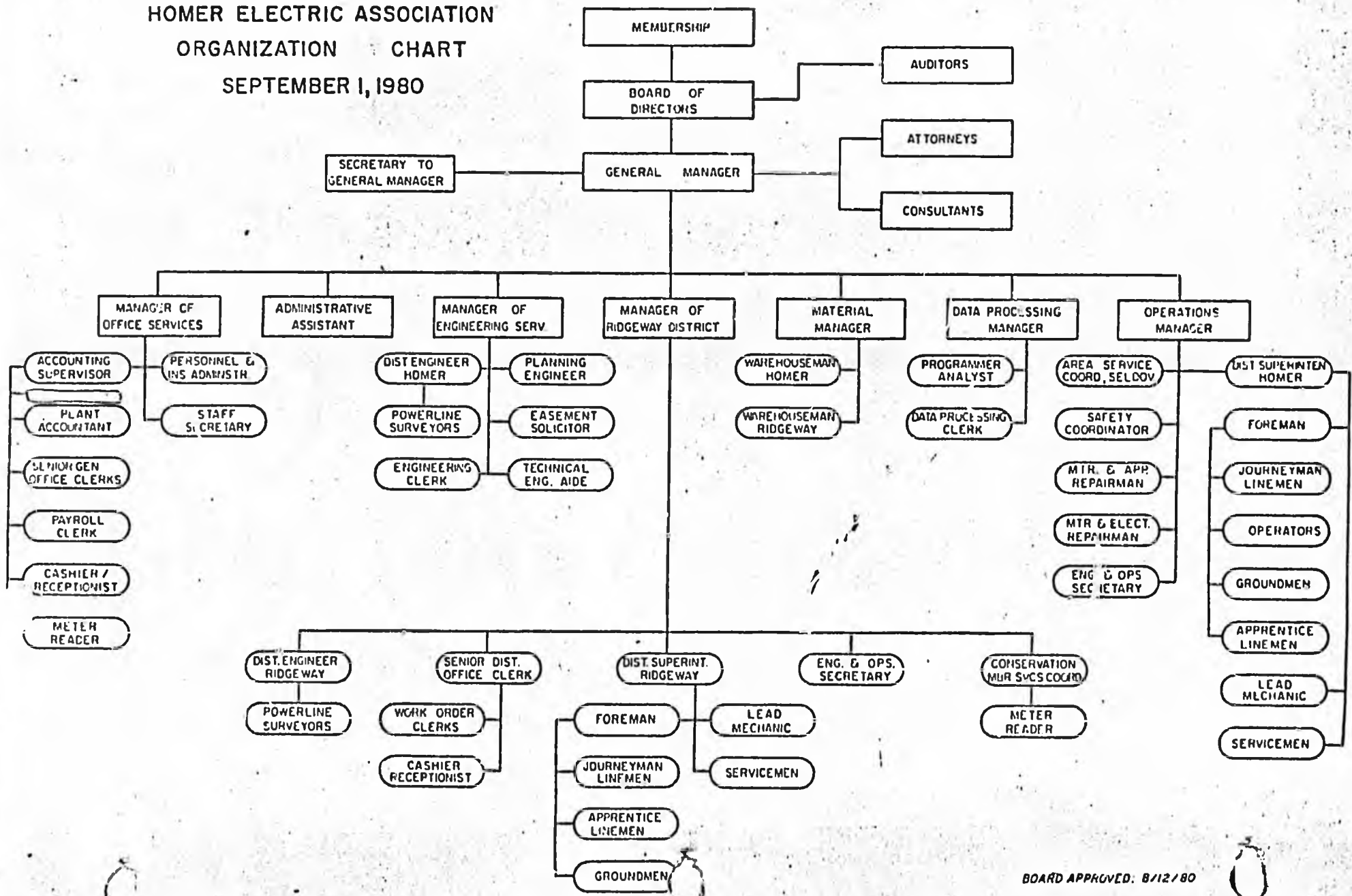
Date: 11/18/83

49	Production—Manufactured Gas (Enter Total of lines 28 and 40)	N/A		
50	Production—Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)	N/A		
51	Other Gas Supply (Enter Total of lines 30 and 42)	N/A		
52	Storage, LNG Terminating and Processing (Total of lines 31 and 43)	N/A		
53	Transmission (Enter Total of lines 32 and 44)	N/A		
54	Distribution (Enter Total of lines 33 and 45)	N/A		
55	Customer Accounts (Transcribe from line 34)	N/A		
56	Customer Service and Informational (Transcribe from line 35)	N/A		
57	Sales (Transcribe from line 36)	N/A		
58	Administrative and General (Enter Total of lines 37 and 46)	N/A	N/A	N/A
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	N/A	N/A	N/A
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	\$8,500,708	-0-	\$8,500,708
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	2,731,968	-0-	2,731,968
66	Gas Plant	N/A	N/A	N/A
67	Other	N/A	N/A	N/A
68	TOTAL Construction (Enter Total of lines 65 thru 67)	2,731,968	-0-	2,731,968
69	Plant Removal (By Utility Department)			
70	Electric Plant	37,181	-0-	37,181
71	Gas Plant	N/A	N/A	N/A
72	Other	N/A	N/A	N/A
73	TOTAL Plant Removal (Enter Total of lines 70 thru 72)	37,181	-0-	37,181
74	Other Accounts (Specify):			
75	Annual Leave			1,047,460
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95	TOTAL Other Accounts	\$3,816,609	-0-	\$3,816,609
96	TOTAL SALARIES AND WAGES	\$12,317,315	-0-	\$12,317,315

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. Mier
Date: 11/18/83

HOMER ELECTRIC ASSOCIATION
 ORGANIZATION CHART
 SEPTEMBER 1, 1980



BOARD APPROVED: 8/12/80

Homer

Line No	Title (a)	Name of Officer (b)	Salary for Year (c)
1	General Manager	B. Kent Wick	77,390
2	Administrative Assistant	Scot E. Land	54,984
3	Manager, Eng. Services	S.C. Matthews	67,304
4	Manager, Materials	Norman L. Story	50,627
5	Manager, Office Services	Thomas H. Keffer	59,163
6	Manager, Operations	Clifford G. Stewart	69,422
7	District Manager	Eugene R. Collins	65,916
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I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. M. Smith

Date: 11/18/83

Line No	Classification	Distribution	Payroll charged for Clearing Accounts	Total
	(a)	(b)	(c)	(d)
1	Electric			
2	Operation			
3	Production 546-550	610.28		
4	Transmission 560-567	98.92		
5	Distribution 580-589	28,830.21		
6	Customer Accounts 901-905	33,426.94		
7	Customer Service and Informational 907-910	6,230.47		
8	Sales 911-916	.00		
9	Administrative and General 920-931	26,817.23		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	96,014.05		
11	Maintenance			
12	Production 551-557	.00		
13	Transmission 568-573	967.56		
14	Distribution 590-598	49,090.26		
15	Administrative and General 932	1,508.92		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	51,566.74		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	610.28		
19	Transmission (Enter Total of lines 4 and 13)	1,066.48		
20	Distribution (Enter Total of lines 5 and 14)	77,920.47		
21	Customer Accounts (Transcribe from line 6)	33,426.94		
22	Customer Service and Informational (Transcribe from line 7)	6,230.47		
23	Sales (Transcribe from line 8)	.00		
24	Administrative and General (Enter Total of lines 9 and 15)	28,326.15		
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	147,580.79		
6	Gas			
7	Operation			
28	Production—Manufactured Gas	-		
29	Production—Natural Gas (Including Expl. and Dev.)	-		
30	Other Gas Supply	-		
31	Storage, LNG Terminating and Processing	-		
32	Transmission	-		
33	Distribution	-		
34	Customer Accounts	-		
35	Customer Service and Informational	-		
36	Sales	-		
37	Administrative and General	-		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	-		
39	Maintenance			
40	Production—Manufactured Gas	-		
41	Production—Natural Gas	-		
42	Other Gas Supply	-		
43	Storage, LNG Terminating and Processing	-		
44	Transmission	-		
45	Distribution	-		
46	Administrative and General	-		
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)	-		

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. Nielsen

Date: 11/18/53

Production—Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)	-		
Other Gas Supply (Enter Total of lines 30 and 42)	-		
Storage, LNG Terminating and Processing (Total of lines 31 and 43)	-		
Transmission (Enter Total of lines 32 and 44)	-		
Distribution (Enter Total of lines 33 and 45)	-		
Customer Accounts (Transcribe from line 34)	-		
Customer Service and Informational (Transcribe from line 35)	-		
Sales (Transcribe from line 36)	-		
Administrative and General (Enter Total of lines 37 and 46)	-		
TOTAL Operation and Maint. (Total of lines 49 thru 58)	-		
Other Utility Departments			
Operation and Maintenance			
TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	-		
Utility Plant			
Construction (By Utility Departments)			
Electric Plant	-		
Gas Plant	-		
Other	-		
TOTAL Construction (Enter Total of lines 65 thru 67)	-		
Plant Removal (By Utility Department)			
Electric Plant	-		
Gas Plant	-		
Other	-		
TOTAL Plant Removal (Enter Total of lines 70 thru 72)	-		
Other Accounts (Specify):			
TOTAL Other Accounts			
TOTAL SALARIES AND WAGES			

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. Nielsen

Date: 11/15/83



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. _____

TOM STAHR
From: Mayor

Meeting Date:

Subject: Cost of Living Adjustment for Executive Pay Plan

AO 81-28, as further amended by AO 82-53, provides for annual adjustment to the pay plan for Executive Employees as defined under AMC 3.30.171B based on the U.S. Department of Labor's Anchorage Consumer Price Index for All Urban Consumers for the prior year. For the prior year that index increased 5.3%.

Applying the Cost of Living adjustment formula outlined in AO 82-53, the Municipal Pay Ranges for Executive Employees for 1984 are as follows:

E-I	\$32,000 - \$55,000
E-II	\$42,000 - \$67,000
E-III	\$52,000 - \$78,000

Tom Stahr

Prepared by:

72,737.00 Base Sal.

25,094.00 Bonus

Frank Austin

97,831.00

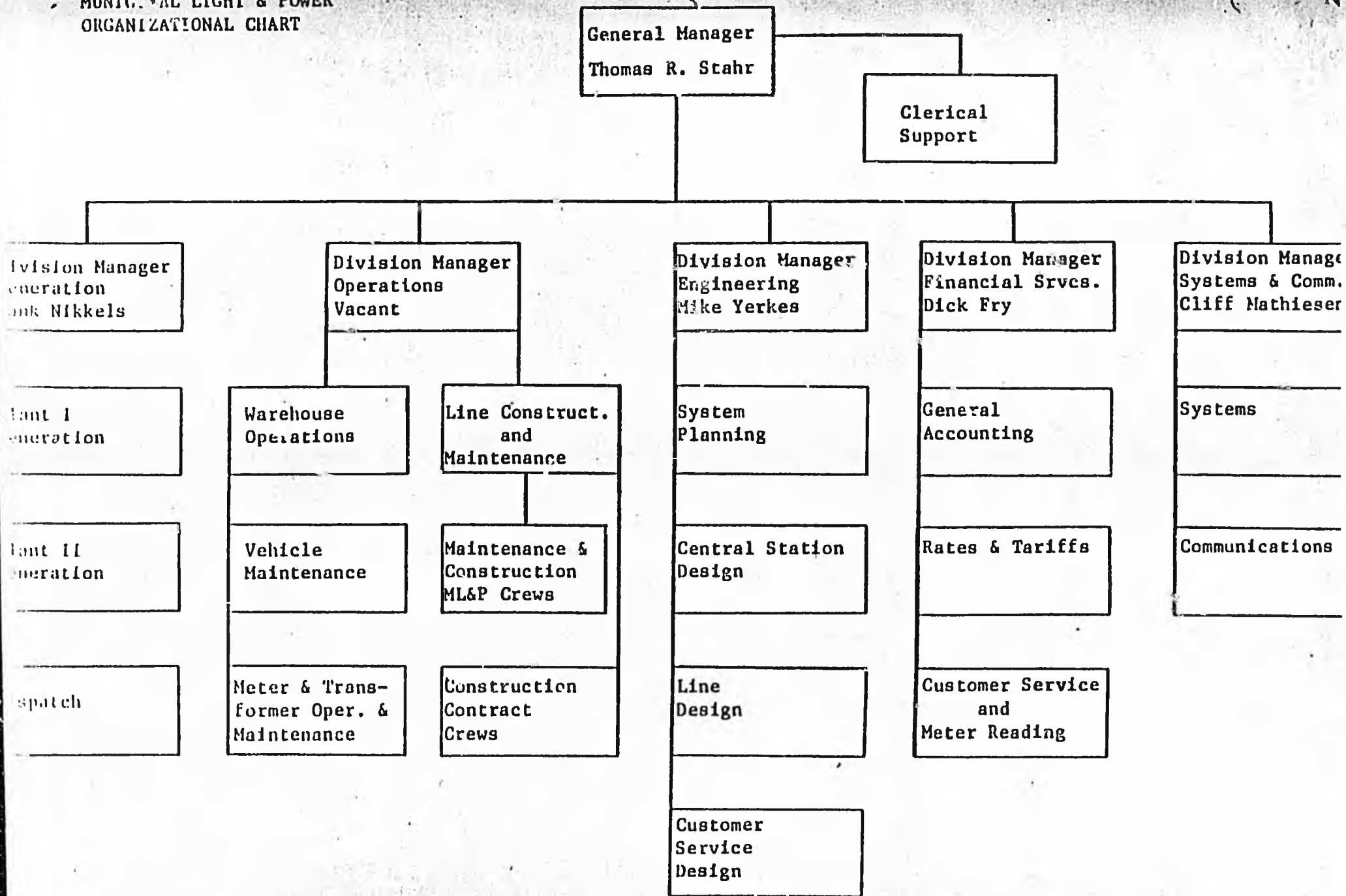
Director, Human Resources Department

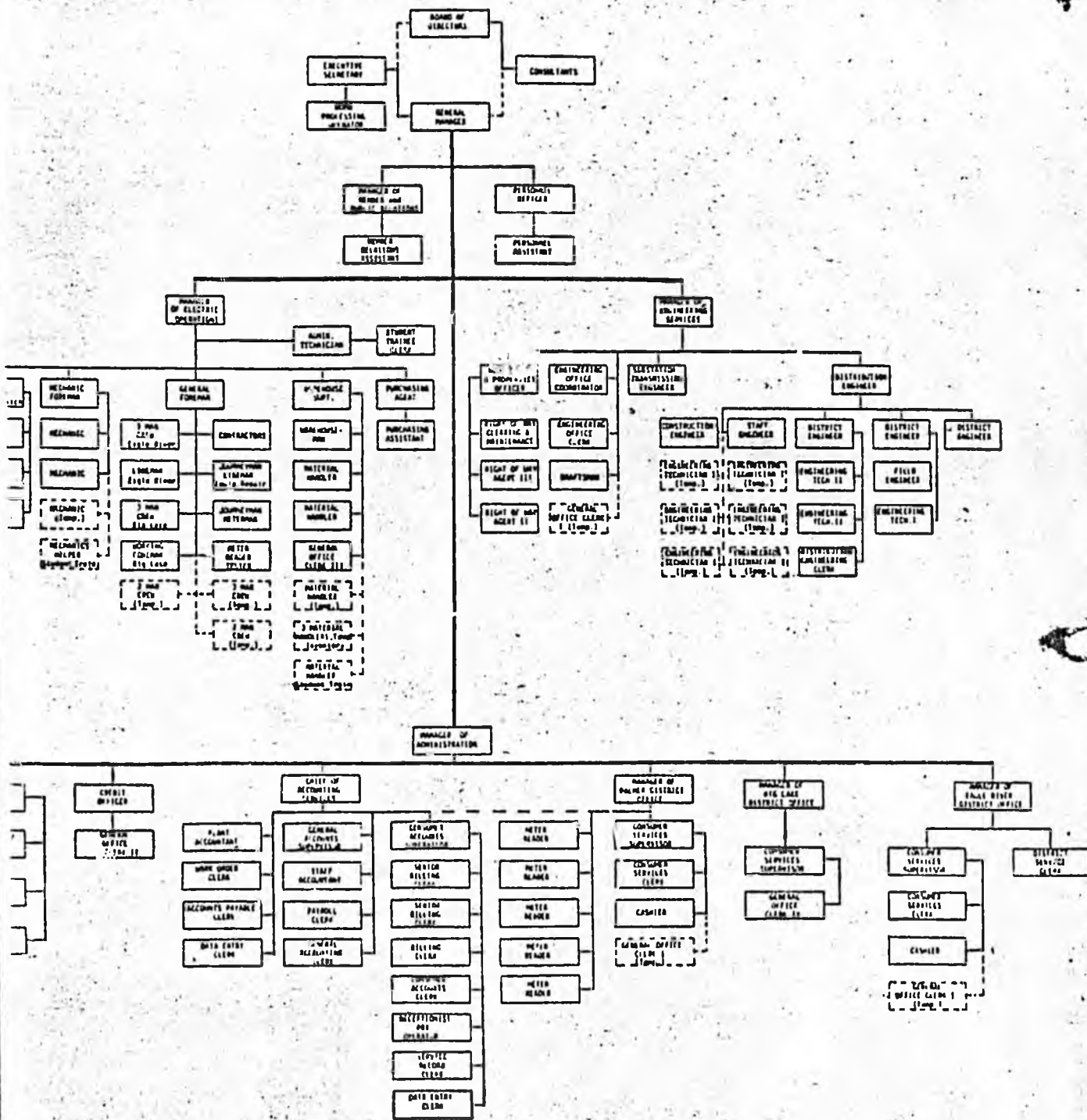
Respectfully submitted:

34.5%

Tony Knowles
Mayor

MUNICIPAL LIGHT & POWER
ORGANIZATIONAL CHART





ORGANIZATION CHART

Alaska Electric Association, Inc.

Palmer, Alaska

Effective Date: January 1, 1983

2. If a change was made during the year in the incumbent or

Line No	Title <i>(a)</i>	Name of Officer <i>(b)</i>	Salary for Year <i>(c)</i>			
1	General Manager	James F. Palin	\$ 73,800			
2						
3						
4						
5						
6						
7						
8						
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10						
11						
12						
13				Under existing M.E.A. Policy we are unable to provide individual salaries without written consent of the employee involved. However, if ordered by the A.P.U.C., MEA would be willing to supply salary information by employee on the condition that the information be held strictly confidential.		
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I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. Mierman

Date: 11/18/83

Line No.	Classification	Direct Payroll Distribution	Allocation of Payroll Charged for Clearing Accounts	Total
	(a)	(b)	(c)	(d)
1	Electric			
2	Operation			
3	Production	48,332		
4	Transmission	1,345		
5	Distribution	364,731		
6	Customer Accounts	592,343		
7	Customer Service and Informational	-		
8	Sales	-		
9	Administrative and General	557,860		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	1,564,611		
11	Maintenance			
12	Production	-		
13	Transmission	61		
14	Distribution	414,535		
15	Administrative and General	9,716		
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	424,312		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	48,332		
19	Transmission (Enter Total of lines 4 and 13)	1,406		
20	Distribution (Enter Total of lines 5 and 14)	779,266		
21	Customer Accounts (Transcribe from line 6)	592,343		
22	Customer Service and Informational (Transcribe from line 7)	-		
23	Sales (Transcribe from line 8)	-		
24	Administrative and General (Enter Total of lines 9 and 15)	567,576		
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	1,988,923	-	1,988,923
26	Gas			
27	Operation			
28	Production--Manufactured Gas	-		
29	Production--Natural Gas (Including Expl. and Dev.)	-		
30	Other Gas Supply	-		
31	Storage, LNG Terminating and Processing	-		
32	Transmission	-		
33	Distribution	-		
34	Customer Accounts	-		
35	Customer Service and Informational	-		
36	Sales	-		
37	Administrative and General	-		
38	TOTAL Operation (Enter Total of lines 28 thru 37)	-		
39	Maintenance			
40	Production--Manufactured Gas	-		
41	Production--Natural Gas	-		
42	Other Gas Supply	-		
43	Storage, LNG Terminating and Processing	-		
44	Transmission	-		
45	Distribution	-		
46	Administrative and General	-		
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)	-		

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. Minton

Date: 11/13/83

50	Production—Natural Gas (Including Expl. and Dev.) (Total of lines 29 and 41)	-		
51	Other Gas Supply (Enter Total of lines 30 and 42)	-		
52	Storage, LNG Terminating and Processing (Total of lines 31 and 43)	-		
53	Transmission (Enter Total of lines 32 and 44)	-		
54	Distribution (Enter Total of lines 33 and 45)	-		
55	Customer Accounts (Transcribe from line 34)	-		
56	Customer Service and Informational (Transcribe from line 35)	-		
57	Sales (Transcribe from line 36)	-		
58	Administrative and General (Enter Total of lines 37 and 46)	-		
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)	-		
60	Other Utility Departments			
61	Operation and Maintenance	-	-	-
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)	-	-	-
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	1,514,183	-	-
66	Gas Plant	-	-	-
67	Other	-	-	-
68	TOTAL Construction (Enter Total of lines 65 thru 67)	1,514,183	-	1,514,183
69	Plant Removal (By Utility Department)			
70	Electric Plant	22,293	-	-
71	Gas Plant	-	-	-
72	Other	-	-	-
73	TOTAL Plant Removal (Enter Total of lines 70 thru 72)	22,293	-	22,293
74	Other Accounts (Specify):			
75	Other Property & Investment			
76	Current & Accrued Assets			421,752
77	Deferred Debits			307,102
78	Annual Leave			410,441
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95	TOTAL Other Accounts			1,139,295
96	TOTAL SALARIES AND WAGES			4,664,694

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. M. [Signature]
 Date: 11/18/83

2. If a change was made during the year in the incumbent of

Line No	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Utility Div. Mgr. II	Bowen, George	60,653.00
2	Utility Div. Mgr. II	Massin, Michael E.	65,478.00
3	Utility Div. Mgr. I	Mathiesen, Clifford	52,000.00
4	Utility Div. Mgr. II	Nikkels, Hank	64,272.00
5	General Manager	Stahr, Thomas R.	67,974.00
6	Utility Div. Mgr. I	Tisher, William M.	53,019.00
7			
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I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: D. Trickett
 Date: 11/18/83

No.	Classification	Distribution	Capital Charges for Clearing Accounts	Total
	(a)	(b)	(c)	(d)
1	Electric			
2	Operation			
3	Production	1,489,092		
4	Transmission	27,867		
5	Distribution	1,284,263		
6	Customer Accounts	353,541		
7	Customer Service and Informational	77,194		
8	Sales			
9	Administrative and General	1,034,811		
10	TOTAL Operation (Enter Total of lines 3 thru 9)	4,266,768		
11	Maintenance			
12	Production	439,544		
13	Transmission	1,623		
14	Distribution	740,276		
15	Administrative and General			
16	TOTAL Maintenance (Enter Total of lines 12 thru 15)	1,181,443		
17	Total Operation and Maintenance			
18	Production (Enter Total of lines 3 and 12)	1,928,636		
19	Transmission (Enter Total of lines 4 and 13)	29,490		
20	Distribution (Enter Total of lines 5 and 14)	2,024,539		
21	Customer Accounts (Transcribe from line 6)	353,541		
22	Customer Service and Informational (Transcribe from line 7)	77,194		
23	Sales (Transcribe from line 8)	-0-		
24	Administrative and General (Enter Total of lines 9 and 15)	1,034,811		
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	5,448,211	374,735	5,862,946
26	Gas			
27	Operation			
28	Production - Manufactured Gas			
29	Production - Natural Gas (Including Expl. and Dev.)			
30	Other Gas Supply			
31	Storage, LNG Terminating and Processing			
32	Transmission			
33	Distribution			
34	Customer Accounts			
35	Customer Service and Informational			
36	Sales			
37	Administrative and General			
38	TOTAL Operation (Enter Total of lines 28 thru 37)			
39	Maintenance			
40	Production - Manufactured Gas			
41	Production - Natural Gas			
42	Other Gas Supply			
43	Storage, LNG Terminating and Processing			
44	Transmission			
45	Distribution			
46	Administrative and General			
47	TOTAL Maintenance (Enter Total of lines 40 thru 46)			

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: B. Miettinen

Date: 11/18/83

50	Production—Natural Gas (including Expl. and Dev.) (Total of lines 29 and 41)			
51	Other Gas Supply (Enter Total of lines 30 and 42)			
52	Storage, LNG Terminaling and Processing (Total of lines 31 and 43)			
53	Transmission (Enter Total of lines 32 and 44)			
54	Distribution (Enter Total of lines 33 and 45)			
55	Customer Accounts (Transcribe from line 34)			
56	Customer Service and Informational (Transcribe from line 35)			
57	Sales (Transcribe from line 36)			
58	Administrative and General (Enter Total of lines 37 and 46)			
59	TOTAL Operation and Maint. (Total of lines 49 thru 58)			
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL All Utility Dept. (Total of lines 25, 59, and 61)			
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant	1,560,014		
66	Gas Plant			
67	Other			
68	TOTAL Construction (Enter Total of lines 65 thru 67)			
69	Plant Removal (By Utility Department)			
70	Electric Plant			
71	Gas Plant			
72	Other			
73	TOTAL Plant Removal (Enter Total of lines 70 thru 72)			
74	Other Accounts (Specify):			
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95	TOTAL Other Accounts			
96	TOTAL SALARIES AND WAGES			

I hereby certify that this is a true copy of an original document in the files of the Alaska Public Utilities Commission.

By: E. J. [Signature]

Date: 11/18/83

The future

How long will electricity remain a 'bargain'?

Electricity from gas-fired generators cheap

Continued from Page A-1

But in parts of Alaska where electricity from gas or hydropower is not available, the cost of keeping the lights on was considerably higher, in many cases. In Fairbanks 1000 kwh cost \$121; in Kodiak, \$160; and in Port Lions, a small fishing community near Kodiak, \$612.63. Port Lions has the distinction of having the most expensive juice in the state.

Chugach Electric Association is the largest utility in the state. It distributes electricity to 50,000 users in the Anchorage bowl and sells

Gas burned at Bernice Lake, International and Knik Arm power stations is not the bargain Beluga River methane is. It is purchased from Enstar and it costs \$1.12 per thousand cubic feet.

According to an initial draft study of available Cook Inlet gas reserves done for the state by Battelle Pacific Northwest Laboratories, the weighted average price of all the gas used by Chugach is 42 cents per thousand cubic feet. Over the next 13 years, the study predicts, that average cost will increase to \$1.32.

It could go higher, however, if the price of

Spokesman disputes claim power outage could have been avoided

"This problem," he said about Monday's outage. "It's not something that won't happen again."

In contrast, Kolasinski said the fuel-delivery gremlin that caused complete shutdown of the Chugach main power plant at Beluga was "a one-time affair."

"We suspect that the main gas regulator station had wa-

main gas regulator said. "In our preliminary investigation we found officials will meet with ML&P to be normal, and Chugach administrators Monitoring department to discuss a plan to improve communications between the utilities and the public in emergencies."

Under the proposal, Both Chevron Knowles said the municipal are investigating Emergency Operations Center the plant shutdown will try to deal with public

cold snap of 1983 had Anchorage residents reaching for their thermostats.

ML&P and Chugach officials said a record amount of power was used Monday, breaking marks set only a few days before. Chugach spokeswoman Lynn Marlin said demand surged to 370 megawatts at about 6 p.m. Monday, up from a previous

forecast was for more same throughout the winter.

The low temperature Anchorage International Monday was minus substantially warmer than record for Jan. 10 of month set in 1972. But at 7: wind chill pegged the five temperature at mi-

In Palmer, winds to 40 mph dropped to

Power restored, but blackout still makes its mark

By LARRY CAMPBELL Daily News reporter

The vast power outage that struck southcentral Alaska on Sunday continued to raise havoc on Monday, only after power had been restored.

Hindered by another outage Monday, though of much less duration and area, some shivering residents were thwarted in attempts to get heat

into their homes through frozen water pipes. Others fought water back as pipes burst from freezing water inside, spewing a sopping, icy mess.

Police and fire officials reported numerous incidents related to the outage and resulting vulnerability to the cold. Anchorage police responded to about 30 minor auto accidents Monday while firefighters answered

over 35 weather related calls, including burst water pipes and minor fires.

A house fire at 1021 Boston St. about midnight Sunday began when a candle fell on a bed. Damage in that fire was estimated at \$3,000. Another fire at the Northern Lights Inn, caused by a heating duct, resulted in only \$100 damage.

Diners at Nikko Gardens in the

Denali Tower rushed from the restaurant just after noon Monday when a fire sprinkler line burst and showered water through the ceiling tile and down the walls.

"We heard this pop, then the water started coming through the tile and down onto the aisle," said Stephan

See Back Page, BLACKOUT

Utilities argue fault

By JIM ERICKSON Daily News reporter

A Chugach Electric Association spokesman Monday denied reports that a massive weekend power failure could have been avoided if the utility had not cut loose from Municipal Light and Power electrical supplies shortly after the Chugach system began to falter.

JAN 11 1982

Chugach sues over

By DON HUNTER
Daily News reporter

Chugach Electric Association chose Pearl Harbor Day to launch a new legal offensive in its decade-old territorial war with Municipal Light and Power and the Alaska Public Utilities Commission.

At the crux of the suit filed Tuesday in Superior Court is the commission's interpretation of a 1979 Alaska Supreme Court ruling and a subsequent order from a Su-

perior Court judge.

Both the earlier case and the current suit focus on a 1973 APUC order that established boundaries for Chugach and city-owned ML&P. Both utilities provide electrical service to Anchorage residents, and in the 1973 order the APUC defined which parts of town each utility would serve.

Since the utilities had, in some cases, built distribution lines and transmission facili-

ties in the same areas, the territorial exchange required the exchange of some customers and equipment.

The order first was challenged by Chugach in 1974. The Supreme Court's 1979 opinion directed a Superior Court judge to remand the issue to the APUC for further consideration of "the retirement and transfer of Chugach's facilities to ML&P."

Chugach officials contend the Supreme Court opinion

Anchorage Daily News Thursday, December 9, 1982

ML&P territory dispute

also allows the APUC to consider changing the boundary lines that were drawn in 1973, but, because of the association's lawsuit, never enforced.

When the APUC held public hearings this fall on the "retirement and transfer" issue, Chugach attempted to introduce testimony and evidence in support of its contention that the 1973 boundaries are unfair. But APUC Chairwoman Carolyn Guess denied the request, saying the Su-

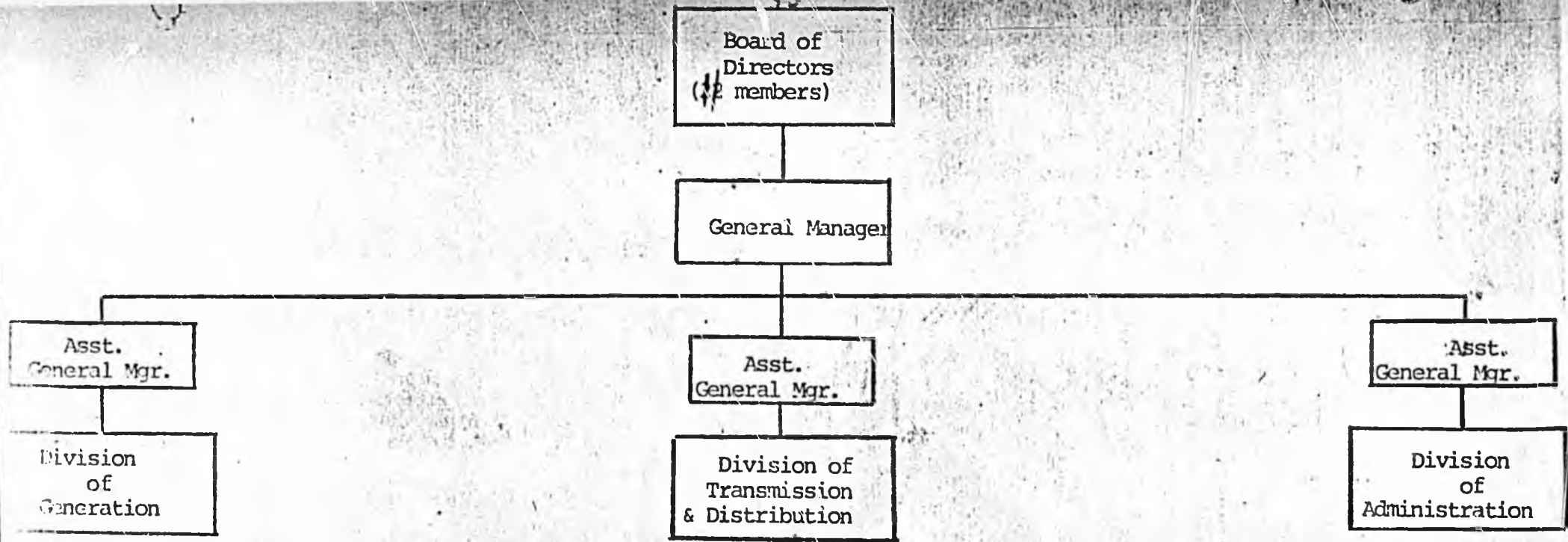
preme Court's opinion restricts the commission from changing the boundaries.

The commission is expected to take rebuttal testimony from its staff next month. Attorney William Moran, representing Chugach, has requested expedited handling of the lawsuit.

"As far as Chugach is concerned, the purpose (of the suit) is to facilitate" the commission's handling of the territorial case, "not to delay

it," Moran said.

Chugach contends enactment of the 1973 boundaries would require it to give up about 10,000 customers, while ML&P would lose only about 1,000. Chugach general manager Walter Truitt has said such a transfer would cause an unwarranted financial drain on the association, which already is reeling from mounting debts incurred to pay for new generation equipment.



ALASKA SOUTHCENTRAL ELECTRIC CO-OP



STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

IMMEDIATE NEWS RELEASE

9/21/82

COST STUDY OF RATE REDUCTIONS BY MERGING
CHUGACH ELECTRIC, MATANUSKA ELECTRIC, HOMER ELECTRIC, MUNICIPAL L & P
BASED ON 1981 ACTUALS AND 1982 PROJECTIONS WHERE POSSIBLE

POSSIBLE SAVINGS

	<u>EXPENSES</u>	<u>INTEREST</u>	<u>DEBT RETIREMENT</u>	<u>TOTALS</u>	<u>OPERATING REVENUES</u>	<u>TOTAL DEETS</u>
CHUGACH ELECTRIC		28,423,103	3,624,965	32,048,068	42,020,067	360,266,522
MATANUSKA ELECTRIC	5,633,281	3,528,798	8,188,401	17,350,480	17,499,967	69,050,666
HOMER ELECTRIC	2,531,861	1,922,752	1,247,640	5,702,253	13,125,519	46,199,304
MUNICIPAL LIGHT AND POWER	<u>2,862,400</u>	<u>4,733,180</u>	<u>4,361,000</u>	<u>11,956,580</u>	<u>27,418,730</u>	<u>101,683,472</u>
	11,027,542	38,607,933	17,422,000	67,057,381	100,064,283	577,199,964

ALL LIGHT BILLS COULD BE CUT 67%. SINCE THE RATES ARE UNEVEN AND THE OBJECT IS
TO EVEN UP ALL RATES, I WOULD SUGGEST CUTTING CHUGACH RATES BY APPROXIMATELY
8% AND THE OTHERS BY VARYING AMOUNTS UP TO 80% ON THE INITIAL SURVEY.

RENE FOMBY
TAX CONSULTANT


TOM STAUDENMAIER
DIRECTOR OF THE BOARD
MATANUSKA ELECTRIC ASSOCIATION

the best and brightest ideas energizing in Alaska!



STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

Complete Payoff according to document filed with the Alaska Public Utility Commission.

ANNUAL REPORT YEAR ENDED DECEMBER 31, 1981

Chugach Electric Association, Inc.	\$309,178,050
Matanuska Electric Association, Inc.	67,851,604
Homer Electric Association, Inc.	49,117,072
Municipal Light and Power	73,000,000
Golden Valley	120,616,040
Kodiak Electric Association, Inc.	25,788,843
Barrow Utilities and Electric Cooperative, Inc.	4,976,193
Alaska Village Electric Coopertive, Inc.	25,182,921
Copper Valley Electric, Inc.	80,028,851
Nushagak Electric Cooperative, Inc.	4,196,550
Kotzebue Electric Association	4,263,777
Tlingit-Haida REA	4,757,169
TOTAL PAYOFF FROM THE GENERAL FUND	768,957,070

the best and brightest ideas energizing in Alaska!

GOV.
SHEFFIELD
82

October 15, 1982

TOM STAUDENMAIER
DIRECTOR OF THE BOARD
MATANUSKA ELECTRIC ASSOCIATION
P. O. Box 1603
EAGLE RIVER, AK 99577

Dear Mr. Staudenmaier:

Thank you for your correspondence of September 10, 1982. Needless to say, your letter contains a number of provocative and compelling proposals that deserve complete examination.

You raise a number of points which deserve active consideration and research. They include:

- a) a commitment to a plan to reduce the cost of electric power throughout Southcentral Alaska;
- b) administrative and clerical overhead costs at managerial levels are rising "explosively";
- c) after the November election, the next governor will undoubtedly face a declining commitment at the Federal level from the Rural Electrification Administration. The State of Alaska will inevitably reassess its financial relationship with the REA and devise alternative schemes of financing utility expansion and improvement;
- d) retiring the indebtedness with the REA is certainly one viable alternative that warrants active consideration; and

continued on page two --

Tom Staudenmaier
October 15, 1982
Page Two

e) finally, I wholeheartedly agree that electric bills are atrociously high throughout this State, and any plans to reduce monthly electric bills will be more than welcome, both by my campaign and by my administration.

Tom, I think you would be the first to agree with me that any plan that could potentially involve a State commitment of a billion dollars requires serious consideration, active deliberation, a full study of opportunity costs, a reassessment of our revenue projections, a full-scale legislative commitment, and an articulated, comprehensive statement of policy. These will be my duties as Governor, and I will never take them lightly. I will support any plan that can survive this tough screening process.

Thanks again for providing me with the input. I anxiously await the day when Alaska can witness a reduction in power rates instead of the chain of increases that we have had for so many years.

Best regards.

Yours very truly,

Bill Sheffield

BILL SHEFFIELD

jes

Alaska State Legislature



Speaker of the House of Representatives

Pouch V
State Capitol
Juneau, Alaska 99811
(907) 465-3720

Official Business

October 19, 1982

Mr. Tom Staudenmaier
Director of the Board
Matanuska Electric Association
P. O. Box 1603
Eagle River, Alaska 99577

Dear Tom:

Thank you for the material on your proposal to merge the four Southcentral Alaska Electric Power Distributors. The concept is certainly an interesting one, and the potential benefits as you've outlined them exciting. It most definitely merits investigation.

My immediate reaction to the fiscal implications include the very substantial commitment of state funds, and the various uncertainties which attend that concern. Quite obviously, state revenue projections come in for serious examination. They are uncertain at best, and many experts see them declining below present levels. At the same time, there seems little likelihood of a decline in the demands being made upon them; quite in fact we must anticipate continuing increases in demand.

Two principal and major probabilities of such commitment are the Susitna and other hydroelectric projects and the potential capital move. Major activity in either of those spheres could derail a plan to retire the utilities' REA debts by quite some time; in fact, assistance even to maintenance of those debts could be difficult.

On the other hand, should the capital move fail, another scenario would come into view. Given the likelihood of declining REA assistance to Alaskan hydro projects, that would leave those as a very major demand on available revenues.

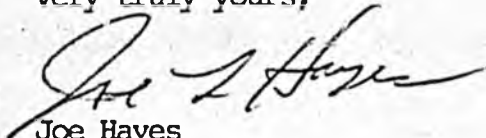
All these things are speculative, quite obviously. I think none of them should discourage efforts to develop your plan. At the same time, I feel you should pursue aggressively the development of as firm as possible figures concerning savings through the merger alone, even without the debt retirement. With that as a first step, the debt retirement might become a much more publicly attractive idea. I can

fully appreciate the virtue of using the debt retirement scheme as a way to share a major portion of the state's oil wealth with a high percentage of the population, and to establish some equity with the subsidy the state is presently providing for electric power in remote communities. .

You most assuredly may count on my active support after the merger with respect to investigating the viability and financibility of the plan. If the public can be persuaded to accept it in exchange for some of its other wants and needs, or if our revenue picture brightens dramatically in the future, I certainly would support the plan itself.

I appreciate you sharing your idea with me and hope you will keep me apprised in timely fashion of developments respecting the merger and of figures you develop in both areas.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Joe Hayes".

Joe Hayes
Speaker



7931 Old Seward Highway, Suite 2, Anchorage, Alaska 99502 (907) 349-6506

September 28th, 1982

Tom Staudenmaier
Electric Merger Committee
P.O. Box 1603
Eagle River, AK 99577

Dear Tom,

Your idea to merge the electric utilities of South Central Alaska appears to be a good one. I would certainly support paying off the outstanding loans from the Rural Electric Association if I am convinced that the utilities will be run properly and efficiently and further debt would not be incurred.

Thank-you for the information and I wish you success in the "merger."

Sincerely,

A handwritten signature in dark ink, appearing to be 'Jan Faiks', written in a cursive style.

Jan Faiks



STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

September 13, 1982

Dear Mr. Martin:

I speak for a group of Matanuska Electric Association, Chugach Electric Association, and Homer Electric Association members seeking your commitment to a plan to reduce the cost of electric power throughout South Central Alaska. Our plan is highly advantageous to us economically. We believe it politically advantageous to you.

I was elected to the Board of Directors of the Matanuska Electric Association this past April on a write in vote. The reason, to cut the cost of high electric bills. The next step in our strategy is to promote a merger vote on behalf of Matanuska Electric Association (MEA), Homer Electric Association (HEA), Chugach Electric Association (CEA), and Municipal Light and Power (MLP). The new name of the four merged organizations will be Alaska South Central Electric Co-op. The new Board of Directors could be apportioned using the State of Alaska 1982 Reapportionment and Redistributing Plan. Upon voter approval the Board could be make up of 11 members using the senate plan or 22 members using the house plan.

The proposed merger would reduce our administrative and clerical overhead costs, which are now rising explosively. Incidentally, we were driven to action not by union costs of power production and distribution but by exorbitant increases in management costs, high salaries, mismanagement and duplicity in their work. We have no quarrel with Labor.

When you are in the Legislature after the November election, and the merger vote is successful, will you assist us in legislation to payoff with a State Grant all outstanding loans from the Rural Electric Association throughout the State. What better way could we use some of the excess oil revenue. We ask your active support after the merger. Now we want your commitment to the idea.

We believe this plan will pull the vote of every homeowner and businessmen from Talkeetna to Homer. The production and distribution of electric power at reasonable rates is an Alaska necessity. Ours is a plan that should please everyone.

The end result of this merger plan would be a streamline debt free utility in South Central Alaska, thereby reducing the average electric bill between 50-85% per month.

Can we count on your active support after the merger?

YES NO

Sincerely,

Tom
Tom Staudenmaier
Director of the Board
Matanuska Electric Association

Very interesting concept. Needs to be pursued to get maximum benefits to the consumer.

the best and brightest ideas energizing in Alaska!

Larry Martin

Chugach ELECTRIC ASSOCIATION, INC.
GAMBELL AT EIGHTH • P.O. BOX 3518 • Anchorage, Alaska 99501 • PHONE: 907 276-3500

April 11, 1984

TELEX: Chugach AHG
(090) 25 265

Mr. Tom Staudenmaier
P. O. Box 8-8110
Anchorage, Alaska 99503

Dear Mr. Staudenmaier:

Listed below is the information you requested:

1. The total long-term indebtedness of Chugach as of December 31, 1983 is \$301,591,812.
2. The monthly bill for an average home using 750 KWH is \$50.72.

Note: This amount includes a Fuel Cost Rate Adjustment (FCRA) of \$.00457/KWH.

3. The average cost to generate a KWH at all power plants was approximately 1.574¢ in 1981, 1.748¢ in 1982, and 1.894¢ in 1983.

If you require additional information, please contact me.

Very truly yours,

T.S. Kolasinski

Thomas S. Kolasinski
General Manager

TSK/smm

Chugach ELECTRIC ASSOCIATION, INC.

GAMBELL AT EIGHTH

P.O. BOX 351B

Anchorage, Alaska

99501

PHONE: 907 276-10

April 6, 1982

TELEX: Chugach AMG
(090) 25 265

Mr. Tom Staudermaier
P. O. Box 8-8110
Anchorage, Alaska 99503

Dear Mr. Staudermaier:

The Beluga Gas Sales Agreement is in effect until
January 1, 1998.

Chugach is currently paying \$.2015/MCF and for every
MCF approximately \$.06 is added for taxes to the State.
The last increase was in 1982 and will increase \$.01
for each two-year period thereafter.

Very truly yours,

T. S. Kolasinski
Thomas S. Kolasinski
Acting General Manager

TSK/smm



United States
Department
of Agriculture

Rural
Electrification
Administration

Washington
D.C.
20250

AUG 06 1982

Mr. Robert C. Johnson, President
Matanuska Electric Association, Inc
P. O. Box 1108
Palmer, Alaska 99645

Dear Mr. Johnson:

A loan in the amount of \$1,134,000 from the Rural Electrification and Telephone Revolving Fund at an interest rate of 5 percent per annum has been approved for your organization on the condition that a satisfactory concurrent loan in the amount of \$512,000 will be obtained by your organization from the National Rural Utilities Cooperative Finance Corporation. 13%

This loan is to finance the balance of the cooperative's construction program included in the "AK6" loan application.

The loan agreement and other documents will be forwarded in the near future for execution. This loan is approved with the understanding that the loan agreement will be authorized and executed by your organization and returned to us by the date which will be set forth in the letter transmitting the loan agreement.

Sincerely,

Harold V. Hunter
Administrator
cc:
CFC

Original retained in General Manager's Office (master file)

Copies to: Board of Directors
Attorney Roger Kempel
General Manager
Manager of Administration
Manager of Member & Public Relations



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

October 18, 1982

Mr. Thomas G. Staudenmaier
P. O. Box 408
Eagle River, Alaska 99577

Dear Tom:

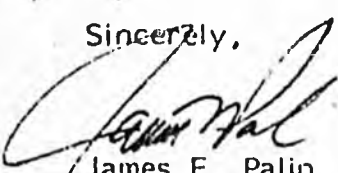
Reference: Your telephone question to staff concerning the retirement of REA loans.

Please understand that each year the Association makes the required payments on all outstanding loans. In that effort, principal and interest payments are made on each loan; none have priority or must be paid ahead of any other, except as provided by due dates during the calendar year.

When making extra principal payments, however, the earlier loans must receive those payments or be paid off first, unless a special waiver was approved by REA. In other words, extra principal payments sent to REA would be applied to earlier, lower interest loans until they were eliminated. If loans were to be paid off, a 1950 loan would be paid off before a 1960 loan.

We hope this answers your question.

Sincerely,


James F. Palin
General Manager

BG/mb



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

May 19, 1982

Mr. Thomas G. Staudenmaier
P. O. Box 408
Eagle River, Alaska 99577

Dear Tom:

In my letter of May 13, I advised you that we would be sending you some information separately. Enclosed are copies of the invoices and MEA checks for payments made to Kempel, Huffman & Ginder for the following years:

<u>YEAR</u>	<u>AMOUNT</u>
1978	1,632.64
1979	5,761.68
1980	17,444.65
1981	40,845.82
1982 (paid through 4/82)	14,836.99
	<i>67,392.00</i>

Please note that there are a total of 181 copies.

There appears to be some questions as to your intentions concerning your \$20.00 director fee for regular and special board meetings. It was my understanding that you do not wish to be reimbursed for mileage when you use your personal vehicle for Board authorized purposes and for attending Board meetings. It is also my understanding that you do not desire to receive any \$20.00 director fees, even though it is allowed by the Bylaws of MEA. If we do not hear from you, we will assume that the above clarifies your intentions and our Accounting Services Section will be so advised. If my understanding is incorrect, please advise and we will make the appropriate changes. Also, if we are to issue any payments to you as a director, we will need your social security number for Internal Revenue Service purposes.

Also, during your visit to this office on May 14, you requested the monthly kWh consumption history for Bob Husted. May I suggest that you submit a written request for this information in accordance with

Law Offices of
Kempel, Huffman & Ginder

255 E. Fireweed Lane, Suite 200
Anchorage, Alaska 99503

Telephone
(907) 277-1604
(907) 276-1605

Roger R. Kempel
Richard R. Huffman
Peter C. Ginder
Ronald L. Baird

March 8, 1982

Matanuska Electric Association
Post Office Box 1148
Palmer, Alaska 99645

Subject: Notification of Increase in Billing Rates

Attn: James Palin, General Manager

This letter is to notify you that effective April 1, 1982, an increase in our hourly rates for attorney's time will be implemented as follows:

- Partnership Rates \$100 - \$115/hour
- Associate Rates 75 - 90/hour
- Paralegal/Law Clerk Rates 30 - 50/hour

We regret the need for increases in professional fees, but as in all other aspects of the economy, we have also realized significant increased costs for which we must account. We will continue to implement time-saving procedures which we hope may result in off-setting increased hourly fees. The fees quoted above have been broken into different categories depending upon the degree of involvement, experience, skill, and specialization involved in your representation.

We will continue in our efforts to itemize fees and costs as closely as possible and to accord you the best possible professional service in as inexpensive a manner as we can. If you have questions, please feel free to contact us.

Sincerely,

KEMPEL, HUFFMAN & GINDER

Roger R. Kempel
Roger R. Kempel

RRK/jw

*Original to General Mgr.
Copy to Accounting
3/11/82*

K

AK

1982 CONSULTANTS-FORM 7A

<u>NAME AND ADDRESS</u>	<u>TYPE OF SERVICE</u>	<u>AMOUNT</u>
Kempe! Huffman and Ginder 255 East Fireweed Lane Anchorage, Alaska 99503	Legal Consultant	\$ 67,396
John R. Snodgrass P.O. Box 600 Palmer, Alaska 99645	Legal Consultant	\$ 772
Dryden and LaRue P.O. Box 10-1008 Anchorage, Alaska 99511	Engineering Consultant	\$ 16,254
James R. Hendershot Box 3-3828 Anchorage, Alaska 99501	Rate Consultant	\$ 4,900
Theodore Barry and Associates 1520 Wilshire Boulevard Los Angeles, California 90017	Management Consultant	\$109,813
Touche Ross and Associates 510 L Street Suite 600 Anchorage, Alaska 99501	Certified Public Accountants	\$ 19,434
Burns and McDonnell P.O. Box 27-102 Kansas City, Missouri 64180	Engineering Consultant	\$ 9,974
		<u>228,543.00</u>

Utility officials lash out

by Cary Virtue
Times Writer

A group that would coordinate electric power planning in South-central would be a "monster" that would haunt the utility world, critics said Thursday.

In short, neither city officials nor representatives from the Matanuska and Homer electric associations support creating such a board, which was proposed by the Chugach Electric Association early this fall.

Specific makeup and duties of the joint planning board have not been determined, but Chugach

officials hope the board has some muscle to enforce its decisions on members. But uncertainty over the board's role has created fears that Chugach may try to dominate the board, a charge Chugach officials deny.

"The organization they (Chugach) have proposed is neither necessary nor desirable," Tom Stahr, Municipal Light and Power general manager, told about 100 people attending a breakfast meeting of the Resource Development Council. "It could well become a monster that would destroy rational

power planning."

Stahr, who said he was expressing personal opinions, said there already are several organizations involved in power planning, and another one is not needed. Such a board could have too much power, and it could become expensive for consumers to support, he said.

But Joyce Murphy, president of the Chugach board of directors, said Chugach proposed the concept for a joint panel to promote communication between the different electrical utilities. For too long, she said, the util-

Friday, October 14, 1983, The Anchorage Times D-5

at joint electric board

ties have argued, bickered and battled over turf.

"We need joint planning," she said. "We want to cooperate with our sister co-ops."

At stake is the future role of Chugach, the largest cooperative in the state with 58,000 retail customers. It also sells power to both Matanuska and Homer electric associations.

City utility officials are urging Chugach to merge with ML&P, though financial implications of such a merger have not been discussed. A joined utility would not include Homer and Matanuska

electric associations.

Meanwhile, both Matanuska and Homer electric associations are urging Chugach not to merge.

Jim Pann, MEA general manager, reiterated Thursday that Chugach should transfer ownership and control of its five power plants to a new authority that would be responsible for producing power for the three cooperatives. This proposal — known as the generation and transmission proposal — would not include the city's electric utility.

The G&T proposal, however,

would give Homer and Matanuska co-ops more say in decisions on how much power to produce and what rates to charge. They also say it would help Chugach save money by reducing interest payments it would have to make to pay off a \$292 million deficit.

So far, the Chugach board of directors has said it does not want to merge with the city or form a separate G&T authority. However, Murphy said that if the joint planning board agreed to one of those options Chugach would be willing to consider it.



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

November 11, 1982

NEWS FOR IMMEDIATE RELEASE

FOR FURTHER INFORMATION CONTACT:

Budd Goodyear *BG*
Manager, Member and Public Relations

The Matanuska Electric Association, Inc. (MEA) has received approval from the Alaska Public Utilities Commission (APUC) to increase the wholesale power cost component of consumers' bills by .713¢ per kilowatt hour to 1.39¢ per kilowatt hour on bills rendered after November 9, 1982.

This adjustment is necessary because of the third quarter 1982 reconciliation of generation and transmission costs to Chugach Electric Association, Inc., (CEA) MEA's energy supplier, and because of MEA's share of interest and depreciation expense of CEA's Beluga 8 generating unit which was brought on line September 30. The wholesale power cost rate adjustment (WPCRA) is added to the existing interim rate approved by the APUC on October 10 when computing energy bills.

The new WPCRA (flow-through) will affect sample bills as listed below.

SINGLE PHASE SERVICE

<u>kWh</u>	<u>Before Increase</u>	<u>After Increase</u>	<u>% Change</u>
100	\$ 26.01	\$ 26.72	2.7
500	50.02	53.58	7.1
1,000	80.03	87.15	8.9



<u>kWh</u>	<u>Before Increase</u>	<u>After Increase</u>	<u>% Change</u>
2,000	\$129.63	\$143.47	11.0
4,000	219.87	248.35	13.0
THREE PHASE SERVICE (Estimated Demand)			
10,000	\$ 495.50	\$ 566.70	14.4
20,000	951.01	1,093.41	15.0
50,000	2,317.52	2,673.52	15.4

END



ANCHORAGE
SCHOOL DISTRICT

4600 DeBarr Avenue
Pouch 6-614
Anchorage, Alaska 99502
[907] 333-9561

SCHOOL BOARD

PRESIDENT
Jean Buchanan

VICE-PRESIDENT
Brent Wadsworth

CLERK
Vi Schellenberg

CLERK PRO TEM
Bettye Davis

TREASURER
Alyce Hanley

ASST. TREASURER
Jim Robinson

PARLIAMENTARIAN
& PAST PRESIDENT
Lee Gorsuch

SUPERINTENDENT
E (Gene) Davis, Ed.D.

February 16, 1984

Mr. Thomas G. Staudenmaier
Box 1603
Eagle River, Alaska 99577

Dear Mr. Staudenmaier:

As you requested, the following information as to the Anchorage School District's budgeted electricity costs for 1983-84 has been summarized for your use. If you need any additional information please contact me or Melvin J. Greaves Jr., Budget Director at 269-2351.

Budgeted Electricity Costs
1983-84

Administrative and Support Units	\$ 175,450
Elementary Schools	1,119,300
Special Education/Special Services Units	37,800
Secondary Schools	1,594,000
Reserve for Rate Increases	95,000
	<u>\$ 3,021,550</u>

The following summarizes the budgeted electricity by source.

Chugach Electric	\$ 980,900
Municipal Light and Power	1,458,750
Matanuska Electric	394,400
U.S. Government (On-Base Schools)	92,500
	<u>2,926,550</u>
Reserve for Rate Increases	95,000
	<u>\$ 3,021,550</u>

Sincerely,

E.E. (Gene) Davis, Ed.D.
SUPERINTENDENT

EED/MJG/pa



MATANUSKA-SUSITNA BOROUGH SCHOOL DISTRICT

BOX AB • PALMER, ALASKA 99645 1646 • PHONE 745-4892

KENNETH J. KRAMER
SUPERINTENDENT OF SCHOOLS

December 17, 1982

Thomas G. Staudenmaier
Box 1603
Eagle River, Alaska 99577

Dear Mr. Staudenmaier,

This is to advise you, as per your request, that the Matanuska-Susitna Borough School District has budgeted \$489,643.00 for electricity for the fiscal year July 1, 1982 to June 30, 1983. This figure includes budgeted amounts for all schools and buildings under the School District's operation, excluding Skwentna, which is powered by a generator.

Thank you for your interest.

Sincerely,



Gary E. Epperson
Business Manager

GEE/mk

FRANK H. MURKOWSKI
ALASKA

COMMITTEE ON ENERGY AND
NATURAL RESOURCES

COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS

COMMITTEE ON VETERANS'
AFFAIRS

United States Senate

WASHINGTON, D.C. 20510

January 10, 1983

WASHINGTON OFFICE:
(202) 224-6665

ANCHORAGE OFFICE:
701 C STREET, BOX 1
(907) 271-3735

JUNEAU OFFICE:
FEDERAL BUILDING, BOX 1647
(907) 586-7463

FAIRBANKS OFFICE:
101 12TH AVENUE, BOX 7
(907) 452-6227

Mr. Tom Staudenmaier
Director
Board of the Matanuska Electric Association
P.O. Box 1603
Eagle River, Alaska 99577

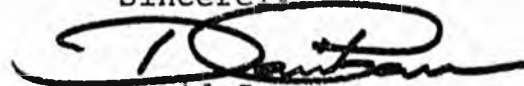
Dear Mr. Staudenmaier:

Thank you for your letter requesting Senator Murkowski's intervention in securing a General Accounting Office (GAO) audit into the activities of Chugach Electric Association.

Senator Murkowski is presently in Alaska, and I will bring your letter to his attention as soon as possible. In the meantime, I will continue to discuss this issue with you, and will attempt to have a complete response at the earliest possible date.

I appreciate your taking the time to contact Senator Murkowski about this issue.

Sincerely,



David Garman
Legislative Assistant
Senator Murkowski

MEMORANDUM



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148
PALMER, ALASKA 99645

PHONE (907) 745-3231

TO: Joyce

DATE: April 23, 1982

FROM: *Jeannine*
Jeannine

SUBJECT: NRECA Director coverage and ID cards

At the May 4 meeting the new Director's need only pencil in the information underlined in red. The date of hire should be the date they are sworn in. A sample of beneficiary wording is attached to each form to assist them in their choice. I will type the official form and have it ready for signature at their regular 5/11/82 meeting. Each Director is covered by \$25,000 24 hours accident coverage and \$100,000 Business Travel insurance. Our Manager's, Officer's & Director's Liability Insurance (MODL) coverage is \$10,000,000. Fiduciary Liability Insurance coverage is \$1,000,000. After enrollment I will be sending each Director (new) a participation card from NRECA indicating their 24 hour and Business Travel coverage.

Please return the completed ID card information to me with an indication of where I may reach each new Director to make arrangements for the issuance of the ID card.

Please provide me with a formal copy of the proposition that expanded our Board to 7 members. I will need to send this to NRECA with enrollments so they can expand our MODL insurance coverage.

Tom, for your information/jg

THE FOLLOWING DOCUMENT(S) MAY NOT FILM
LEGIBLY BECAUSE OF POOR QUALITY OF THE
ORIGINAL.

COMPARATIVE BALANCE SHEET
LIABILITIES & OTHER CREDITS

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued	\$ -	\$ -
Preferred Stock Issued	-	-
Capital Stock Subscribed	-	-
Stock Liability for Conversion	-	-
Premium on Capital Stock	-	-
XXXXXX Memberships	192,925	215,480
Installments Received on Capital Stock	-	-
Discount on Capital Stock	-	-
Capital Stock Expense	-	-
XXXXXX Patronage Capital and other equities	9,285,340	8,733,965
Unappropriated Undistributed Subsidiary Earnings	-	-
Reacquired Capital Stock	-	-
Total Proprietary Capital	\$ 9,478,265	\$ 8,949,445
<u>Long Term Debt</u>		
Bonds	\$ -	\$ -
Advances from Associated Companies	-	-
Other Long Term Debt	214,343,610	259,041,646
Unamortized Premium on Long Term Debt	-	-
Unamortized Discount on Long Term Debt - Dr.	-	-
Total Long Term Debt	\$ 214,343,610	\$ 259,041,646
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ 23,900,000	\$ 29,000,000
Accounts Payable	5,282,290	6,003,530
Payables to Associated Companies	-	-
Customer Deposits	1,349,075	1,637,595
Taxes Accrued	533,785	535,624
Interest Accrued	-	-
Dividends Declared	-	-
Matured Long Term Debt	-	-
Matured Interest	-	-
Tax Collections Payable	-	-
Miscellaneous Current & Accrued Liabilities	981,950	1,063,007
Total Current & Accrued Liabilities	\$ 32,047,100	\$ 38,239,756
<u>Deferred Credits</u>		
Customer Advances for Construction	\$ 2,063,554	\$ 2,632,102
Accumulated Deferred Investment Tax Credits	-	-
Deferred Gains from Disposition of Utility Plant	-	-
Other Deferred Credits	358,826	287,286
Unamortized Gain on Reacquired Debt	-	-
Accumulated Deferred Income Taxes	-	-
Total Deferred Credits	\$ 2,422,380	\$ 2,919,388
<u>Operating Reserves</u>		
Property Insurance Reserve	\$ -	\$ -
Injuries & Damages Reserve	-	-
Pensions & Benefits Reserve	-	-
Miscellaneous Operating Reserves	29,661	27,815
Total Operating Reserves	\$ 29,661	\$ 27,815
Total Liabilities & Other Credits	\$258,321,016	\$309,178,050

COMPARATIVE BALANCE SHEET
LIABILITIES & OTHER CREDITS

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued	\$ 4,266,733	\$ 5,167,806
Preferred Stock Issued	61,390	66,970
Capital Stock Subscribed		
Stock Liability for Conversion		
Premium on Capital Stock		
Other Paid-in Capital	3,766	4,619
Installments Received on Capital Stock		
Discount on Capital Stock		
Capital Stock Expense		
Retained Earnings		
Unappropriated Undistributed Subsidiary Earnings		
Reacquired Capital Stock		
Total Proprietary Capital	\$ 4,331,889	\$ 5,239,395
<u>Long Term Debt</u>		
Bonds	\$	\$
Advances from Associated Companies		
Other Long Term Debt	48,880,706	56,033,509
Unamortized Premium on Long Term Debt		
Unamortized Discount on Long Term Debt- Dr.		
Total Long Term Debt	\$ 48,880,706	\$ 56,033,509
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ 1,318,880	\$ -
Accounts Payable	2,621,480	3,449,132
Payables to Associated Companies	-	-
Customer Deposits	431,829	443,215
Taxes Accrued	131,796	137,800
Interest Accrued		
Dividends Declared		
Matured Long Term Debt		
Matured Interest		
Tax Collections Payable	272	-
Miscellaneous Current & Accrued Liabilities	462,547	489,224
Total Current & Accrued Liabilities	\$ 4,966,804	\$ 4,519,371
<u>Deferred Credits</u>		
Customer Advances for Construction	\$	\$
Accumulated Deferred Investment Tax Credits		
Deferred Gains from Disposition of Utility Plant		
Other Deferred Credits	1,216,461	1,679,750
Unamortized Gain on Reacquired Debt		
Accumulated Deferred Income Taxes		
Total Deferred Credits	\$ 1,216,461	\$ 1,679,750
<u>Operating Reserves</u>		
Property Insurance Reserve	\$	\$
Injuries & Damages Reserve		
Pensions & Benefits Reserve	275,181	379,579
Miscellaneous Operating Reserves		
Total Operating Reserves	\$ 275,181	\$ 379,579
Total Liabilities & Other Credits	\$ 59,671,041	\$ 67,851,604

COMPARATIVE BALANCE SHEET
LIABILITIES & OTHER CREDITS

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued	\$ 3,128,482	\$ 3,729,101
Preferred Stock Issued		
Capital Stock Subscribed		
Stock Liability for Conversion		
Premium on Capital Stock		
Other Paid-in Capital	5,258	9,169
Installments Received on Capital Stock		
Discount on Capital Stock		
Capital Stock Expense		
Retained Earnings		
Unappropriated Undistributed Subsidiary Earnings		
Reacquired Capital-Stock		
Total Proprietary Capital	\$ 3,133,740	\$ 3,738,270
<u>Long Term Debt</u>		
Bonds	\$ 563,000	\$ 510,000
Advances from Associated Companies		
Other Long Term Debt	35,253,158	40,809,883
Unamortized Premium on Long Term Debt		
Unamortized Discount on Long Term Debt- Dr.		
Total Long Term Debt	\$ 35,816,158	\$ 41,319,883
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ 3,500,000	\$ 1,150,327
Accounts Payable	1,478,426	1,351,117
Payables to Associated Companies		
Customer Deposits	452,534	585,970
Taxes Accrued	224,069	233,297
Interest Accrued	8,877	9,240
Dividends Declared		
Matured Long Term Debt		
Matured Interest		
Tax Collections Payable	32,295	33,636
Miscellaneous Current & Accrued Liabilities	406,573	434,871
Total Current & Accrued Liabilities	\$ 6,102,774	\$ 3,798,451
<u>Deferred Credits</u>		
Customer Advances for Construction	\$	\$
Accumulated Deferred Investment Tax Credits		
Deferred Gains from Disposition of Utility Plant		
Other Deferred Credits		
Unamortized Gain on Reacquired Debt	212,498	211,511
Accumulated Deferred Income Taxes		
Total Deferred Credits	\$ 212,498	\$ 211,511
<u>Operating Reserves</u>		
Property Insurance Reserve	\$	\$
Injuries & Damages Reserve		
Pensions & Benefits Reserve		
Miscellaneous Operating Reserves	56,845	48,957
Total Operating Reserves	\$ 56,845	\$ 48,957
Total Liabilities & Other Credits	\$ 45,322,015	\$ 49,117,072

**COMPARATIVE BALANCE SHEET
ASSETS AND OTHER DEBITS**

	Beginning of Year Balance	End of Year Balance
<u>Utility Plant</u>		
Utility Plant	\$ 122,326,336	\$ 125,736,805
Construction Work in Progress	938,918	816,479
Total Utility Plant	\$ 123,265,254	\$ 126,553,284
Less: Accum. Provision for Depreciation, Amor- tization, and Depletion	20,369,816	23,520,484
Net Utility Plant	\$ 102,895,438	\$ 103,032,800
Utility Plant Adjustments	\$	\$
<u>Other Property & Investments</u>		
Non-utility Property (Net)	\$ 124,330	\$ 124,330
Investment in Associated Companies	1,993,976	2,248,399
Investment in Subsidiary Companies		
Other Investments	1,000	1,000
Special Funds	316,443	417,646
Total Other Property & Investments	\$ 2,435,749	\$ 2,791,375
<u>Current & Accrued Assets</u>		
Cash	\$ 1,852,955	\$ 4,810,551
Special Deposits	4,655	
Working Funds	5,200	5,250
Temporary Cash Investments	799,997	
Notes & Accounts Receivable (Net)	5,378,612	5,682,155
Receivables from Associated Companies		
Materials & Supplies	3,529,011	3,778,263
Prepayments	164,510	73,146
Interest & Dividends Receivable		
Rents Receivable		
Accrued Utility Revenues	109,729	96,590
Miscellaneous Current & Accrued Assets		
Total Current & Accrued Assets	\$ 11,844,669	\$ 14,445,955
<u>Deferred Debits</u>		
Unamortized Debt Expense	\$	\$
Extraordinary Property Losses		
Preliminary Survey & Investigation Charges A/C 183	431,590	201,794
Clearing Accounts 184	1,015	(9,245)
Temporary Facilities 186	210,115	153,361
Miscellaneous Deferred Debits		
Deferred Losses from Disposition of Utility Plant		
Research & Development Expenditures		
Unamortized Loss on Reacquired Debt		
Accumulated Deferred Income Taxes		
Total Deferred Debits	\$ 642,720	\$ 345,910
Total Assets & Other Debits	\$ 117,818,576	\$ [REDACTED]

KODIAK ELECTRIC ASSOCIATION, INC.

Annual Report of Year Ended 12/31/82

COMPARATIVE BALANCE SHEET LIABILITIES & OTHER CREDITS

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued	\$ 2,214,714	\$ 2,199,938
Preferred Stock Issued		
Capital Stock Subscribed		
Stock Liability for Conversion		
Premium on Capital Stock		
Other Paid-in Capital	47,026	48,421
Installments Received on Capital Stock		
Discount on Capital Stock		
Capital Stock Expense		
Retained Earnings		
Unappropriated Undistributed Subsidiary Earnings		
Reacquired Capital Stock		
Total Proprietary Capital	\$ 2,261,740	\$ 2,248,359
<u>Long Term Debt</u>		
Bonds	\$	\$
Advances from Associated Companies		
Other Long Term Debt	17,434,840	15,013,722
Unamortized Premium on Long Term Debt		
Unamortized Discount on Long Term Debt - Dr.		
Total Long Term Debt	\$ 17,434,840	\$ 15,013,722
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ 550,000	\$ 2,949,566
Accounts Payable	781,228	739,583
Payables to Associated Companies		
Customer Deposits	72,505	97,705
Taxes Accrued	64,796	70,284
Interest Accrued	9,729	
Dividends Declared		
Matured Long Term Debt		
Matured Interest		
Tax Collections Payable	177	20,637
Miscellaneous Current & Accrued Liabilities	192,615	225,507
Total Current & Accrued Liabilities	\$ 1,671,050	\$ 4,103,282
<u>Deferred Credits</u>		
Customer Advances for Construction	\$ 15,587	\$ 4,154,180
Accumulated Deferred Investment Tax Credits		
Deferred Gains from Disposition of Utility Plant		
Other Deferred Credits	85,419	96,314
Unamortized Gain on Reacquired Debt		
Accumulated Deferred Income Taxes		
Total Deferred Credits	\$ 101,006	\$ 4,250,494
<u>Operating Reserves</u>		
Property Insurance Reserve	\$	\$
Injuries & Damages Reserve		
Pensions & Benefits Reserve		
Miscellaneous Operating Reserves	62,689	172,986
Total Operating Reserves	\$ 62,689	\$ 172,986
Total Liabilities & Other Credits	\$ 21,531,325	\$ 25,788,843

DEC 31 1981

COMPARATIVE BALANCE SHEET
LIABILITIES & OTHER CREDITS

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued	\$ 23,275	\$ 25,850
Preferred Stock Issued	0	0
Other Paid-in Capital	969,076	2,989,371
Installments Received on Capital Stock	0	0
Discount on Capital Stock	0	0
Capital Stock Expense	0	0
Retained Earnings	667,186	1,324,359
Unappropriated Undistributed Subsidiary Earnings	0	0
Reacquired Capital Stock	0	0
Noncorporate Proprietorship	0	0
Total Proprietary Capital	\$ 1,659,537	\$ 4,339,580
<u>Long Term Debt</u>		
Bonds	\$	\$
Advances from Associated Companies		
Other Long Term Debt		
Unamortized Premium on Long Term Debt		
Unamortized Discount on Long Term Debt- Dr.		
Total Long Term Debt	\$ 0	\$ 0
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ 0	\$ 0
Accounts Payable	69,189	447,875
Payables to Associated Companies	0	0
Customer Deposits	21,863	30,988
Taxes Accrued	29,834	37,776
Interest Accrued	0	0
Other Current & Accrued Liabilities	29,620	76,582
Total Current & Accrued Liabilities	\$ 150,506	\$ 593,221
<u>Deferred Credits</u>		
Customer Advances for Construction	\$ 112,373	\$ 43,392
Accumulated Deferred Investment Tax Credits	0	0
Deferred Gains from Disposition of Utility Plant	0	0
Other Deferred Credits	240,859	0
Unamortized Gain on Reacquired Debt	0	0
Accumulated Deferred Income Taxes	0	0
Total Deferred Credits	\$ 353,232	\$ 43,392
<u>Operating Reserves</u>		
Property Insurance Reserve	\$	\$
Injuries & Damages Reserve		
Pensions & Benefits		
Miscellaneous Operating Reserves		
Total Operating Reserves	\$ 0	\$ 0
Total Liabilities & Other Credits	\$ 2,163,275	\$ 4,976,193

**COMPARATIVE BALANCE SHEET
 LIABILITIES & OTHER CREDITS**

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued - Memberships	\$ 17,475.	\$ 15,845.
Preferred Stock Issued - Pat. Cap. & Cur. Year Marg.	1,480,868.	1,398,035.
Capital Stock Subscribed - Operating Margins	(82,832.)	782,310.
Stock Liability for Conversion		
Premium on Capital Stock		
Other Paid-in Capital	5,466,040.	5,466,040.
Installments Received on Capital Stock		
Discount on Capital Stock		
Capital Stock Expense		
Retained Earnings		
Unappropriated Undistributed Subsidiary Earnings		
Reacquired Capital-Stock		
Total Proprietary Capital	\$ 6,881,551.	\$ 7,662,230.
<u>Long Term Debt</u>		
Bonds	\$	\$
Advances from Associated Companies		
Other Long Term Debt	16,235,945.	16,861,165.
Unamortized Premium on Long Term Debt		
Unamortized Discount on Long Term Debt- Dr.		
Total Long Term Debt	\$ 16,235,945.	\$ 16,861,165.
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ -0-	\$ -0-
Accounts Payable	185,169.	469,990.
Payables to Associated Companies	-0-	-0-
Customer Deposits	410.	450.
Taxes Accrued	10,867.	194,332.
Interest Accrued		
Dividends Declared		
Matured Long Term Debt		
Matured Interest		
Tax Collections Payable	618.	-0-
Miscellaneous Current & Accrued Liabilities	186,431.	-0-
Total Current & Accrued Liabilities	\$ 383,495.	\$ 664,772.
<u>Deferred Credits</u>		
Customer Advances for Construction	\$ 456.	\$ 456.
Accumulated Deferred Investment Tax Credits	-0-	-0-
Deferred Gains from Disposition of Utility Plant	-0-	-0-
Other Deferred Credits		(5,702.)
Unamortized Gain on Reacquired Debt		
Accumulated Deferred Income Taxes		
Total Deferred Credits	\$ 456.	\$ (5,246.)
<u>Operating Reserves</u>		
Property Insurance Reserve	\$	\$
Injuries & Damages Reserve		
Pensions & Benefits Reserve		
Miscellaneous Operating Reserves		
Total Operating Reserves	\$	\$
Total Liabilities & Other Credits	\$23,501,447.	\$25,182,921.

COMPARATIVE BALANCE SHEET
LIABILITIES & OTHER CREDITS

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued	\$ 9,490	\$ 9,775
Preferred Stock Issued	-0-	-0-
Capital Stock Subscribed	-0-	-0-
Stock Liability for Conversion	-0-	-0-
Premium on Capital Stock	-0-	-0-
Other Paid-in Capital	2,608	2,643
Installments Received on Capital Stock	-0-	-0-
Discount on Capital Stock	-0-	-0-
Capital Stock Expense	-0-	-0-
Retained Earnings	776,860	435,404
Unappropriated Undistributed Subsidiary Earnings	-0-	-0-
Reacquired Capital Stock	-0-	-0-
Total Proprietary Capital	\$ 788,958	\$ 447,822
<u>Long Term Debt</u>		
Bonds	\$ -0-	\$ -0-
Advances from Associated Companies	-0-	-0-
Other Long Term Debt	39,738,863	75,632,664
Unamortized Premium on Long Term Debt	-0-	-0-
Unamortized Discount on Long Term Debt - Dr.	-0-	-0-
Total Long Term Debt	\$ 39,738,863	\$ 75,632,664
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ -0-	\$ -0-
Accounts Payable	20,601,559	3,577,201
Payables to Associated Companies	-0-	-0-
Customer Deposits	182,620	183,875
Taxes Accrued	114,685	-0-
Interest Accrued	-0-	-0-
Dividends Declared	-0-	-0-
Matured Long Term Debt	-0-	-0-
Matured Interest	-0-	-0-
Tax Collections Payable	-0-	-0-
Miscellaneous Current & Accrued Liabilities	-0-	136,939
Total Current & Accrued Liabilities	\$ 20,398,864	\$ 3,898,015
<u>Deferred Credits</u>		
Customer Advances for Construction	\$ -0-	\$ -0-
Accumulated Deferred Investment Tax Credits	-0-	-0-
Deferred Gains from Disposition of Utility Plant	-0-	-0-
Other Deferred Credits	20,270	50,350
Unamortized Gain on Reacquired Debt	-0-	-0-
Accumulated Deferred Income Taxes	-0-	-0-
Total Deferred Credits	\$ 20,270	\$ 50,350
<u>Operating Reserves</u>		
Property Insurance Reserve	\$ -0-	\$ -0-
Injuries & Damages Reserve	-0-	-0-
Pensions & Benefits Reserve	-0-	-0-
Miscellaneous Operating Reserves	-0-	-0-
Total Operating Reserves	\$ -0-	\$ -0-
Total Liabilities & Other Credits	\$ 61,446,955	\$ 80,028,851

STATEMENT OF INCOME FOR THE YEAR

	Amount for Year	Increase or (Decrease) From Preceding Year
<u>Operating Revenues</u>	\$ 1,573,665	\$ 304,322
<u>Operating Expenses</u>		
Operation & Maintenance Expense (List Detail Below)	\$ 1,297,525	\$ 233,261
Depr. & Amort. Expense	143,093	37,833
Taxes Other Than Income Taxes	3,935	167
Income Taxes - Federal	-0-	-0-
Income Taxes - State <u>INCOME DEDUCTIONS</u>	1,255	1,205
(Gain) or Loss on Disposition of Utility Plant	-0-	-0-
Total Utility Operating Expense	\$ 1,445,808	\$ 272,466
Net Utility Operating Income	\$ 127,857	\$ 31,856
<u>Other Income</u>		
Non-utility Income (Scheduled)	\$ 2,481	\$ 1,306
<u>Other Income Deductions</u>		
Misc. Non-utility Deductions (Scheduled)	\$ 2,790	\$ 790
<u>Interest Charges</u>		
Interest on Long Term Debt	\$ 64,887	\$ 17,231
Other Interest Expense	(5,267)	191
Total Interest Charges	\$ 59,620	\$ 17,422
<u>Extraordinary Items</u>		
Extraordinary Income or (Deductions)	\$	\$
NET INCOME	\$ 67,928	\$ 12,950

ELECTRIC OPERATING & MAINTENANCE EXPENSES

<u>Production Expense</u>		
Supervision & Labor	\$ 246,473	\$ 56,982
Fuel	764,288	158,554
Supplies & Expenses	51,743	12,824
Repairs of Other Power Production Plant		
Purchased Power		
Other Expenses	21,128	(1,371)
Total Production Expenses	\$ 1,083,632	\$ 226,989
<u>Transmission & Distribution Expenses</u>		
Supervision & Labor	\$ 35,866	(\$ 3,084)
Supplies & Expenses	8,141	(985)
Transportation Expenses (Included as Payroll Overhead)		
Total Transmission & Distribution Expenses	\$ 44,007	(\$ 4,069)
<u>General Expenses</u>		
Administrative & General Salaries	\$ 113,855	\$ 24,579
Office Supplies & Expenses	7,240	18
Outside Services Employed	12,165	(1,142)
Insurance Expense	3,234	(902)
Employee Pension & Benefits		
Regulatory Commission Expenses	1,095	(7,510)
Miscellaneous General Expenses	31,328	1,813
Uncollectable Accounts	969	(6,515)
Total General Expenses	\$ 169,886	\$ 10,341
TOTAL OPERATION & MAINTENANCE EXPENSES	\$ 1,257,925	\$ 233,261

Title 10. AK.

Chapter 25. Electric and Telephone Cooperative Act.

Article

- 1. Substantive Provisions (§§ 10.25.010--10.25.230)
- 2. Merger and Consolidation (§§ 10.25.240--10.25.400)
- 3. Dissolution (§§ 10.25.310--10.25.360)
- 4. Miscellaneous Provisions (§§ 10.25.370--10.25.600)
- 5. General Provisions (§§ 10.25.610--10.25.650)

Article I. Substantive Provisions.

Section	Section
10. Powers of electric or telephone cooperative	140. Board of directors
20. Powers of electric cooperative	150. Term of office of directors
30. Powers of telephone cooperative	160. Staggered terms of office for directors
40. Name	170. Quorum of board
50. Incorporators	180. General powers of board
60. Articles of incorporation	190. Districts
70. Bylaws	200. Officers
80. Members	210. Amendment of articles of incorporation
90. Meetings of members	220. Contents of articles of amendment
100. Notice of meetings	230. Change of location of principal office
110. Quorum requirements	
120. Voting	
130. Waiver of notice	

Sec. 10.25.010. Powers of electric or telephone cooperative. An electric or telephone cooperative may

- (1) use and be used in its corporate name;
- (2) have perpetual existence;
- (3) adopt a corporate seal and alter it;
- (4) construct, buy, lease, or otherwise acquire, and equip, maintain, and operate, and sell, assign, convey, lease, mortgage, pledge, or otherwise dispose of, or encumber lands, buildings, structures, electric or telephone lines or stations, dams, plants and equipment, and any other real or personal property, tangible or intangible, where is necessary, convenient or appropriate to accomplish the purpose for which the cooperative is organized;
- (5) buy, lease, or otherwise acquire, and use, and exercise and sell, assign, convey, mortgage, pledge or otherwise dispose of or encumber franchises, rights, privileges, licenses and easements;
- (6) borrow money and otherwise contract indebtedness, and issue evidences of indebtedness, and secure the payment of the indebtedness by mortgage, pledge, or deed of trust of or any other encumbrances upon real or personal property, assets, franchises, or easements;
- (7) construct, maintain, and operate electric transmission and distribution lines, or telephone lines along, upon, under and across publicly owned lands and public thoroughfares, including, without limitation, all roads, highways, streets, alleys, bridges and causeways;
- (8) exercise the power of eminent domain;

COMPARATIVE BALANCE SHEET
LIABILITIES & OTHER CREDITS

	Beginning of Year Balance	End of Year Balance
<u>Proprietary Capital</u>		
Common Stock Issued	\$	\$
Preferred Stock Issued		
Capital Stock Subscribed		
Stock Liability for Conversion		
Premium on Capital Stock		
Other Paid-in Capital	4,336	4,336
Installments Received on Capital Stock		
Discount on Capital Stock		
Capital Stock Expense		
Retained Earnings	[1,681,714]	[1,599,141]
Unappropriated Undistributed Subsidiary Earnings		
Reacquired Capital Stock		
Total Proprietary Capital	\$ [1,677,378]	\$ 1,594,805]
<u>Long Term Debt</u>		
Bonds	\$	\$
Advances from Associated Companies		
Other Long Term Debt	6,096,324	6,010,439
Unamortized Premium on Long Term Debt		
Unamortized Discount on Long Term Debt- Dr.		
Total Long Term Debt	\$ 6,096,324	\$ 6,010,439
<u>Current & Accrued Liabilities</u>		
Notes Payable	\$ 5,060	\$ 5,061
Accounts Payable	72,561	240,975
Payables to Associated Companies	-0-	-0-
Customer Deposits	6,560	9,430
Taxes Accrued	24,620	-0-
Interest Accrued	-0-	-0-
Dividends Declared		
Matured Long Term Debt		
Matured Interest		
Tax Collections Payable		
Miscellaneous Current & Accrued Liabilities	114,393	59,010
Total Current & Accrued Liabilities	\$ 223,194	\$ 314,476
<u>Deferred Credits</u>		
Customer Advances for Construction	\$	\$
Accumulated Deferred Investment Tax Credits		
Deferred Gains from Disposition of Utility Plant		
Other Deferred Credits	32,382	27,059
Unamortized Gain on Reacquired Debt		
Accumulated Deferred Income Taxes		
Total Deferred Credits	\$ 32,382	\$ 27,059
<u>Operating Reserves</u>		
Property Insurance Reserve	\$	\$
Injuries & Damages Reserve		
Pensions & Benefits Reserve		
Miscellaneous Operating Reserves		
Total Operating Reserves	\$ -0-	\$ -0-
Total Liabilities & Other Credits	\$ 4,674,522	\$ 4,757,169

(9) become a member of other cooperatives or corporations or own stock in them;

(10) conduct its business and exercise its powers inside or outside the state;

(11) adopt, amend and repeal bylaws;

(12) make all contracts necessary, convenient or appropriate for the full exercise of its powers;

(13) do and perform any other act and thing, and have and exercise any other power which may be necessary, convenient or appropriate to accomplish the purpose for which the cooperative is organized. (§ 4(1) ch 93 SLA 1959)

Sec. 10.25.020. Powers of electric cooperative. An electric cooperative may

(1) generate, manufacture, purchase, acquire, accumulate and transmit electric energy, and distribute, sell, supply and dispose of electric energy to its members, to governmental agencies and political subdivisions, and to other persons not exceeding 10 per cent of the number of its members; however, a cooperative which acquires existing electric facilities may continue service to persons, not in excess of 40 per cent of the number of its members, who are already receiving service from these facilities without requiring them to become members, and these persons may become members upon the terms as may be prescribed in the bylaws;

(2) assist persons to whom electric energy is or will be supplied by the cooperative in wiring their premises and in acquiring and installing electrical and plumbing appliances, equipment, fixtures and apparatus by financing them, and in connection with these services wire or have wired the premises, and buy, acquire, lease, sell, distribute, install and repair electric and plumbing appliances, equipment, fixtures and apparatus;

(3) assist persons to whom electric energy is or will be supplied by the cooperative in constructing, equipping, maintaining and operating electric cold storage or processing plants by financing them or otherwise. (§ 4(2) ch 93 SLA 1959)

Sec. 10.25.030. Powers of telephone cooperative. A telephone cooperative may

(1) furnish, improve and expand telephone service to its members, and to other user not in excess of 10 per cent of the number of its members; however, telephone service may be made available by a cooperative through interconnection of facilities to any number of subscribers of other telephone systems, and through pay stations to any number of users, and a cooperative which acquires existing telephone facilities may continue service to persons, not exceeding 40 per cent of the number of its members, who are already receiving service from the facilities without requiring

them to become members, and these persons may become members upon terms as may be prescribed in the bylaws;

(2) connect and interconnect its telephone lines, facilities or systems with other telephone lines, facilities or systems;

(3) make its facilities available to persons furnishing telephone service inside or outside the state. (§ 4(3) ch 93 SLA 1959)

Sec. 10.25.040. Name. The name of a cooperative shall include the words "electric" or "telephone," as appropriate to its purpose, and "cooperative," and the abbreviation "inc." The name of a cooperative shall be distinct from the name of other cooperatives or corporations organized under the laws of or authorized to do business in this state. This section does not apply to a corporation which becomes subject to this chapter by compliance with §§ 290 and 300 or 600 of this chapter and which elects to retain a corporate name which does not comply with this section. (§ 5 ch 93 SLA 1959)

Sec. 10.25.050. Incorporators. Five or more persons, including cooperatives, may organize a cooperative. (§ 6 ch.93 SLA 1959)

Sec. 10.25.050. Articles of incorporation. (a) The articles of incorporation of a cooperative shall recite that they are executed under this chapter and shall state

- (1) the name of the cooperative;
- (2) the address of its principal office;
- (3) the names and the addresses of the incorporators;
- (4) the names and addresses of its directors.

(b) The articles may contain any provisions not inconsistent with this chapter which are considered necessary or advisable for the conduct of its business. The articles shall be signed by each incorporator and acknowledged by at least two of the incorporators, or on their behalf, if they are cooperatives. It is not necessary to recite in the articles the purpose for which the cooperative is organized or any of its corporate powers. (§ 7 ch 93 SLA 1959)

Sec. 10.25.070. Bylaws. The board of directors shall adopt the first bylaws of a cooperative to be adopted following an incorporation, conversion, merger or consolidation. Thereafter the members shall adopt, amend or repeal the bylaws by the affirmative vote of a majority of those members voting on the adoption, amendment or repeal at a meeting of the members. The bylaws shall set forth the rights and duties of members and directors and may contain other provisions for the regulation and management of the affairs of the cooperative not inconsistent with this chapter or with its articles of incorporation. (§ 8 ch 93 SLA 1959)

Sec. 10.25.080. Members. Each incorporator of a cooperative shall be a member of the cooperative. No other person may become

a member unless he agrees to use electric energy, or telephone service, or other services furnished by the cooperative when they are made available through its facilities. Membership in a cooperative is not transferable, except as provided in the bylaws. The bylaws may prescribe additional qualifications and limitations on membership. (§ 9 ch 93 SLA 1959)

Sec. 10.25.090. Meetings of members. (a) An annual meeting of the members of a cooperative shall be held at the time and place provided in the bylaws.

~~(b) Special meetings of the members may be called by a majority of the board of directors or by not less than 10 per cent of all members. (§ 10(1) (2) ch 93 SLA 1959)~~

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Sec. 10.25.100. Notice of meetings. Except as otherwise provided in this chapter, written notice stating the time and place of each meeting of the members and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be given to each member, either personally or by mail, not less than 20 days nor more than 40 days before the date of the meeting. If mailed, notice is considered given when it is deposited in the United States mail with postage prepaid addressed to the member at his address as it appears on the records of the cooperative. (§ 10(3) ch 93 SLA 1959)

Sec. 10.25.110. Quorum requirements. Unless the bylaws prescribe the presence of a greater percentage or number of the members for a quorum, a quorum for the transaction of business at all meetings of the members of a cooperative having not more than 1,000 members is 5 per cent of all members, present in person, and a quorum for the transaction of business of the members of a cooperative having more than 1,000 members is 50 members, present in person. If less than a quorum is present at a meeting, a majority of those present in person may adjourn the meeting from time to time without further notice. (§ 10(4) ch 93 SLA 1959)

Sec. 10.25.120. Voting. Each member is entitled to one vote on each matter submitted to a vote at a meeting of the members. Voting shall be in person, but, if the bylaws so provide, may also be by mail. (§ 10(5) ch 93 SLA 1959)

Sec. 10.25.130. Waiver of notice. A person entitled to notice of a meeting may waive notice in writing either before or after the meeting. Attendance at a meeting is a waiver of notice of the meeting, unless the person attends solely to object to the transaction of business because the meeting has not been legally called or convened. (§ 11 ch 93 SLA 1959)

Sec. 10.25.140. Board of directors. The business of a cooperative shall be managed by a board of not less than five directors, each of whom shall be a member of the cooperative or of another cooperative which is a member of it. The bylaws shall prescribe the number of directors, their qualifications other than those prescribed in this chapter, and the manner of holding meetings of the board of directors and of electing successors to directors who resign, die, or are otherwise incapable of acting. The bylaws may provide for the removal of directors from office and for the election of their successors. Directors shall not receive salaries for the services as directors and, except in emergencies, shall not receive salaries for their services in any other capacity without the approval of the members. The bylaws may, however, prescribe a fixed fee for attendance at each meeting of the board of directors and may provide for reimbursement of actual expenses of attendance. (§ 12(1) ch 93 SLA 1959)

Sec. 10.25.150. Term of office of directors. The directors of a cooperative named in articles of incorporation, consolidation, merger or conversion hold office until the next annual meeting of the members and until their successors are elected and qualify. At each annual meeting, or in case of failure to hold the annual meeting as specified in the bylaws, at a special meeting called for that purpose, the members shall elect directors to hold office until the next annual meeting of the members, except as otherwise provided in this chapter. Each director holds office for the term for which he is elected and until his successor is elected and qualifies. (§ 12(2) ch 93 SLA 1959)

Sec. 10.25.160. Staggered terms of office for directors. Instead of electing all directors annually, the bylaws may provide that directors shall be elected for terms not to exceed three years, or until their successors are elected and qualify, and that the terms of directors shall be staggered so that one-third of the directors, or a number as close to one-third as possible, shall be elected at each annual meeting. (§ 12(3) ch 93 SLA 1959)

Sec. 10.25.170. Quorum of board. A majority of the board of directors constitutes a quorum. (§ 12(4) ch 93 SLA 1959)

Sec. 10.25.180. General powers of board. The board of directors may exercise all of the powers of a cooperative not conferred upon the members by this chapter, its articles of incorporation or its bylaws. (§ 12(5) ch 93 SLA 1959)

Sec. 10.25.190. Districts. The bylaws may provide for the division of the territory served or to be served by a cooperative into two or more districts for any purpose, including, without limitation, the nomination and election of directors and the election and

functioning of district delegates. These delegates, who shall be members, may nominate and elect directors. The bylaws shall prescribe the boundaries of the districts, or the manner of establishing the boundaries, and the manner of changing the boundaries, and the manner in which the districts function. No member at any district meeting and no district delegate at any meeting may vote by proxy or by mail. (§ 13 ch 93 SLA 1959)

Sec. 10.25.200. Officers. The officers of a cooperative are a president, a vice president, a secretary and a treasurer. The officers shall be elected annually by the board of directors from among its members. When a person holding an office ceases to be a director, he ceases to hold office. The offices of secretary and of treasurer may be held by the same person. The board of directors may elect or appoint such other officers, agents, or employees as it considers necessary or advisable and shall prescribe their powers and duties. An officer may be removed from office and his successor elected in the manner prescribed in the bylaws. (§ 14 ch 93 SLA 1959)

Sec. 10.25.210. Amendment of articles of incorporation. A cooperative may amend its articles of incorporation as follows, except that it may change the location of its principal office in the manner set forth in § 230 of this chapter.

(1) The proposed amendment shall be presented to a meeting of the members, and the notice of the meeting shall set forth or have attached to it the proposed amendment.

(2) If the proposed amendment, with any changes, is approved by the affirmative vote of not less than two-thirds of those members voting on it, the president or vice president shall execute and acknowledge articles of amendment on behalf of the cooperative and the secretary shall affix and attest to the seal of the cooperative. (§ 15 ch 93 SLA 1959)

Sec. 10.25.220. Contents of articles of amendment. (a) The articles of amendment shall recite that they are executed under this chapter and shall state

- (1) the name of the cooperative;
- (2) the address of its principal office;
- (3) the amendment to its articles of incorporation.

(b) The president or vice president executing the articles of amendment shall make and annex to them an affidavit stating that the provisions of this section regarding the amendment were complied with. (§ 15 ch 93 SLA 1959)

Sec. 10.25.230. Change of location of principal office. A cooperative may, upon authorization of its board of directors or its members, change the location of its principal office by filing a certificate reciting the change of principal office, executed and attested

knowledge by its president or vice president under its seal, attested by its secretary, in the office of the commissioner. (§ 16 ch 93 SLA 1959)

Article 2. Merger and Consolidation.

Section	Section
240. Merger	280. Effect of consolidation or merger
250. Contents of articles of merger	290. Conversion of existing corporation
260. Consolidation	300. Contents of articles of conversion
270. Contents of articles of consolidation	

Sec. 10.25.240. Merger. One or more cooperatives, each hereinafter designated "merging cooperative," may merge into another cooperative, hereinafter designated "surviving cooperative," by complying with the following requirements.

(1) The proposition for the merger of the merging cooperatives into the surviving cooperative and proposed articles of merger shall be submitted to a meeting of the members of each merging cooperative and of the surviving cooperative. The notice of the meeting shall have attached to it a copy of the proposed articles of merger.

(2) If the proposed merger and the proposed articles of merger, with any amendments, are approved by the affirmative vote of not less than two-thirds of these members of each cooperative voting on them at the meeting, articles of merger in the form approved shall be executed and acknowledged on behalf of each cooperative by its president or vice president and its seal shall be affixed by its secretary. (§ 18(1) (2) ch 93 SLA 1959)

Sec. 10.25.250. Contents of articles of merger. (a) The articles of merger shall recite that they are executed under this chapter and shall state

- (1) the name of each merging cooperative and the address of its principal office;
- (2) the name of the surviving cooperative and the address of its principal office;
- (3) a statement that each merging cooperative and the surviving cooperative agree to the merger;
- (4) the names and addresses of the directors of the surviving cooperative;
- (5) the terms and conditions of the merger and the manner of carrying it into effect, including the manner in which members of the merging cooperatives may or shall become members of the surviving cooperative.

(b) The articles of merger may contain provisions not inconsistent with this chapter which are considered necessary or advisable for the conduct of the business of the surviving cooperative.

(c) The president or vice president of each cooperative shall make and annex to the articles an affidavit stating that the provisions of this section regarding the articles were complied with by the cooperative. (§ 18(2) ch 93 SLA 1959)

Sec. 10.25.260. Consolidation. Two or more cooperatives, hereinafter designated "consolidating cooperative" may consolidate into a new cooperative, hereinafter designated the "new cooperative," by complying with the following requirements.

(1) The proposition for the consolidation into the new cooperative and proposed articles of consolidation shall be submitted to a meeting of the members of each consolidating cooperative. The notice of the meeting shall have attached to it a copy of the proposed articles of consolidation.

(2) If the proposed consolidation and the proposed articles of consolidation, with any amendments, are approved by the affirmative vote of not less than two-thirds of those members of each consolidating cooperative voting on them, articles of consolidation in the form approved shall be executed and acknowledged on behalf of each consolidating cooperative by its president or vice president and its seal shall be affixed and attested by its secretary. (§ 17(1) (2) ch 93 SLA 1959)

Sec. 10.25.270. Contents of articles of consolidation. (a) The articles of consolidation shall recite that they are executed pursuant to this chapter and shall state

(1) the name of each consolidating cooperative and the address of its principal office;

(2) the name of the new cooperative and the address of its principal office;

(3) a statement that each consolidating cooperative agrees to the consolidation;

(4) the names and addresses of the directors of the new cooperative;

(5) the terms and conditions of the consolidation and the manner of carrying it into effect, including the manner in which members of the consolidating cooperatives may or shall become members of the new cooperative.

(b) The articles of consolidation may contain provisions not inconsistent with this chapter which are considered necessary or advisable for the conduct of the business of the new cooperative.

(c) The president or vice president of each consolidating cooperative executing the articles of consolidation shall make and annex to the articles an affidavit stating that the provisions of this section regarding the articles were complied with by the cooperative. (§ 17(2) ch 93 SLA 1959)

Sec. 10.25.280. Effect of consolidation or merger. (a) In the case of a consolidation the existence of the consolidating cooperatives ceases and the articles of consolidation are the articles of incorporation of the new cooperative. In the case of a merger the separate existence of the merging cooperatives ceases and the articles of incorporation of the surviving cooperative are amended to the extent that changes are provided for in the articles of merger.

(b) The rights, privileges, immunities and franchises, and all real and personal property including, without limitation, applications for membership, all debts due on whatever account and all other choses in action, of the consolidating or merging cooperatives are transferred to and vested in the new consolidated or surviving cooperative without further act or deed.

(c) The new consolidated or surviving cooperative is responsible and liable for the liabilities and obligations of each of the consolidating or merging cooperatives and a claim existing or action or proceeding pending by or against the consolidating or merging cooperatives may be prosecuted as if the consolidation or merger had not taken place, but the new consolidated or surviving cooperative may be substituted in its place.

(d) Neither the rights of creditors nor liens upon the property of the cooperatives is impaired by the consolidation or merger. (§ 19 ch 93 SLA 1959)

Sec. 10.25.290. Conversion of existing corporation. A corporation organized under the laws of the state and supplying or having the corporate power to supply electric energy, or to furnish telephone service, may be converted into a cooperative by complying with the following requirements and thereupon becomes subject to this chapter as if originally organized under this chapter.

(1) The proposition for the conversion of the corporation into a cooperative and proposed articles of conversion shall be submitted to a meeting of the members or stockholders of the corporation, or in case of a corporation having no members or stockholders, to a meeting of the incorporators of the corporation. The notice of the meeting shall have attached to it a copy of the proposed articles of conversion.

(2) If the proposition for the conversion of the corporation into a cooperative and the proposed articles of conversion, with any amendments, are approved by the affirmative vote of not less than two-thirds of those members of the corporation voting on them or, if the corporation is a stock corporation, by the affirmative vote of the holders of not less than two-thirds of those shares of the capital stock of the corporation represented at the meeting and voting on them, or, in the case of a corporation having no

members and no shares of its capital stock outstanding, by the affirmative vote of not less than two-thirds of its incorporators, articles of conversion in the form approved shall be executed and acknowledged on behalf of the corporation by its president or vice president and its seal shall be affixed and attested by its secretary. (§ 20(1) (2) ch 93 SLA 1959)

Sec. 10.25.300. Contents of articles of conversion. (a) The articles of conversion shall recite that they are executed under this chapter and shall state

(1) the name of the corporation and the address of its principal office prior to its conversion into a cooperative;

(2) the statute or statutes under which it was organized;

(3) a statement that the corporation elects to become a cooperative, nonprofit, membership corporation subject to this chapter;

(4) its name as a cooperative;

(5) the address of the principal office of the cooperative;

(6) the names and addresses of the directors of the cooperative;

(7) the manner in which members, stockholders or incorporators of the corporation are to become members of the cooperative.

(b) The articles of conversion may contain provisions not inconsistent with this chapter considered necessary or advisable for the conduct of the business of the cooperative.

(c) The president or vice president executing the articles of conversion shall make and annex to it an affidavit stating that the provisions of this section were complied with regarding the articles. The articles of conversion are the articles of incorporation of the cooperative. (§ 20(2) ch 92 SLA 1959)

Article 3. Dissolution.

Section

310. Dissolution of cooperative which has not commenced business

320. Dissolution of cooperative which has commenced business

330. Effect of certificate of dissolution

Section

340. Notice to creditors

350. Termination of cooperative affairs

360. Contents of articles of dissolution

Sec. 10.25.310. Dissolution of cooperative which has not commenced business. A cooperative which has not commenced business may be dissolved by delivering articles of dissolution to the commissioner. A majority of the incorporators shall execute and acknowledge articles of dissolution on behalf of the cooperative. The articles shall state

(1) the name of the cooperative;

(2) the address of its principal office;

(3) that the cooperative has not commenced business;

its debts, obligations and liabilities, other than those to patrons arising by reason of their patronage, the directors shall distribute remaining sums, first, to patrons for the pro rata return of all amounts standing to their credit by reason of their patronage, and second, to members for the pro rata repayment of membership fees. Sums then remaining shall be distributed among its members and former members in proportion to their patronage, except to the extent participation in the distribution has been legally waived. The board of directors shall thereupon authorize the execution of articles of dissolution. The president or vice president shall execute and acknowledge articles of dissolution on behalf of the cooperative and the secretary shall affix and attest to the seal. (§ 21(2) ch 93 SLA 1959)

Sec. 10.25.360. Contents of articles of dissolution. (a) The articles of dissolution shall recite that they are executed under this chapter and shall state

- (1) the name of the cooperative;
- (2) the address of its principal office;
- (3) the date on which the certificate of election to dissolve was filed by the commissioner;
- (4) that there are no actions or suits against the cooperative;
- (5) that all debts, obligations and liabilities of the cooperative have been paid and discharged or that adequate provisions has been made for them;
- (6) that the provisions of §§ 320—360 of this chapter have been complied with.

(b) The president or vice president executing the articles of dissolution shall make and annex to the articles an affidavit stating that the statements contained in the articles are true. (§ 21(2) ch 93 SLA 1959)

Article 4. Miscellaneous Provisions.

Section	Section
370. Filing of articles	470. Change of registered office or registered agent
380. Nonprofit operation	480. Execution and filing of statement
390. Disposition of property to secure indebtedness	490. Resignation of registered agent
400. Limitations on disposition of all the property	500. Service of process on cooperative
410. Nonliability of members for debts of cooperative	510. Manner of service on commissioner
420. Effect of recordation of mortgages	520. Other means of service not affected
430. Validity of mortgage under Rural Electrification Act of 1936	530. Fees
440. Construction standards	540. Taxation of cooperatives
450. Directors, officers or members and notaries	550. Amount of gross revenue tax
460. Registered office and registered agent	560. Manner of computing gross revenue
	570. Refund of gross revenue tax to local taxing authorities

Section

550. Inventory and fixtures subject to taxation

590. Connection and interconnection of facilities

Section

600. Correction of defectively organized cooperatives

Sec. 10.25.370. Filing of articles. Articles of incorporation, amendment, consolidation, merger, conversion, or dissolution, when executed and acknowledged and accompanied by the affidavits required by this chapter, shall be presented to the commissioner for filing. If the commissioner finds that the articles presented conform to the requirements of this chapter, he shall, upon the payment of the fees provided in this chapter, file the articles in the records of his office. Upon filing, the incorporation, amendment, consolidation, merger, conversion, or dissolution provided for is in effect. This section also applies to certificates of election to dissolve and affidavits executed under §§ 320—360 of this chapter. (§ 22 ch 93 SLA 1959)

Sec. 10.25.380. Nonprofit operation. A cooperative shall be operated on a nonprofit basis for the mutual benefit of its members and patrons. The bylaws of a cooperative or its contracts with members and patrons shall contain such provisions relating to the disposition of revenues and receipts as may be necessary and appropriate to establish and maintain its nonprofit and cooperative character. (§ 23 ch 93 SLA 1959)

Sec. 10.25.390. Disposition of property to secure indebtedness. The board of directors of a cooperative may, without authorization by the members of the cooperative, authorize the execution and delivery of mortgages or deeds of trust of, or the pledging or encumbering of, the property, assets, rights, privileges, licenses, franchises and permits of the cooperative, whether acquired or to be acquired, and wherever situated, as well as the revenues therefrom, upon the terms and conditions the board of directors determines, to secure an indebtedness of the cooperative to the United States of America or an agency or instrumentality of it. (§ 24(1) ch 93 SLA 1959)

Sec. 10.25.400. Limitations on disposition of all the property. A cooperative may not otherwise sell, mortgage, lease or dispose of or encumber all or a substantial portion of its property unless the transaction is authorized by the affirmative vote of not less than a majority of all the members of the cooperative. However, notwithstanding a provision of this chapter or any other provision of law, the board of directors may, upon the authorization of a majority of those members of the cooperative present at a meeting of the members, sell lease or otherwise dispose of all or a substantial portion of its property to another cooperative or to the holder

of an evidence of indebtedness issued to the United States of America or an agency or instrumentality of it. (§ 24(2) ch 93 SLA 1959)

Sec. 10.25.410. Nonliability of members for debts of cooperative. No member is liable or responsible for any debts of the cooperative and the property of the members is not subject to execution therefor. (§ 25 ch 93 SLA 1959)

Sec. 10.25.420. Effect of recordation of mortgages. A mortgage, deed of trust, or other instrument executed by a cooperative, which affects real and personal property and which is recorded in the real property records in the city, borough or other recording districts in which the property is located or is to be located has the same effect as if recorded, filed or indexed as provided by law in the proper office in the city, borough or other recording district as a mortgage of personal property. All after-acquired property of the cooperative described or referred to as being mortgaged or pledged in a mortgage, deed of trust or other instrument is subject to the lien thereof immediately upon the acquisition of such property by the cooperative, whether or not the property was in existence at the time of the execution of the mortgage, deed of trust or other instrument. Recordation of such mortgage, deed of trust or other instrument constitutes notice and has the same effect with respect to after-acquired property as it has under the laws relating to recordation of property owned by the cooperative at the time of the execution of the mortgage, deed of trust or other instrument and described in it or referred to as being mortgaged or pledged thereby. The lien of such mortgage, deed of trust or other instrument upon personal property after its recordation continues for the period of time specified in the instrument without refiling or the filing of a renewal certificate, affidavit or other supplemental information required by the laws relating to the renewal, maintenance or extension of liens upon personal property. (§ 26 ch 93 SLA 1959)

Sec. 10.25.430. Validity of mortgage under Rural Electrification Act of 1936. A mortgage made by a cooperative organized under this chapter to the United States of America, or an agency or instrumentality of it, to secure indebtedness incurred under the Rural Electrification Act of 1936, as amended, is not void as against creditors of the mortgagor and subsequent purchasers and encumbrancers of the property in good faith for value because the mortgage is not accompanied by an affidavit of the parties to it, or an affidavit of the agent or attorney in fact of a party to it, that the mortgage is made in good faith to secure the amount named, and without a design to hinder, delay or defraud creditors. A mortgage made by a cooperative organized under this chapter to the

United States of America, or an agency or instrumentality of it to secure indebtedness incurred under the Rural Electrification Act of 1936, as amended, need not set forth the date upon which the indebtedness secured by it becomes due. (§ 26 ch 93 SLA 1959)

Sec. 10.25.440. Construction standards. Construction of electric lines and facilities, or telephone lines and facilities, by a cooperative shall, as a minimum requirement, comply with the standards of the National Electrical Safety Code in effect at the time of construction. (§ 27 ch 93 SLA 1959)

Sec. 10.25.450. Directors, officers or members as notaries. No person authorized to take acknowledgments under the laws of this state is disqualified from taking acknowledgments of instruments to which a cooperative is a party because he is an officer, director or member of the cooperative. (§ 28 ch 93 SLA 1959)

Sec. 10.25.460. Registered office and registered agent. Each cooperative shall have and continuously maintain in the state

(1) a registered office which may be, but need not be, the same as the location of the principal office;

(2) a registered agent who is an individual resident in the state and whose business office is identical with the registered office. (§ 29 ch 93 SLA 1959)

Sec. 10.25.470. Change of registered office or registered agent. A cooperative may change its registered office or change its registered agent, or both, upon filing in the office of the commissioner a statement setting forth

(1) the name of the cooperative;

(2) the address of its registered office;

(3) if the address of its registered office is changed, the address of the new registered office;

(4) the name of the registered agent;

(5) if its registered agent is changed, the name of its new registered agent;

(6) that the address of its registered office and the address of the business office and its registered agent, as changed, will be identical;

(7) that such change was authorized by resolution adopted by its board of directors. (§ 30 ch 93 SLA 1959)

Sec. 10.25.480. Execution and filing of statement. The statement of change of office or agent shall be executed by the cooperative by its president or vice president, verified by him, and directed to the commissioner. If the commissioner finds that the statement conforms to this chapter, he shall file it in his office. Upon the filing, the change of address of the registered office and the appoint-

ment of the registered agent, or both, as the case may be, is effective. (§ 30 ch 93 SLA 1959)

Sec. 10.25.490. Resignation of registered agent. A registered agent of a cooperative may resign by filing a written notice of resignation, executed in duplicate, with the commissioner. The commissioner shall immediately mail a copy of it to the cooperative at its registered office. The appointment of the agent terminates 30 days after receipt of the notice by the commissioner. (§ 30 ch 93 SLA 1959)

Sec. 10.25.500. Service of process on cooperative. (a) The registered agent of a cooperative is an agent of the cooperative upon whom process, notice or demand required or permitted by law to be served upon the cooperative may be served.

(b) When a cooperative fails to appoint or maintain a registered agent in the state, or when its registered agent cannot with reasonable diligence be found at the registered office, then the commissioner is an agent of the cooperative upon whom process, notice or demand may be served. (§ 31 ch 93 SLA 1959)

Sec. 10.25.510. Manner of service on commissioner. (a) Service on the commissioner is made by delivering to and leaving with him, or with a clerk having charge of the corporation department of his office, duplicate copies of the process, notice or demand. The commissioner shall immediately have one copy forwarded by registered mail, addressed to the cooperative at its registered office. Service on the commissioner is returnable in not less than 30 days.

(b) The commissioner shall keep a record of each process, notice and demand served upon him under this section, and shall record the time of service and his action with reference to it. (§ 31 ch 93 SLA 1959)

Sec. 10.25.520. Other means of service not affected. Nothing in §§ 500 and 510 of this chapter limits or affects the right to serve process, notice or demand required or permitted by law to be served on a cooperative in any other manner permitted by law. (§ 31 ch 93 SLA 1959)

Sec. 10.25.530. Fees. The commissioner shall charge and collect for

- (1) filing articles of incorporation, \$10;
- (2) filing articles of amendment, \$5;
- (3) filing articles of consolidation or merger, \$5;
- (4) filing articles of conversion, \$10;
- (5) filing certificate of election to dissolve, \$1;
- (6) filing articles of dissolution, \$5;
- (7) filing certificate of change of principal office and designa-

tion or change of registered office and registered agent, \$1. (§ 32 ch 93 SLA 1959)

• **Sec. 10.25.540. Taxation of cooperatives.** Cooperatives under this chapter shall apply for a business license and pay the initial license fee as provided by the Alaska Business License Act (AS 45.70), as amended. Before March 1, 1961, and before March 1 of each year thereafter, each cooperative shall pay to the state, instead of state and local ad valorem, income and excise taxes which may be assessed or levied on or after January 1, 1960, a percentage of its gross revenue earned during the preceding calendar year. (§ 33 ch 93 SLA 1959; am § 1 ch 66 SLA 1960)

Sec. 10.25.550. Amount of gross revenue tax. The gross revenue tax shall be computed as follows:

(1) one per cent of gross revenue for cooperatives which have furnished electric energy and power, or telephone service, to consumers for less than five years as of December 31 of the preceding calendar year;

(2) two per cent of gross revenue for cooperatives which have furnished electric energy and power, or telephone service, to consumers for five years or longer as of December 31 of the preceding calendar year. (§ 33 ch 93 SLA 1959; am § 1 ch 66 SLA 1960)

Sec. 10.25.560. Manner of computing gross revenue. For the purpose of computing gross revenue, an electric cooperative shall include only that revenue which has been derived from electric energy which it distributes to its consumers. It shall not include revenue derived from the sale or transmission of electric energy and power to, or on behalf of, another distributor. Gross revenue of a telephone cooperative includes all revenues earned from local and toll services. (§ 33 ch 93 SLA 1959)

Sec. 10.25.570. Refund of gross revenue tax to local taxing authorities. The proceeds of the gross revenue tax, less the amount expended by the state in its collection, shall be refunded to the local taxing authorities by action of the legislature, in the proportion that the revenue was earned within the geographical areas of the taxing authorities. However, taxes collected on gross revenue earned outside a local taxing authority shall be retained by the state and deposited into its general fund. (§ 33 ch 93 SLA 1959)

Sec. 10.25.580. Inventory and fixtures subject to taxation. The inventory and fixtures of a business operated by a cooperative incidental to the furnishing of central station electric service, including, without limitation, appliance stores or departments, is not exempt from ad valorem taxes. The inventory and accounts of these businesses shall be separately maintained and taxes shall be paid upon them as provided by law. (§ 33 ch 93 SLA 1959)

Sec. 10.25.590. Connection and interconnection of facilities. A telephone cooperative organized or doing business under this chapter, hereafter designated as applicant, may require a person furnishing telephone service to the public in the state, hereafter designated as company, to interconnect its lines, facilities or systems with, or otherwise make available the lines, facilities or systems to, the applicant's telephone lines, facilities or systems, in order to provide a continuous line of communication for the applicant's subscribers. If the company and the applicant are unable to agree upon the terms and conditions of interconnection, including compensation, the superior court shall, upon petition of the parties, or either of them, establish the terms and conditions. The terms and conditions shall be reasonable and nondiscriminatory. (§ 24 ch 93 SLA 1959)

Sec. 10.25.600. Correction of defectively organized cooperatives. If a cooperative has filed defective articles of incorporation, or has failed to do all things necessary to perfect its corporate organization, it may file corrected articles of incorporation, or amend the original articles, and do and perform all acts and things necessary for the correction of the defects. The action so taken is valid and binding upon all persons concerned. The capacity of the cooperative to file corrected articles of incorporation or amendments to the original articles, or to do and perform all acts and things necessary, may not be questioned. (§ 37 ch 93 SLA 1959)

Article 5. General Provisions.

Section	Section
610. Purpose	630. Construction of chapter
620. Chapter extended to existing cooperatives	640. Definitions
	650. Short title

Sec. 10.25.610. Purpose. Cooperative, nonprofit, membership corporations may be organized under this chapter for the purpose of supplying electric energy or telephone service and promoting and extending the use of these services. (§ 2 ch 93 SLA 1959)

Sec. 10.25.620. Chapter extended to existing cooperatives. This chapter applies to all nonprofit cooperatives organized under any other law of the state for the purpose of supplying electric energy and power, or telephone service, to its members, or for the purpose of promoting and extending the use of electric energy and power, or telephone service. These cooperatives are subject to this chapter as if originally organized under it. (§ 26 ch 93 SLA 1959)

Sec. 10.25.630. Construction of chapter. This chapter is complete in itself and is controlling. The provisions of any other law of the state relating to the organization of a corporation, except as pro-

vided in this chapter, do not apply to a cooperative organized under this chapter. The enumeration of an object, purpose, power, manner, method or thing does not exclude like or similar objects, purposes, powers, manners, methods or things. (§ 35 ch 93 SLA 1955)

Sec. 10.25.640. Definitions. As used in this chapter

- (1) "commissioner" means the commissioner of commerce;
- (2) "cooperative" means a corporation organized under this chapter or which becomes subject to this chapter in the manner provided in this chapter;
- (3) "person" means a natural person, firm, association, corporation, business trust, partnership, federal agency, state or political subdivision, or an agency of the state or political subdivision, or a body politic;
- (4) "telephone service" means communication service where voice communication through the use of electricity is the primary intended use, and includes all telephone lines, facilities or systems used in the rendition of this service. (§ 3 ch 93 SLA 1959; am 10 ch 64 SLA 1959; am § 2 ch 1 SLA 1961)

Sec. 10.25.650. Short title. This chapter may be cited as the Electric and Telephone Cooperative Act. (§ 1 ch 93 SLA 1959)

Chapter 30. Cemetery Associations.

Section	Section
10. Formation of cemetery association	70. Creation of irreducible fund
20. Records	80. Disposition of income from cemetery land
30. Effect of filing	90. Debts of association
40. Succession and powers of trustees	100. Transfer of burial lots
50. Bylaws	110. Sale of unsuitable lands
60. Power to acquire and dispose of lands, and exemption from execution, taxation and public appropriation	120. Purpose of sale by lots, and exemptions
	130. Plans of grounds and lots
	140. Maintenance of cemetery land
	150. Annual financial statement

Sec. 10.30.010. Formation of cemetery association. Five or more persons who are residents of the same recording district may form themselves into a cemetery association, and elect at least three of their members to serve as trustees, and one member as clerk. The trustees and the clerk hold office at the pleasure of the association. (§ 36-5-1 ACLA 1949)

Am. Jur. and C.J.S. references.—
 10 Am. Jur., Cemeteries, §§ 5, 10, 19.
 14 C.J.S. Cemeteries §§ 5 to 14.

Sec. 10.30.020. Records. The clerk shall keep a record of the proceedings of the meetings of the association, certify to and file one copy of the record together with the name of the association

Tom Staudenmaier
Director of the Board
Matanuska Electric Association
P. O. Box 8890
Anchorage, Alaska 99508

IMMEDIATE NEWS RELEASE

November 18, 1982

The Honorable Senator William Proxmire
United States Senate
Washington, D. C. 20510

Dear Senator Proxmire:

I speak for a group of Matanuska Electric Association, Chugach Electric Association and Homer Electric Association members, requesting your immediate assistance in plugging a rat hole, at least temporarily, which tens of millions of Federal dollars have already slid down.

The Chugach Electric Association, a Rural Electric Association electric utility located in Anchorage, Alaska requested, as of November 12, 1982 yet another Federal loan for \$37.7 million dollars to cover massive cost overruns. One year ago, Chugach Electric received \$41 million dollars from the Rural Electric Association. That loan too was for the purpose of paying for cost overruns on the same project that was started in 1976 and was to be completed in 1979. Chugach Electric Association, Matanuska Electric Association and Homer Electric Association are in deep financial trouble. The reason is the high salaries, mismanagement and duplicity in their work. The former General Manager of Chugach Electric, Bud Schultz, was paid \$145,000 (plus a retirement fee of \$400,000 in cash) for wages, plus 32% fringe benefits which totals \$191,400 per year. The Manager of Matanuska Electric Association, Jim Palin, draws \$73,000 plus 40% fringe benefits, which totals \$102,000 per year. Homer Electric Association is just as bad. Chugach Electric for the most part generates the bulk of the electric power in southcentral Alaska. Matanuska Electric Association buys 90% of its power needs from Chugach Electric. Ten percent is bought from the Eklutna Power Authority. Homer Electric Co-op buys 100% of their power needs from Chugach Electric Association.

There are less than 100,000 monthly billing members buying electric power from Chugach Electric, Matanuska Electric, Homer Electric and the Municipal Light & Power Co. Between the four utilities in southcentral Alaska, there are approximately 525 bureaucrats, plus four complete management organizations where one could do the job.

Chugach Electric Association has been involved in a major management scandal, touching on salaries, benefits and contracts written under questionable authority. Chugach reports a 100% cost overrun on a power development project at the Beluga Field near Anchorage. As customers we are forced to pay these outrageous costs.

Senator Proxmire, I'm asking for your help in the following areas:

1. Stop the REA from any further action on Chugach Electric Associations \$37.7 million dollar loan for cost overruns until there is a complete audit.

2. Request a complete audit of REA by the GAO, to determine the following:

a. Propriety of the entire Beluga Project including salaries, contracts let on competitive bid, cable laying operations and vessels hired to do the work.

b. Was the 1977 Foreign Corrupt Business Practices Act violated in the purchase of generators and the cable laying operations from a foreign country?

c. Were contracts let under Federal guide lines for competitive bid? Were contractors who were involved in the construction projects for Chugach Electric owned by any Chugach employees?

d. What justifies the 100% cost overruns?

e. What savings would there be if three REA Co-ops, along with the Municipal Light and Power were merged into one management organization with three divisions.

a) division of generation, b) division of transmission and distribution, and, c) division of administration.

f. How many times have major line items been shifted in Chugach Electric, Homer Electric and Matanuska Electric? And, do these shifts indicate budget fraud? Example: Matanuska Electric Association. I, as an elected Board Member refused to sign a waiver for borrowing \$1,646,000 this past August 1982. James F. Palin, Manager of Matanuska Electric Association stated at the time this money was being borrowed for a new headquarters building in Palmer, Alaska. The Board now has the intention of using this money for other projects besides building this unnecessary building. Is this obtaining Federal money under false pretenses?

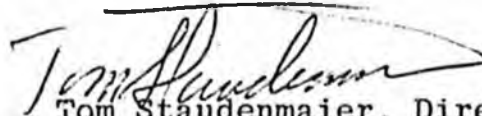
g. Attorney Roger Kempel represents the three above mentioned utilities at the same time. Is this a conflict of interest?

My concern is to stop the flow of millions of dollars of Federal funds which flows through the Chugach Electric Association, which we the customer members must eventually pay. There are many people who would be more than happy to talk to GAO investigators in Alaska in order to get to the bottom of this case.

In closing I would like to say that if there are any violations of Federal laws then that information should be turned over to the Federal Grand Jury for prosecution of the individuals who are involved in this scandal.

An early reply would be deeply appreciated.

Sincerely,



Tom Staudenmaier, Director
of the Board, Matanuska
Electric Association

TS/ijb



ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

December 13, 1982

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United States Senate
Washington, D. C. 20510

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the best and brightest ideas energizing in Alaska!

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c. Were contracts let under Federal guide lines for competitive bid? Were contractors who were involved in the construction projects for Chugach Electric owned by any Chugach employees?

Seven to ten million dollars in contracts were given out without competitive bid by the manager of Chugach Electric, Bud Schultz.

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e. What savings would there be if three REA Co-ops, along with the Municipal Light & Power were merged into one management organization with three divisions.

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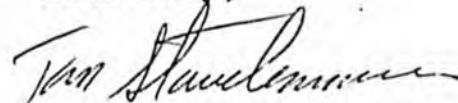
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TS/ijb

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PATRICK J. LEAHY, VT.
JIM SASSER, TENN.
DENNIS DE CONCINI, ARIZ.
DALE BUMPERS, ARK.

United States Senate

COMMITTEE ON APPROPRIATIONS
WASHINGTON, D.C. 20510

J. KEITH KENNEDY, STAFF DIRECTOR
THOMAS L. VAN DER VOORT, MINORITY STAFF DIRECTOR

January 17, 1983

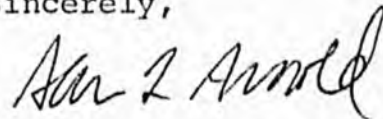
Mr. Tom Staudenmaier
Director of the Board
Matanuska Electric Association
P.O. Box 1603
Eagle River, Alaska 99577

Dear Mr. Staudenmaier:

This is in further reference to our conversation with Senator Stevens' Administrative Assistant, Dennis Fradley, about your visit to Washington and your interest in discussing with a member of the staff your concerns about the use of Federal funds by the Chugach Electric Association, the Homer Electric Association and the Matanuska Electric Association. This is also to acknowledge receipt of your letter about this situation.

As Dennis advised you, Senator Stevens has been out of town during the Congressional recess, so I was requested by Dennis to meet with you when you came to Washington. I understand from Rick Agnew of Congressman Young's office that you did discuss with him your belief in the need for a GAO investigation of the financial practices of these electric associations. I was prepared to meet with you last Monday, January 10th, and I do regret that we did not get together. However, I will make sure that your letter about this matter is brought to Senator Stevens' attention when he returns to Washington.

Sincerely,



Susan L. Arnold
Staff Assistant to
TED STEVENS

WILLIAM V. ROTH, JR., DEL., CHAIRMAN

CHARLES H. PERCY, ILL.
TED STEVENS, ALASKA
CHARLES MC C. MATHIAS, JR., MD.
JOHN C. DANFORTH, MO.
WILLIAM S. COHEN, MAINE
DAVID DURENBERGER, MINN.
MACK MATTINGLY, GA.
WARREN B. RUZMAN, N.H.

THOMAS F. EAGLETON, MO.
HENRY H. JACKSON, WASH.
LAWTON CHILES, FLA.
SAM PURN, GA.
JOHN GLENN, OHIO
JIM SASSER, TENN.
DAVID PRYOR, ARK.
EARL LEVIN, MICH.

JOAN M. MCENTEE, STAFF DIRECTOR
IRA S. SHAPIRO, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON
GOVERNMENTAL AFFAIRS
WASHINGTON, D.C. 20510

February 2, 1983

Mr. Tom Staudenmaier
Post Office Box 1603
Eagle River, Alaska 99577


Dear Mr. Staudenmaier:

This is to follow up on the brief conversation you had with Joseph Darnell on my Washington, D.C. staff about a possible GAO study.

A GAO study of Chugach and the Rural Electrification Administration does not appear to be appropriate. It is my understanding that Chugach Electric Association has recently undergone two separate audits, one by REA and another for the Alaska Public Utilities Commission. If you have concerns about Chugach's management, then they should be directed to the organizations charged with overseeing Chugach.

With best wishes,

Cordially,



TED STEVENS



ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

December 30, 1982

The Honorable Senator Frank Murkowski
United States Senate
Washington, D. C. 20510

Dear Senator Murkowski:

I speak for a group of Matanuska Electric Association, Chugach Electric Association and Homer Electric Association members, requesting your immediate assistance in plugging a rat hole, at least temporarily, which tens of millions of Federal dollars have already slid down.

The Chugach Electric Association, a Rural Electric Association electric utility located in Anchorage, Alaska requested, as of November 12, 1982 yet another Federal loan for \$37.7 million dollars to cover massive cost overruns. One year ago, Chugach Electric received \$41 million dollars from the Rural Electric Association. That loan too was for the purpose of paying for cost overruns on the same project that was started in 1976 and was to be completed in 1979. Chugach Electric Association, Matanuska Electric Association and Homer Electric Association are in deep financial trouble. The reason is the high salaries, mismanagement and duplicity in their work. The former General Manager of Chugach Electric, Bud Schultz, was paid \$145,000 (plus a retirement fee of \$400,000 in cash) for wages, plus 32% fringe benefits which totals \$191,400 per year. The Manager of Matanuska Electric Association, Jim Palin, draws \$73,000 plus 40% fringe benefits, which totals \$102,000 per year. Homer Electric Association is just as bad. Chugach Electric for the most part generates the bulk of the electric power in southcentral Alaska. Matanuska Electric Association buys 90% of its power needs from Chugach Electric. Ten percent is bought from the Eklutna Power Authority. Homer Electric Co-op buys 100% of their power needs from Chugach Electric Association.

There are less than 100,000 monthly billing members buying electric power from Chugach Electric, Matanuska Electric, Homer Electric and the Municipal Light & Power Co. Between the four utilities in southcentral Alaska, there are approximately 525 bureaucrats, plus four complete management organizations where one could do the job.

the best and brightest ideas energizing in Alaska

Chugach Electric Association has been involved in a major management scandal, touching on salaries, benefits and contracts written under questionable authority. Chugach reports a 100% cost overrun on a power development project at the Beluga Field near Anchorage. As customers we are forced to pay these outrageous costs.

Senator Murkowski, I'm asking for your help in the following areas:

1. Stop the REA from any further action on Chugach Electric Associations \$37.7 million dollar loan for cost overruns until there is a complete audit.

2. Request a complete audit of REA by the GAO, to determine the following:

a. Propriety of the entire Beluga Project, including salaries, contracts let on competitive bid, cable laying operations and vessels hired to do the work.

b. Was the 1977 Foreign Corrupt Business Practices Act violated in the purchase of generators and the cable laying operations from a foreign country?

c. Were contracts let under Federal guide lines for competitive bid? Were contractors who were involved in the construction projects for Chugach Electric owned by any Chugach employees?

Seven to ten million dollars in contracts were given out without competitive bid by the Manager of Chugach Electric, Bud Schultz.

d. What justifies the 100% cost overruns?

e. What savings would there be if three REA Co-ops, along with the Municipal Light & Power were merged into one management organization with three divisions?

a) division of generation, b) division of transmission and distribution, and, c) division of administration.

f. How many times have major line items been shifted in Chugach Electric, Homer Electric and Matanuska Electric? And, do these shifts indicate budget fraud? Example: Matanuska Electric Association. I, as an elected Board Member refused to sign a waiver for borrowing \$1,646,000 this past August 1982. James F. Palin, Manager of Matanuska Electric Association stated at the time this money

was being borrowed for a new headquarters building in Palmer, Alaska. The Board now has the intention of using this money for other projects besides building this unnecessary building. Is this obtaining Federal money under false pretenses?

g. Attorney Roger Kemppel represents the three above mentioned utilities at the same time. Is this a conflict of interest?

My concern is to stop the flow of millions of dollars of Federal funds which flows through the Chugach Electric Association, which we the customer members must eventually pay. There are many people who would be more than happy to talk to GAO investigators in Alaska in order to get to the bottom of this case.

In closing I would like to say that if there are any violations of Federal laws then that information should be turned over to the Federal Grand Jury for prosecution of the individuals who are involved in this scandal.

An early reply would be deeply appreciated.

Sincerely,

Tom Staudenmaier, Director
of the Board, Matanuska
Electric Association

TS/ijb

FRANK H. MURKOWSKI
ALASKA

COMMITTEE ON ENERGY AND
NATURAL RESOURCES

COMMITTEE ON ENVIRONMENT
AND PUBLIC WORKS

COMMITTEE ON VETERANS'
AFFAIRS

United States Senate

WASHINGTON, D.C. 20510

WASHINGTON OFFICE:
(202) 224-6665

ANCHORAGE OFFICE:
701 C STREET, Box 1
(907) 271-3735

JUNEAU OFFICE:
FEDERAL BUILDING, Box 1647
(907) 586-7463

FAIRBANKS OFFICE:
101 12TH AVENUE, Box 7
(907) 452-6227

February 1, 1983

Mr. Tom Staudenmaier
P. C. Box 408
Eagle River, Alaska 99577

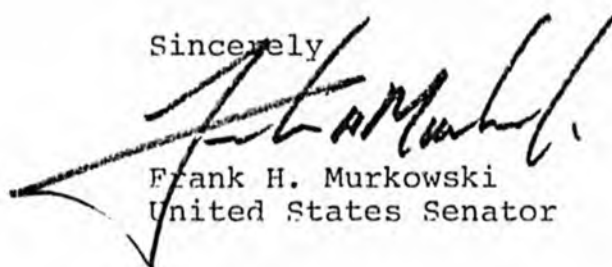
Dear Mr. Staudenmaier:

Thank you for contacting my office requesting that I initiate a General Accounting Office (GAO) investigation into the activities of Chugach Electric.

In light of the fact that the REA has recently completed a complete audit of Chugach, along with the fact that a private management audit completed at the request of the Alaska Public Utilities Commission has also recently been completed, I do not believe the disruption and expense associated with a GAO investigation is warranted at this time.

I appreciate your contacting my office about this matter.

Sincerely



Frank H. Murkowski
United States Senator

DON YOUNG
CONGRESSMAN FOR ALL ALASKA

COMMITTEES:
INTERIOR AND INSULAR
AFFAIRS
MERCHANT MARINE AND
FISHERIES

Congress of the United States
House of Representatives
Washington, D.C. 20515

WASHINGTON OFFICE

2331 RAYBURN BUILDING
TELEPHONE 202/225-5765

DISTRICT OFFICES

FEDERAL BUILDING AND
U.S. COURT HOUSE
701 C STREET, BOX 3
ANCHORAGE, ALASKA 99513
TELEPHONE 907/271-5978

BOX 10, 101 12TH AVENUE
FAIRBANKS, ALASKA 99701
TELEPHONE 907/456-6949

February 7, 1983

Mr. Tom Staudermaier
P.O. Box 1603
Eagle River, AK 99577

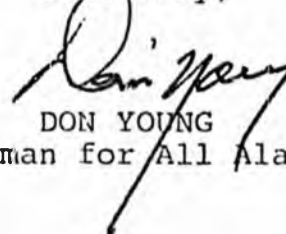
Dear Mr. Staudenmaier:

I appreciated being informed of your efforts regarding the proposed merger of Alaskan electrical co-ops and the suggested audits of R.E.A. and Chugach Electric Association.

After reviewing the materials you sent and the investigative work prepared by staff, I have concluded that there is not a justifiable basis at this time to request an audit of R.E.A. by the General Accounting Office. Many of the questions you have raised regarding management practices have been answered by internal audits and audits conducted by R.E.A. and the Alaska Public Utilities Commission. In the case of Chugach Electric Association, changes were recommended and adopted by the Association. Allegations of serious wrong-doing were not substantiated.

I hope that this information is useful to you. Again, I appreciated hearing from you regarding these matters and will keep your concerns in mind. In the meantime, if you have any further comments or questions regarding this matter, please contact me.

Sincerely,



DON YOUNG
Congressman for All Alaska

DY:ra

March 30, 1983

Charles A. Bowsher
Comptroller General
U. S. General Accounting Office
Washington, D. C. 20510

Dear Mr. Bowsher:

I speak for a group of Matanuska Electric Association, Chugach Electric Association and Homer Electric Association members, requesting your immediate assistance in plugging a rat hole, at least temporarily, which tens of millions of Federal dollars have already slid down.

The Chugach Electric Association, a Rural Electric Association electric utility located in Anchorage, Alaska requested, as of November 12, 1982 yet another Federal loan for \$37.7 million dollars to cover massive cost overruns. One year ago, Chugach Electric received \$41 million dollars from the Rural Electric Association. That loan too was for the purpose of paying for cost overruns on the same project that was started in 1976 and was to be completed in 1979. Chugach Electric Association, Matanuska Electric Association and Homer Electric Association are in deep financial trouble. The reason is the high salaries, mismanagement and duplicity in their work. The former General Manager of Chugach Electric, Bud Schultz, was paid \$145,000 (plus a retirement fee of \$400,000 in cash) for wages, plus 32% fringe benefits which totals \$191,400 per year. The Manager of Matanuska Electric Association, Jim Palin, draws \$73,000 plus 40% fringe benefits, which totals \$102,000 per year. Homer Electric Association is just as bad. Chugach Electric for the most part generates the bulk of the electric power in southcentral Alaska. Matanuska Electric Association buys 90% of its power needs from Chugach Electric. Ten percent is bought from the Eklutna Power Authority. Homer Electric Co-op buys 100% of their power needs from Chugach Electric Association.

There are less than 100,000 monthly billing members buying electric power from Chugach Electric, Matanuska Electric, Homer Electric and the Municipal Light & Power Co. Between the four utilities in southcentral Alaska, there are approximately 525 bureaucrats, plus four complete management organizations where one could do the job.

the best and brightest ideas energizing in Alaska!

Chugach Electric Association has been involved in a major management scandal, touching on salaries, benefits and contracts written under questionable authority. Chugach reports a 100% cost overrun on a power development project at the Beluga Field near Anchorage. As customers we are forced to pay these outrageous costs.

Mr. Bowsher, I'm asking for your help in the following areas:

1. Stop the REA from any further action on Chugach Electric Associations \$37.7 million dollar loan for cost overruns until there is a complete audit.

2. Request a complete audit of REA by the GAO, to determine the following:

a. Propriety of the entire Beluga Project including salaries, contracts let on competitive bid, cable laying operations and vessels hired to do the work.

b. Was the 1977 Foreign Corrupt Business Practices Act violated in the purchase of generators and the cable laying operations from a foreign country?

c. Were contracts let under Federal guide lines for competitive bid? Were contractors who were involved in the construction projects for Chugach Electric owned by any Chugach employees?

Seven to ten million dollars in contracts were given out without competitive bid by the manager of Chugach Electric, Bud Schultz.

d. What justifies the 100% cost overruns?

e. What savings would there be if three REA Co-ops, along with the Municipal Light and Power were merged into one management organization with three divisions.

a) division of generation, b) division of transmission and distribution, and, c) division of administration.

f. How many times have major line items been shifted in Chugach Electric, Homer Electric and Matanuska Electric? And, do these shifts indicate budget fraud? Example: Matanuska Electric Association. I, as an elected Board Member refused to sign a waiver for borrowing \$1,646,000 this past August 1982. James F. Palin, Manager of Matanuska Electric Association stated at the time this money

was being borrowed for a new headquarters building in Palmer, Alaska. The Board now has the intention of using this money for other projects besides building this unnecessary building. Is this obtaining Federal money under false pretenses?

g. Attorney Roger Kemppel represents the three above mentioned utilities at the same time. Is this a conflict of interest?

My concern is to stop the flow of millions of dollars of Federal funds which flows through the Chugach Electric Association, which we the customer members must eventually pay. There are many people who would be more than happy to talk to GAO investigators in Alaska in order to get to the bottom of this case.

In closing I would like to say that if there are any violations of Federal laws then that information should be turned over to the Federal Grand Jury for prosecution of the individuals who are involved in this scandal.

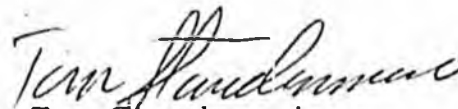
I originally contacted Sen. William Proxmire regarding a full GAO audit outside the REA. He in turn referred me to our State Delegates - Stevens, Murkowski & Young.

I sent a request to our Delegates and met with them or their Staff personally concerning this in January 1983 in Washington, D. C. and their response was that they were not going to initiate a GAO investigation. It appears that they are proud of the way Chugach handles their business affairs and approve of the past practices of massive cost overruns. Some of their close friends are the recipients of the \$9 million dollar contracts that went out without competitive bid.

In light of the poor performance of our Alaska Congressional Delegation, Sen. Proxmire referred me directly to the Anchorage GAO office, Ronald D. Kelso, Site Coordinator.

An early reply would be deeply appreciated.

Sincerely,



Tom Staudenmaier
Director of the Board
Matanuska Electric Association

TS/ijb



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

ACCOUNTING AND FINANCIAL
MANAGEMENT DIVISION

Control Number
29514

25 APR 1983

Mr. Tom Staudenmaier
Director of the Board
Matanuska Electric Association
Electric Merger Committee
P.O. Box 1803
Eagle River, AK. 99577

Dear Mr. Staudenmaier:

Thank you for your letter regarding wrongdoing and/or mismanagement in Federal programs.

We are evaluating the information you provided to determine its ultimate disposition and have assigned it the above control number.

If you have additional information regarding this matter, you can send it to the Fraud Referral and Investigations Group at the following address:

U. S. General Accounting Office
Fraud Referral and Investigations Group
Room 6134
441 G Street, NW.
Washington, D. C. 20548

Additional information can also be furnished by using our toll-free hotline. The number is 800-424-5454. Please call between 8:00 a.m. and 4:30 p.m. (Eastern time), Monday through Friday, and one of my staff will assist you.

When providing additional information, either by mail or phone, it is important that you refer to the control number shown in the upper right hand corner of this letter.

Your interest and concern are appreciated.

Sincerely yours,

(s) Henry W. Carver
George L. Egan, Jr.
Associate Director
Fraud Prevention/Audit
Oversight Group



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

RESOURCES, COMMUNITY,
AND ECONOMIC DEVELOPMENT
DIVISION

May 5, 1983

Mr. Tom Staudenmaier
Director of the Board
Matanuska Electric Association
P.O. Box 1603
Eagle River, AK 99577

Dear Mr. Staudenmaier:

Your letter of March 30, 1983, which was referred to our Division on April 22, 1983, requested a complete audit of the Rural Electrification Administration (REA) activities relative to the Matanuska, Chugach, and Homer Electric Associations.

The General Accounting Office is an agency in the legislative branch of the Government whose principal purposes are to assure compliance by agencies of the executive branch with Federal statutes governing the expenditure of public monies appropriated by the Congress and to assist in improving the effectiveness and efficiency with which Government programs are administered. However, in the execution of these functions, our reporting responsibility runs to the Congress as a whole, to chairmen of committees and subcommittees, and to individual Members of Congress who request that we undertake work.

The Department of Agriculture has primary responsibility for assuring that REA activities are effectively administered. One way the Department accomplishes this is through periodic audits of REA by the Office of Inspector General. Accordingly, we have referred your request for an audit to the Department's Office of Inspector General for its consideration.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Robert E. Allen, Jr.", written in dark ink.

Robert E. Allen, Jr.
Senior Group Director



United States
Department of
Agriculture

Office of
Inspector
General

Washington,
D.C.
20250

Mr. Tom Staudenmaier
Director of the Board
Matanuska Electric Association
P.O. Box 1603
Eagle River, Alaska 99577

MAY 24 1983

Dear Mr. Staudenmaier:

Your letter of March 30, 1983, to Charles A. Bowsher, GAO, has been forwarded to our office.

We are checking into the alleged irregularities to see if any violations have occurred. You will be notified of our findings when we complete our review.

Sincerely,

Linda C. Magone

LINDA C. MAGONE, Acting Chief
Complaint Analysis Branch



United States
Department of
Agriculture

Office of
Inspector
General

Washington,
D.C.
20250

NOV 23 1983

Mr. Tom Staudenmaier
Executive Director
Staudenmaier Electric Merger Committee
P.O. Box 1603
Eagle River, Alaska 99577

Dear Mr. Staudenmaier:

Your November 17 telegram to Secretary Block was referred to this office for reply.

Our investigation of your complaint concerning Chugach Electric Association, Homer Electric Association, and Matanuska Electric Association is complete and a report (Hq-999-3) was issued on November 10, 1983.

The investigative report is currently being reviewed by officials of the Department to determine whether enforcement action may be appropriate. Since release of the report at this time would interfere with enforcement proceedings, it is exempt from mandatory disclosure under the Freedom of Information Act, 5 U.S.C. 552(b)(7)(A). Therefore, your request for the report is denied.

You may appeal this decision to the Inspector General, U.S. Department of Agriculture, Washington, D.C. 20250.

Sincerely,

L. L. FREE
Assistant Inspector General
Administration

STANDENMAYERS

ALASKA INVESTIGATOR COMMITTEE

P.O. BOX 1003 • EAGLE RIVER, AK 99577 • 684-4882, 684-2822

November 22, 1983

The Honorable John R. Block
Secretary of Agriculture
14th St. & Independence Ave., S. W.
Washington, D. C. 20250

Dear Mr. Block:

On November 18, 1982, I made a request to Senator Proxmire for a complete in-depth, Federal, criminal audit of Chugach Electric Assoc., Homer Electric Assoc., and Matanuska Electric Assoc., concerning massive cost overruns on the Beluga project and what major line items had been shifted.

Senator Proxmire replied that since Dept. of Defense funds were not directly involved, this request should be directed to our Alaska Delegates, Stevens, Young & Murkowski.

I sent a written request to our Delegates December 13th, 1982, and met with them or their Staff personally in Washington, D. C. in January 1983, and their response was to go to hell.

Letters were sent to Senator Proxmire by the management of MEA, BEA and the Rural Electrification Administration in an effort to kill this investigation. In light of the poor performance of our Alaska Congressional Delegation, Senator Proxmire referred me directly to the Comptroller General, Charles A. Bousher, United States General Accounting Office in Washington, D. C.

On April 25, 1983 Control No. 29514 was assigned to this case.

June 6th, 1983 special agents for the Office of Inspector General, Security and Special Operations, U. S. Dept. of Agriculture arrived in Anchorage from Washington, D. C. and from Kansas City, Missouri.

I was informed that on November 10th, 1983 the criminal investigation was completed by special agent Joe Rotunno.

I hereby request an immediate response to the disposition of this investigation concerning this scandal involving REA funds.


The best and brightest ideas emerging in Alaska!

Will there be criminal prosecution of the individuals involved?
If not, why not?

Will there be civil prosecution? If not, why not?

If the Department of Agriculture does not seek criminal or civil prosecution, then I hereby request a copy of the findings of that investigation.

Sincerely,


Tom Staudenmaier
Executive Director

TS/ijb

cc: CBS 60 Minutes
ABC 20/20



STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1600 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

December 22, 1983

President Ronald Reagan
The White House
Washington, D. C. 20250

Dear President Reagan:

On November 18, 1982, I made a request to Senator Proxmire for a complete in-depth, Federal, criminal audit of Chugach Electric Assoc., Homer Electric Assoc., and Matanuska Electric Assoc., concerning massive cost overruns on the Beluga project and what major line items had been shifted.

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I was informed that on November 10th, 1983, the criminal investigation was completed by special agent Joe Rotunno.

A reply was received on November 23rd, 1983 from the Department of Agriculture indicating that report #Hq. 999-3 was issued on November 10th, 1983. This criminal investigative report is currently being reviewed by officials of the Department to determine whether enforcement action may be appropriate.

the best and brightest ideas energizing in Alaska!

STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

President Ronald Reagan

Page 2

December 22, 1983

Mr. President, through hours of research, we have uncovered the fact that Stevens, Young & Murkowski have received substantial financial contributions from the Action Committee for Rural Electrification, 1800 Massachusetts Ave. N. W., Washington, D. C. 20036.

According to the Federal Election Commission reports, one of the congressional delegates from Alaska received a substantial contribution from Wayne H. Henson, 1701 E. 1st Avenue, Anchorage, Ak. 99501. His employer is York Steel, who is one of the prime suspects in this \$100 million dollar cost overrun.

We have followed your presidency the last three years in the areas of your efforts in uncovering waste, mismanagement and corruption in the Federal system. In light of Stevens, Young & Murkowski's refusal to help clean up their own backyard, they may try to quash and cover up this investigation to protect some of their friends who are involved.

Mr. President, I ask you to look into the matter of this incident.

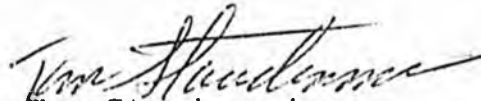
Will there be criminal prosecution of the individuals involved?

Will there be civil prosecution? If not, why not?

If the Department of Agriculture does not seek criminal or civil prosecution, then I hereby request a copy of the findings of that investigation.

We hereby request an immediate response to the disposition of this investigation concerning this scandal involving REA funds. It affects hundreds of thousands of Alaskans.

Respectfully yours,


Tom Staudenmaier
Executive Director

TS/ijb

P. S. We Alaskans wish you and Nancy a Merry Christmas and Joyous New Year!

the best and brightest ideas energizing in Alaska!



United States
Department of
Agriculture

Office of
Inspector
General

Washington,
D.C.
20250

FEB - 9 1984

Mr. Tom Staudenmaier
Executive Director
Staudenmaier Electric Merger Committee
P.O. Box 1603
Eagle River, Alaska 99577

Dear Mr. Staudenmaier:

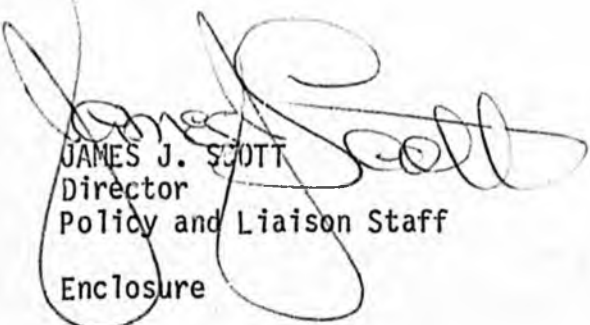
This replies to your February 7 telephone call during which you reiterated your request for investigative report Hq-999-3.

Mr. Free withheld the report because it was being reviewed by officials of the Department to determine whether enforcement action was appropriate and because release at that time would have interfered with enforcement proceedings. We have now determined that release of the report will no longer interfere with enforcement proceedings. A copy is enclosed.

Please send \$6.40 to cover copying costs (10 cents per page). Your check or money order should be made payable to "Treasury of the United States" and mailed to:

Mr. L. L. Free
Office of Inspector General
U.S. Department of Agriculture
Room 8-E, Administration Building
Washington, D.C. 20250

Sincerely,


JAMES J. SCOTT
Director
Policy and Liaison Staff

Enclosure

THE WHITE HOUSE

WASHINGTON

February 22, 1984

Dear Mr. Staudenmaier:

This is in response to your recent letter to the President, which was forwarded to my office for reply.

Please be advised that we have forwarded your correspondence to the General Counsels at the Department of Agriculture and the Federal Elections Commission so that it may receive appropriate consideration by those Government officials responsible for review of such matters. It is established White House policy not to become involved in particular investigatory matters pending before a Federal department such as the Department of Agriculture, or which come under the jurisdiction of an independent agency such as the Federal Elections Commission.

I am confident you will understand the need for this policy as a means for maintaining public confidence in the effective and impartial administration of our laws.

With best regards,

Sincerely,



Fred F. Fielding
Counsel to the President

Mr. Tom Staudenmaier
Executive Director of Staudenmaier's
Electric Merger Committee
Post Office Box 1603
Eagle River, Alaska 99577



STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1808 • EAGLE RIVER, AK 99577 • 694-4952, 694-2322

November 16, 1983

CBS-60 Minutes
555 W. 57th Street
New York, N. Y. 10019.

Re: Telephone Conversation
of November 15th, 1983

Dear Sirs:

Please find enclosed the newspaper clippings that you asked for. A copy of a letter to U. S. Senator Proxmire, the Government Accounting Office, and all other pertinent data.

On November 10th, 1983 a criminal audit was completed by Federal agents from the Office of Security and Special Operations, U. S. Dept. of Agriculture.

There is concern on our part that an effort is underway to cover up these findings.

I would encourage you to contact Secretary of Agriculture, John R. Block.

Sincerely yours,

Tom Staudenmaier
Executive Director

TS/ijb

Attachments

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STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1608 • EAGLE RIVER, AK 99577 • 694-4882, 694-2322

November 16, 1983

Mary Jo Malone
ABC - 20/20
77 W. 66th Street
New York, N. Y. 10023.

Re: Telephone Conversation
of November 15th, 1983

Dear Ms. Malone:

Please find enclosed the newspaper clippings that you asked for. A copy of a letter to U. S. Senator Proxmire, the Government Accounting Office, and all other pertinent data.

On November 10th, 1983 a criminal audit was completed by Federal agents from the Office of Security and Special Operations, U. S. Dept. of Agriculture.

There is concern on our part that an effort is underway to cover up these findings.

I would encourage you to contact Secretary of Agriculture, John R. Block.

Sincerely yours,

Tom Staudenmaier
Executive Director

TS/ijb

Attachments

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December 01, 1983

Patricia A. Klein
Chief of Public Records
Federal Election Commission
1325 "K" Street, N W
Washington, D. C. 20463

Attention: Lucinda Munger

Dear Ms. Munger:

On my visit of November 22nd, 1983, Ippaid cash in the amount of \$118.00 to get copies made.

As per our telephone conversation of today, please find enclosed a check for the balance of \$105.00 for the cost of copying campaign contibution records concerning Stevens, Young and Murkowski.

Thank you for your assistance in this matter. Please send the copies as soon as possible.

Sincerely yours,

Tom Staudenmaier
Executive Director

TS/ijb

Attachment: check

ALASKA PUBLIC OFFICES COMMISSION

BILL SHEFFIELD, GOVERNOR

REPLY TO:

- 610 C STREET, SUITE 211
ANCHORAGE, ALASKA 99501-3598
(907) 276-4176
- JUNEAU BRANCH OFFICE
POUCH CO
JUNEAU, ALASKA 99811-0222
(907) 465-4884

March 31, 1983

Tom Staudenmaier
Staudenmaier's Electric Merger Committee
Post Office Box 8-890
Anchorage, Alaska 99508

Dear Tom:

You have asked me to confirm that the Electric Merger Committee, funded separately and independently of the Alaska Conservative Political Action Committee, is not subject to the reporting requirements of Alaska's Campaign Disclosure Law, AS 15.13, with regard to elections held by private entities such as the Matanuska Electric Association and the Chugach Electric Association. The reason for this is that the disclosure requirements of AS 15.13 apply only to state and municipal elections. Hence, efforts to influence the outcome of the election held by a private entity are not reportable; advertising related to such a private election is not within the APOC's jurisdiction and is not required to carry the identification specified by AS 15.13.090.

In the event that the subject of a merger appears on the ballot at a Municipality of Anchorage election, however, efforts to influence the outcome of that municipal election would be reportable under AS 15.13 and required to be identified.

Sincerely,

ALASKA PUBLIC OFFICES COMMISSION



Theda S. Pittman
Executive Director

TSP/dh



MATANUSKA ELECTRIC ASSOCIATION, INC.

P.O. BOX 1148

PALMER, ALASKA 99645

TELEPHONE
(907) 745-3231

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

December 21, 1983

Mr. Thomas G. Staudenmaier
Staudenmaier's Electric Merger Committee
P. O. Box 1603
Eagle River, Alaska 99577

Dear Mr. Staudenmaier:

In reference to your letter of December 7, to MEA President Robert Husted, in which you basically requested a \$25,000 contribution from MEA to the Staudenmaier Electric Merger Committee, please be advised that the MEA Board of Directors voted against making a contribution to your Committee. Since you were present at that meeting, I feel confident that you understand the reasons for the Boards' decision. In addition, and as you will no doubt recall, on November 9, 1982, the Board included the following comment in Resolution No. 1018, "WHEREAS, the Board of Directors of Matanuska Electric Association, Inc. because it has not yet been furnished with sufficient information and verified facts in support of the merger plan, has taken no position on this plan." To the best of my knowledge, the Board's position has not changed.

Should you have need for additional information, please send us a letter detailing the request, and MEA will certainly consider an appropriate response.

Happy Holidays to you and yours.

Sincerely,

A handwritten signature in dark ink, appearing to read 'James F. Palin', is written over a light-colored background.

James F. Palin
General Manager

mm

cc: Board of Directors
Roger R. Kempel



Homer Electric Association, Inc.

CENTRAL OFFICE: P.O. BOX 429 • HOMER, ALASKA 99603 0429 • (907) 235-8167

December 14, 1983

Mr. Tom Staudenmaier, Exec. Director
Staudenmaier's Electric Merger Committee
P. O. Box 1603
Eagle River, Alaska 99577

Dear Mr. Staudenmaier:

Reference is made to your communication dated December 7, 1983, relative to your proposed merger.

Please be advised that HEA is presently in the process of forming a Generation & Transmission Cooperative; and, therefore, would not be interested in forming a second organization.

Best wishes for a happy holiday season.

Very truly yours,

HOMER ELECTRIC ASSOCIATION, INC.


Leo Rhode
President

LR:em



STAUDENMAIER'S

ELECTRIC MERGER COMMITTEE

P.O. BOX 1603 • EAGLE RIVER, AK 99577 • 694-4982, 694-2322

NEWS RELEASE

Nov. 17, 1983

PROPOSED NEW BI-LAWS OF THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP, TO BE VOTED ON BY THE MEMBERS OF CHUGACH ELECTRIC ASSOC., MATANUSKA ELECTRIC ASSOC. AND HOMER ELECTRIC ASSOC., UNDER TITLE 10, STATUTORY LAW, CHAPTER 25, ELECTRICAL AND TELEPHONE CO-OPERATIVE ACT, ARTICLE II, MERGER AND CONSOLIDATION, SECTION 10.25.240.

1. THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP'S BOARD OF DIRECTORS SHALL CONSIST OF 11 MEMBERS. THE CO-OP'S HEADQUARTERS SHALL BE IN ANCHORAGE, ALASKA.

RATIONALE: EVERY AREA IN SOUTHCENTRAL ALASKA IS EQUALLY REPRESENTED BY POPULATION USING THE SAME REAPPORTIONMENT METHOD AS THE ALASKA STATE SENATE.

2. THE BOARD OF DIRECTORS SHALL NOT SERVE MORE THAN ONE CONSECUTIVE FOUR YEAR TERM.

RATIONALE: NEW PEOPLE WILL BRING NEW IDEAS TO THE BOARD OF DIRECTORS, WITHOUT LETTING ANY CERTAIN GROUP DEVELOP A POWER STRUCTURE.

3. MONTHLY BOARD MEETINGS SHALL BE CONVENED ON THE SECOND SATURDAY OF EACH MONTH, CONVENING AT 10:00 AM. THE MEETINGS SHALL BE HELD ON A ROTATING BASIS STARTING IN ANCHORAGE. THE NEXT MONTHLY MEETING SHALL BE IN THE MAT/SU VALLEY, FOLLOWED BY THE KENAI PENINSULA. EACH OF THESE AREAS SHALL HAVE FOUR MEETINGS PER YEAR, FOLLOWING THE ABOVE ROTATION SCHEDULE. THIS ROTATION SHALL NOT BE CHANGED UNLESS VOTED ON BY THE MEMBERSHIP AT LARGE.

RATIONALE: THIS WILL GIVE THE CONSUMER/OWNERS OF THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP MAXIMUM EXPOSURE TO THE BOARD OF DIRECTORS FOR THEIR MAXIMUM PARTICIPATION.

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4. ALL OFFICIAL MEETINGS, INCLUDING WORK SESSIONS, SHALL BE TAPED, TRANSCRIBED AND THE ORIGINAL COPY HELD AT THE CO-OPS HEADQUARTERS FOR SEVEN YEARS. THE TAPING SYSTEM SHALL BE OF THE SAME QUALITY AS THAT OF THE ANCHORAGE MUNICIPAL ASSEMBLY. ALL ISSUES SHALL BE RECORDED BY ROLL CALL VOTE.

RATIONALE: TO MAINTAIN A COMPLETE RECORD OF THE BUSINESS THAT TRANSPIRES WITHIN THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP.

5. A COMPLETE, CERTIFIED COPY OF THESE TRANSCRIPTS SHALL BE POSTED AT EACH LOCATION OF THE AK. SOUTHCENTRAL ELECTRIC CO-OP'S PLACE OF OFFICIAL BUSINESS, AND MADE AVAILABLE TO THE MEMBERSHIP WITHIN 48 HOURS OF A BOARD MEETING. THESE ARE TO BE UPDATED ON A MONTHLY BASIS.

RATIONALE: TO GIVE THE CONSUMER/OWNER IMMEDIATE ACCESS TO TRANSACTIONS THAT OCCURED AT THE BOARD MEETINGS OR WORK SESSIONS.

6. THE GENERAL MANAGER SHALL SERVE FOR A ONE 5 YEAR TERM. THE BOARD OF DIRECTORS CAN REPLACE HIM OR HER AT THEIR DISCRESSION AT ANY TIME DURING HIS/HER TERM IF HIS/HER SERVICES ARE BELOW EXPECTATIONS.

RATIONALE: "NEW LEADERSHIP BRINGS NEW AND FRESH IDEAS".

7. ALL SALARIES AND BENEFITS OF THE EMPLOYEES OF THE AK. SOUTHCENTRAL ELECTRIC CO-OP SHALL BE MADE PUBLIC TO THE MEMBERSHIP, WITH AN UPDATE EVERY SIX MONTHS. BENEFITS SHALL NOT EXCEED 20% OF THE BASE SALARY. THE SALARIES, BENEFITS AND JOB TITLES SHALL BE POSTED IN ALL OF THE OFFICIAL OFFICES OF THE CO-OP FOR MEMBERSHIP REVIEW.

RATIONALE: THE MEMBERSHIP OWNS THE CO-OP. THE MEMBERS ARE THE EMPLOYER AND THEREFORE SHOULD BE AWARE OF THE SALARIES AND BENEFITS THAT THEIR EMPLOYEES ARE BEING PAID.

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8. THE SALARY OF THE GENERAL MANAGER SHALL NOT EXCEED THE BASE SALARY OF THE GOVERNOR OF THE STATE OF ALASKA.

RATIONALE: THERE ARE THOUSANDS OF AMERICAN MEN AND WOMEN WHO ARE QUALIFIED, WHO ARE LOOKING FOR JOBS.

9. IT SHALL TAKE A 2/3 VOTE BY THE BOARD OF DIRECTORS TO IMPLEMENT A PAY RAISE FOR THE EMPLOYEES.

RATIONALE: TO CONTROL OVERHEAD EXPENSES AND HELP KEEP THE COST OF THE ELECTRIC UTILITIES REASONABLE.

10. THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP SHALL BE A NON-PROFIT ORGANIZATION AND THEREFORE SHALL NOT ENGAGE IN ANY NEW CONSTRUCTION. NEW CONSTRUCTION IS DEFINED AS: ANY ITEMS THAT ARE NOT ALREADY PHYSICALLY IN PLACE, INCLUDING TEMPORARY POWER. THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP SHALL BE DESIGNATED AND SHALL FUNCTION AS A SERVICE AND MAINTENANCE ORGANIZATION. NEW CONSTRUCTION SHALL BE PUT OUT TO COMPETITIVE BID TO PRIVATE ENTERPRISE.

RATIONALE: THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP IS A NON-PROFIT ORGANIZATION AND SHALL NOT COMPETE WITH A PROFIT MAKING ORGANIZATION. LABOR PRODUCTIVITY IS MUCH GREATER IN PRIVATE INDUSTRY.

11. MAINTENANCE AND SERVICE PERSONNEL UNDER A COLLECTIVE BARGAINING AGREEMENT WITH THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP SHALL RECEIVE 85% OF CONSTRUCTION SCALE, PLUS BENEFITS.

RATIONALE: THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP IS ESTABLISHED AS A MAINTENANCE AND SERVICE ORGANIZATION, NOT AS A CONSTRUCTION COMPANY. THEREFORE THE MEN AND WOMEN WHO WORK SERVICE AND MAINTENANCE ARE NOT ENTITLED TO

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FULL CONSTRUCTION SCALE. THOSE WHO WANT TO RECEIVE FULL CONSTRUCTION SCALE SHOULD TAKE THEIR TALENTS AND WORK IN THE CONSTRUCTION INDUSTRY. THIS IS A FAIR AND EQUITABLE WAGE AND THE SAME TYPE OF WAGE PLAN USED BY ALYESKA PIPELINE SERVICE Co.

12. THE BELUGA POWER STATION SHALL BE DESIGNATED AS LOCAL HIRE AND SERVICE AND MAINTENANCE SHALL BE RUN ON THREE 8 HOUR SHIFTS, TWENTY-FOUR HOURS PER DAY, SEVEN DAYS A WEEK.

RATIONALE: CUT DOWN COST OF OVERHEAD TO MAINTAIN THE MEN AND WOMEN WHO WORK AT BELUGA. CREATE MORE JOBS BY CUTTING OVERTIME.

13. BID PROCEDURES SHALL FOLLOW THE BID PROCEDURES OF THE STATE OF ALASKA ON ALL NEW CONSTRUCTION PROJECTS. ANY VIOLATIONS OF BID PROCEDURES SHOULD BE CLASSIFIED AS A FELONY COUNT UNDER STATUTORY LAW.

RATIONALE: EVERY BUSINESS ESTABLISHMENT THAT WANTS TO PARTICIPATE IN THE BIDDING PROCESS SHALL HAVE AN EQUAL OPPORTUNITY TO PARTAKE OF THE AMERICAN FREE ENTERPRISE SYSTEM.

14. LINE EXTENSION POLICIES: THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP'S LINE EXTENSION POLICIES SHALL BE: 1. ALL NEW SUBDIVISIONS MUST SECURE THEIR OWN FINANCING FOR THEIR ELECTRIC POWER INSTALLATION AND SHALL BUILD THEIR SYSTEM TO THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP'S SPECIFICATIONS, SO IT IS COMPATIBLE WITH THE MAIN POWER GRID SYSTEM. 2. EACH SUBDIVISION SHALL CHOOSE HIS OWN METHOD OF INSTALLATION PROVIDED IT MEETS THE SPECIFICATIONS OF THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP. 3. WHEN THESE SPECIFICATIONS ARE MET, THEN THE AK. SOUTHCENTRAL ELECTRIC CO-OP SHALL ENERGIZE THE SYSTEM.

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15. THE TRANSITION TEAM OF THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP.

1. THE TRANSITION TEAM SHALL BE MADE UP OF THREE MEMBERS FROM MEA, HEA & CEA, EACH SELECTED BY THEIR OWN BOARD OF DIRECTORS.

2. THE TRANSITION TEAM POWERS SHALL BE:

- A. TO OVERSEE THE OFFICIAL ELECTION OF THE PERMANENT ELEVEN MEMBER BOARD WITHIN 60 DAYS OF THE MERGER VOTE.
- B. TO EXECUTE CONTRACTS FOR THE LENGTH OF 60 DAYS ONLY, ON BEHALF OF THE ELECTION PROCESS.

16. THE PRESENT THREE UTILITIES, MEA, HEA & CEA SHALL FUNCTION IN THEIR INDIVIDUAL CAPACITY UNTIL THE NEW ELEVEN MEMBER BOARD IS SELECTED. THE NEW BOARD OF DIRECTORS SHALL HAVE NINETY DAYS TO COMPLETE THE MERGER.

17. ALL JOBS SHALL BE FILLED THRU APPLICATIONS RECEIVED AT THE PERSONNEL DEPT. OF THE ALASKA SOUTHCENTRAL ELECTRIC CO-OP. NO PRESENT EMPLOYEE IS GUARANTEED THEIR POSITION IN THE NEW ORGANIZATION.

RATIONALE: ALL QUALIFIED ALASKANS SHALL HAVE THE SAME OPPORTUNITY TO APPLY AND COMPETE FOR THE JOBS THAT ARE AVAILABLE IN THIS NEW CO-OP.

TOM STAUDENMAIER
EXECUTIVE DIRECTOR

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RETURN TO:

ALASKA PUBLIC OFFICES COMMISSION
Pouch CO
Juneau, Alaska 99811-0222
(907) 465-4864 or 465-4865

APR 11 1984

APOC-ANCH
PM (HC)

(PLEASE PRINT OR TYPE)

Part 1. GENERAL INFORMATION (The address you indicate below will be used by the APOC when forwarding information regarding the Regulation of Lobbying.)

Lobbyist's Name <i>THOMAS G. STAUDENMAIER</i>	Home Telephone <i>694-2322</i>
Mailing Business Address (Street, City, State, Zip Code) <i>P.O. Box 1103 Eagle River AK 99577</i>	Business Telephone <i>Same</i>
Home Address (Street, City, State, Zip Code) <i>Same as above</i>	

Part 2. THIS FORM IS:

<input checked="" type="checkbox"/> Initial Registration	Initial Date of Lobbying this Year <i>11 April 84</i>	<input type="checkbox"/> Additional Employer	Initial Date of Lobbying this Year	<input type="checkbox"/> Amendment (Change of Address, Status, etc.)
--	--	--	------------------------------------	---

Part 3. EMPLOYER INFORMATION: NAME AND ADDRESS

Name of Business <i>STAUDENMAIER'S ELECTRIC MERGER COMMITTEE</i>	Telephone <i>694-2322</i>
Mailing Business Address (Street, P.O. Box, City, State, Zip Code) <i>Same as above</i>	

Part 4. Name and Address of person who has custody of records required to be maintained by AS 24.45. If other than the lobbyist named in Part 1.

Name	Title	Telephone
Mailing Address (Street, City, State, Zip Code)		

Part 5. EMPLOYMENT INFORMATION

LOBBYIST IS:

Employed solely as a lobbyist

Retained to lobby in addition to other duties, i.e. consulting

A regular employee performing services for employer which include, but are not limited to, influencing legislative or administrative action.

A representational lobbyist, i.e., an individual who receives no salary, fee or other compensation from the entity on whose behalf he is lobbying but whose expenses are reimbursed.

Part 6. TYPE OF LOBBYING:

Legislative Administrative

Part 7. NATURE OF COMPENSATION:

Salary Fee Reimbursement of Expenses Other (Specify)

Part 8. DESCRIPTION OF LOBBYING ACTIVITIES:

Give a general description of the subjects or matters on which the registrant expects to lobby or to engage in the influencing of legislative or administrative action.

House Bill 475 1984

Part 9. CERTIFICATION

I hereby certify that this registration is true, complete and correct, in accordance with AS 24.45.041.

Lobbyist's Signature <i>Thomas G. Staudenmaier</i>	NOTE: Your report is not considered complete unless signed by the lobbyist:	Date <i>11 April 84</i>
---	---	----------------------------

Complete the following if the form was prepared by someone other than the lobbyist:

Signature	Date	Telephone
Type or Print Name	Position	

Business Address

REMINDER: For each reporting period in which you remain registered as a lobbyist you must file a LOBBYIST REPORT (Form 24-3). If you have had no activity during the period, i.e., received no compensation or made no expenditures, you are still required to submit Form 24-3 indicating no activity.

A SEPERATE REGISTRATION STATEMENT MUST BE FILED FOR EACH EMPLOYER.

EMPLOYER OF LOBBYIST VERIFICATION

RECEIVED

RETURN TO:
 ALASKA PUBLIC OFFICES COMMISSION
 Pouch CO
 Juneau, Alaska 99811-0222
 (907) 465-4864 or 465-4865

APR 11 1984

APOC-ANCH
 PM (HC)

INSTRUCTIONS: AS 24.45.061. REPORTS BY EMPLOYERS OF LOBBYISTS. (a) Within 15 days after employing, retaining or contracting for the employment or retention of a lobbyist, the person who employs, retains or who contracts for the services of a lobbyist shall file a statement with the commission authorizing or verifying that employment, retention or contract for lobbying services.

SUBMIT A SEPARATE APOC FORM 24-2, EMPLOYER OF LOBBYIST STATEMENT, FOR EACH LOBBYIST.

1. NAME OF BUSINESS, ORGANIZATION OR INDIVIDUAL EMPLOYING OR RETAINING A LOBBYIST: (PLEASE PRINT OR TYPE)

Name: STAUDENMAIER'S ELECTRIC MERGER COMMITTEE Area Code 694 Phone 2322

Mailing Address (Street or P.O. Box, City, State and Zip Code)

P.O. Box 1603 Cordova River AK. 99577

2. NAME OF LOBBYIST AND DATE OF EMPLOYMENT/DATE OF RETENTION AS A LOBBYIST

Name of lobbyist employed or retained to represent you or your business or organization

THOMAS G. STAUDENMAIER

Current year date of employment, retention, or assignment to lobby

12 April 84

3. ADDRESS TO BE USED BY APOC WHEN FORWARDING INFORMATION REGARDING LOBBYING IF OTHER THAN THE ADDRESS IN NO. 1.

4. DETERMINATION OF BONA FIDE STATUS

A. Is your association registered in the State of Alaska as: Partnership Corporation N/A

B. If your association is financed by membership dues, does any one member pay in excess of 25% (one-fourth) of the total paid by all members? Yes No Non-applicable

C. If your association is financed by membership dues and uses a sliding dues assessment scale, does any member exceed an allotted assessment by 25% solely for the purposes of supporting lobbying activity?

Yes No Non-applicable

D. Do the association's annual expenditures for administrative and legislative lobbying (based on the previous year's experience or current year's estimate) equal or exceed 50% of the total expenditures for the year?

Yes No

5. CERTIFICATION:

I hereby certify that the above-named person is authorized to engage in the activities of lobbyist on behalf of the business, organization or individual named above and that, to the best of my knowledge, all facts contained herein are true, complete and correct.

EXECUTED ON BEHALF OF THE EMPLOYER:

Signature Thomas G. Staudenmaier Date 11 April 84
 Type or Print Name THOMAS G. STAUDENMAIER Title or Position Executive Dir

EMPLOYER OR CLIENT OF LOBBYIST REPORT *due date*
 GENERAL INFORMATION SHEET

July 31, 1984

RETURN TO:

ALASKA PUBLIC OFFICES COMMISSION
 Pouch CO
 Juneau, Alaska 99811-0222
 (907) 465-4864 or 465-4865

1. NAME AND ADDRESS OF EMPLOYER OR CLIENT:

Name	<i>Staudenmaier Election Mergers Committee</i>	Telephone	<i>694-2322</i>
Mailing Address	<i>P.O. Box 1603 Cagle River AK. 99577</i>		
Street Address			

Check if new mailing address

2. CERTIFICATION:

I hereby certify that this report and its attachments are, to the best of my knowledge, true, correct and complete:

Executed on Behalf of the Employer:

Signature	<i>Thomas G. Staudenmaier</i>	Date	<i>11 April 84</i>
Type or Print Name	<i>THOMAS G. STAUDENMAIER</i>	Title or Position	<i>Leg. Dir.</i>

Complete the following if the form was prepared by a person other than the person signing on behalf of the employer

Signature	Type or Print Name	Telephone
Business Address		

PLEASE REMEMBER: YOU MUST ACCOUNT FOR ALL LOBBYISTS WHO WERE REGISTERED DURING THE QUARTER FOR WHICH YOU ARE REPORTING: SUBMIT EITHER A SCHEDULE A (IF APPLICABLE PAYMENTS WERE MADE) OR NOTE THE NAME OF THE LOBBYIST(S) UNDER QUESTION 8 BELOW (IF NO APPLICABLE PAYMENTS WERE MADE). FAILURE TO ACCOUNT FOR ALL LOBBYISTS MAY RESULT IN THE ASSESSMENT OF A CIVIL PENALTY.

3. REPORTING PERIOD (CHECK ONE ONLY)

1st Quarter (Jan-March) 2nd Quarter (April-June) 3rd Quarter (July-Sept) 4th Quarter (Oct.-Dec)

4. NOTICE OF TERMINATION: LIST THE NAME AND EFFECTIVE DATE OF ANY LOBBYIST WHO TERMINATED HIS LOBBYING ACTIVITIES ON YOUR BEHALF DURING THE REPORTING PERIOD:

Name	Date
Name	Date

This constitutes a final reporting of all payments related to our attempts to influence legislative and administrative action this year.

5. DESCRIPTION OF LOBBYING ACTIVITIES:

Give a general description of the legislative or administrative action you attempted to influence through the use of a lobbyist:

6. NATURE AND INTEREST OF EMPLOYER:

a. NATURE (Check One)

Business Entity Industry, Trade, or Professional Association Individual Other

b. INTEREST (Give a brief description of the entity or individual's interest)

Cut your Light Bill 67% to 50% per cent per month

CHUGACH ELECTRIC ASSOCIATION, INC.
Anchorage, Alaska

November 30, 1983

TO: Joyce M. Murphy, President, Board of Directors
FROM: Thomas S. Kolasinski, Interim General Manager
SUBJECT: CFC - Study of the Formation of An Alaskan G & T

Comments:

1. Study Variance - Natural Gas Contracts

Quote: "We are of the opinion that the figures provided which justify a formation of the G & T far outweigh any perceived loss of benefits from an assignment of the gas contracts to the new G & T."

Answer: CFC states a savings of \$271.9 million over a period of 18 years and \$639.0 million over the entire period. Apparently CFC didn't do their homework because if the present CEA Beluga gas contracts were abrogated and the G & T would have to pay the market price \$2.32 MCF vs 20¢ MCF for the gas that is in inventory the net cost would be more than \$700 million during the next 15 years.

Nowhere in the study does the report address the cost to Chugach (Distribution Coop.) for the additional 20% supplemental loan requirements from CFC if a G & T were formed; i.e., CEA would have a plant revenue ratio of approximately 9.0. (Total utility plant : operating revenue - less cost of power.)

The study characterizes higher margins as a cost to members.

Chugach believes there are several benefits from using a 1.5 TIER:

1. A Equity Management Program can flow monies back to the members.
2. Chugach can invest in facilities instead of borrowing money.

VAN NESS, FELDMAN, SUTCLIFFE, CURTIS & LEVENBERG

A PROFESSIONAL CORPORATION

1050 THOMAS JEFFERSON STREET, N.W.

SEVENTH FLOOR

WASHINGTON, D. C. 20007

(202) 331-2400

B. LYNN SUTCLIFFE
HOWARD J. FELDMAN
WILLIAM J. VAN NESS, JR.
BEN TAMAGATA
ROBERT G. SEABO
BRENVILLE GANSIUL
BERRY LEVENBERG, P. C.
MURG D. AIN
ALAN L. HINTZ
ROBERT R. HOPDHAUS
CHARLES D. CURTIS
GARY L. FONTANA

GARY D. BACHMAN
R. KEITH BOUTWELL
PETER D. DICARON
JEFFREY S. CHRISTIE
ADAM WENNER
RICHARD D. RATHVON
ELLEN E. TOWNS
RUBEN TOMASAT
DEBORAH M. GOTTICHEL
DAVID H. DICKESON
WILLIAM C. CONWAY, JR.

December 2, 1983

Dr. Joyce Murphy
Chairwoman, Board of Directors
Chugach Electric Association, Inc.
P.O. Box 3518
Anchorage, Alaska 99501

Dear Doctor Murphy:

You have requested our opinion as to whether certain natural gas supply contracts ("gas contracts") under which natural gas is sold to Chugach Electric Association, Inc. ("Chugach") may be assigned by Chugach to a proposed generation and transmission cooperative ("G&T") without the consent of the producer/sellers under such contracts.

Summary of opinion

Our opinion is that such an attempt to assign the gas contracts without the consent of the producer/sellers may violate the terms of the contracts. Although a sound legal argument can be made that these contract terms are inapplicable or unenforceable, an assignment without the consent of the producer/sellers presents an unacceptable risk to Chugach of the loss of the economic benefit of the gas contracts.

Background

Chugach has considered the possibility of establishing a G&T to which Chugach's generation and transmission facilities would be transferred and to which its long-term natural gas supply contracts would be assigned. Under these contracts, Chugach purchases natural gas for fuel for its generating facilities from ARCO, Shell and Chevron ("producer/sellers") at a price of approximately 26 cents per MCF.

Article XVII of the gas contracts (which is identical in all of the contracts) provides as follows:

-2-

All provisions, covenants and obligations contained herein by which either of the parties hereto is bound, shall in like manner be binding upon the successors and assigns of the parties so bound and those which are for the benefit of either of the parties shall in like manner inure to the benefit of the successors and assigns of the parties so benefited; provided, however, that neither party hereto shall assign this Agreement in whole or in part (except to a subsidiary or successor to their respective businesses) without first obtaining the consent in writing of the other party except that the Buyer may assign this Agreement to the United States Government or any Agency thereof to secure any indebtedness thereto without Seller's consent.

Analysis

The assignment clauses of the gas contracts by their terms prohibit either party from assigning the contract in whole or in part without obtaining the prior written consent of the other party, except where the assignment is to a "subsidiary or successor" of the assignor's "business," or to a Federal agency as security for indebtedness. Thus, assignment to the G&T would be a breach of the contract unless --

- (i) the G&T is a "subsidiary or successor" of Chugach's "business";
- (ii) the assignment clause is inapplicable or unenforceable; or
- (iii) consent is obtained.

a. "Subsidiary or successor"

Under Article XVII, consent is not required for assignment to a "subsidiary" or "successor" to Chugach's business. Both terms are undefined. However, it is unlikely that the G&T would be regarded as a subsidiary unless it was owned or controlled by Chugach. Whether the G&T is a successor is a closer question. While it would not be a successor to Chugach as a corporate entity (as a G&T which resulted from a merger or reorganization would be), the G&T could be regarded as a successor to Chugach's generation and transmission business. By specifying the "business" of the parties instead of referring to the parties, the assignment clause of the contract is concerned with the economic activity of the assignee, not its corporate form.

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The producers, on the other hand, could argue that the reference to "business" was intended to refer to Chugach's business as a whole (including the distribution functions), and that a G&T not owned or controlled by Chugach is not a subsidiary or successor of Chugach's generation, transmission and distribution business.

b. Scope of prohibition on assignment.

Contract clauses prohibiting assignment are specifically addressed in the Uniform Commercial Code ("UCC"). Section 2.210(c) of the UCC (AS 45.02.210(c)) applies to sales of natural gas (see, AS 45.02.107) and provides:

Unless the circumstances indicate the contrary, a prohibition of assignment of "the contract" is to be construed as barring only the delegation to the assignee of the assignor's performance.

Thus, if the contract language prohibited assignment, Chugach could assign its right to gas delivery, but not its duty to pay, unless the circumstances indicated the contrary. The gas contracts do not completely prohibit assignment; they only prohibit it unless consent is obtained or the assignee is a successor, subsidiary, or Federal agency. In our opinion, this UCC provision applies even if the prohibition on assignment is not unqualified. However, the UCC provision is only a rule of construction ("is to be construed") which applies unless "the circumstances indicate the contrary".

Examination of the assignment clause in the gas contracts indicates that they are not simple prohibitions on assignment, but rather are carefully drafted provisions which prescribe the rights and duties of successors and assigns, and limit the conditions under which assignment is permissible. Under the assignment clause, contract obligations are binding on successors and assigns; contract rights inure to the benefit of successors and assigns; but consent to an assignment is required unless the assignment is to a subsidiary, successor, or Federal agency.

If the draftsman had intended the construction provided by UCC § 2.210(c), (consent is required only in order to delegate performance), then it is unlikely that the assignment clause would have specifically provided that contract benefits inure to the benefit of an assignee where consent has been given, since under § 2.210(c) the assignee could receive these benefits even if consent were not given.

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c. Good faith

If Chugach were to request consent to its assignment of the contracts to the proposed G&T, and the consent were refused, Chugach could argue that the refusal was not in good faith. The parties to a contract have a duty of good faith and fair dealing. AS 45.01.203; Mitford v. De Lasala, 660 P.2d 1000 (Alaska 1983). A contractual right, however unconditional it might appear to be, must be exercised in good faith. See, Alaska Pipeline Service Company v. Aurora Air Service, Inc., 604 P.2d 1090 (Alaska 1979) (unilateral right to terminate contract required to be exercised in good faith). The producers are obligated to act in good faith in deciding whether to consent to an assignment. If performance by the G&T would not impose any greater burden or risk on the producers than performance by Chugach, it would be difficult for the producers to argue that they have acted in good faith in withholding consent to the assignment. However, if the producers could find a basis for arguing that performance by the G&T instead of Chugach would disadvantage them, then they presumably would have a good faith basis for refusing consent.

Conclusion

If Chugach wished to assign the gas contracts to the proposed G&T without the producers' consent, there are a number of legal theories on which Chugach could rely were the producers to claim that such an assignment was a breach of contract. However, there is a plausible reply that the producers could make to each of these theories. If Chugach argues that consent is not required because the G&T is a "successor" to Chugach's business, the producers can respond that the G&T must be a successor to the entire business, not just the generation and transmission business. If Chugach argues that the UCC makes consent unnecessary because Chugach is assigning a benefit rather than delegating performance, the producer can respond that the "circumstances indicate the contrary" -- the parties intended a different result. If Chugach argues that withholding of consent would be in violation of the producers' duty of good faith, the producers may be able to devise a good faith objection to selling gas to the G&T (or take the position that defense of their economic interest in raising the price of the gas is not bad faith).

It is our opinion that, although sound legal arguments can be made that consent to an assignment of the gas contracts to the G&T is unnecessary or cannot be withheld, there is a substantial possibility that such an assignment would be held to be a breach of the contract, and the basis for the producers' terminating delivery of the gas. Because of the extraordinary value of these contracts to Chugach and its

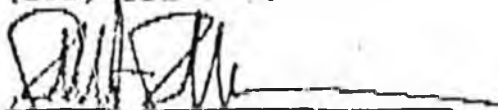
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customers, we believe that an assignment without consent of the producers would present an unacceptable business risk to Chugach, unless prior to the assignment Chugach obtained a declaratory judgment or a decision under the arbitration provisions of the contract that such assignment was permissible.

We hope that this opinion has responded to your question.

Sincerely,

Van Ness, Feldman, Sutcliffe,
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By: Robert R. Nordhaus

Tom
STAHR

Railbelt Energy Needs May Double by 2001

Alaska's Rapid Population Growth Increases Electric Power Demands

By DEB DAVID

Although per capita energy consumption by Alaskans has not increased dramatically in this decade, the demand for electricity has risen due to unprecedented population growth. The precise demand for electricity in the long-term future continues to evade planners, but they are certain that Railbelt electrical requirements will continue to grow at a healthy rate.

A 20-year energy and peak load forecast summary compiled by the Alaska Systems Coordinating Council (ASCC) for the Railbelt (see Table 1) estimates peak energy usage will jump from 627.8 MW in 1983 to 1,474 MW in 2001. Considerable disagreement surrounds the peak load forecasts, which are invaluable in planning electrical generation needs.

One argument is the peak load forecasts indicate that the proposed \$5.5-billion (estimated 1983 dollars), 1,600-MW Susitna hydroelectric project is too large. Another camp argues the power projections are unrealistically low.

In either case, at least some growth in demand is certain, and utilities will continue to be active users of construction services through the next decade.

Anchorage Area

Southcentral Alaska, particularly the Anchorage area, has exhibited phenomenal population growth in the first three years of the 1980s. The growth has spurred revised peak load forecasts and provided the impetus for large electrical construction projects.

According to the ASCC forecast, Anchorage Municipal Light and Power (ML&P) generated 663 gigawatts (1 GW = 1,000 MW) in 1982. Energy consumption by the publicly owned utility is expected to reach 717 GW this year and 786 GW in 1984. Table 1 shows similar energy usage increases through the year 2001.

Peak loads this winter at ML&P are

expected to reach between 130 MW and 140 MW, compared to the peak last winter of 126 MW. (Peak loads are very weather-sensitive, surging during periods of extremely cold temperatures.) By the year 1991, peak loads will nearly equal the utility's current total generating capacity of 253 MW, which includes 16 MW of power purchased from the Alaska Power Authority's Eklutna hydro facility.

ML&P currently has more than 100-MW reserve capacity, a hefty 80-per-

**'ML&P's 80-percent
reserve capacity
is not excessive
for Anchorage.'**

cent reserve capacity. From a national perspective, the reserve is extremely high, but in Anchorage, where the largest unit produces 100 MW, the reserve is not excessive. The loss or failure of ML&P's largest unit at peaking periods would annihilate its reserve generating capacity.

A \$122.5-million, 170-mile electrical intertie between Anchorage and Fairbanks utilities will help to preserve Anchorage's generating reserve during peaking, while enabling Fairbanks area utilities to draw from Anchorage's cheaper gas-fueled power. The project, sponsored by the Alaska Power Authority, is under construction and scheduled for completion in December 1984. (See November 1983 issue of AC&O for a complete report on the Anchorage-Fairbanks intertie project.)

The municipality currently operates seven main generating units — four simple-cycle combustion turbines, two of which are diesel-fired, and two combined cycle units which work in concert

with one steam turbine running off of waste heat. ML&P is considering the installation of an additional 80-MW plant next spring at a nominal cost of \$16 million, if a contract for sale of excess power can be arranged with Chugach Electric Cooperative Inc.

Chugach, which serves nearly 50,000 Anchorage area customers compared to ML&P's 19,000 center city customers, has a greater immediate need for energy. Under the arrangement being negotiated, Chugach would buy excess production from the new ML&P plant until the latter utility required the generation to meet its customers' needs. While Chugach and ML&P could mutually benefit from such an arrangement — Chugach would have additional power without up-front capital costs, while the municipality could reduce its capital costs by selling power — both utilities are prepared to proceed alone if an agreement is not reached.

ML&P would install the plant in 1985 instead of 1984 without a purchase agreement from Chugach. And the cooperative is pursuing plans to purchase ML&P new generation and to build its own new unit on a parallel track. Chugach, which pegs the total project cost at \$26 million, would probably install a new unit at its Beluga station, near its cheapest source of gas from the Beluga field.

Chugach Electric also is planning to increase its generation by another 40 MW with a new unit at Bernice Lake. The \$17-million project would include a new gas-driven turbine and 21 miles of 115-kV transmission line from the Nikiski plant to a Soldotna substation. The transmission line portion of the contract is estimated to cost between \$7 million and \$8 million. The Bernice Lake unit is scheduled for installation in 1984.

In 1986-87, Chugach is planning to boost its generation further by adding

two more units — an 80-MW unit at its Beluga station and a 40-MW unit at Bernice Lake. Specifications and site plans for the projects are being developed.

The increased generating capacity will help Chugach meet ASCC's forecasted energy demand of 2,304 GW in 1987. Table 1 indicates the cooperative's energy generation climbing from 1,765 GW in 1982, to 1,854 GW in 1983, to 1,966 GW in 1984, to 2,079 GW in 1985, and to 2,192 GW in 1986.

The two Anchorage-based utilities also are undertaking major transmission line upgrades this year. All Chugach-ML&P 35-kV transmission lines will be boosted to 115 kV by the end of 1983. The improvements also entail modifying the lines into a loop system, to give all substations two-way feed. The utilities have been interconnected in the past, but the recent transmission upgrades will build extra reliability into both systems.

ML&P will spend about \$14 million in capital improvements this year, and has budgeted \$36 million, including \$16 million for the proposed new elec-

trical generating unit at its main plant, for 1984. According to Tom Stahr, general manager of ML&P, the utility also has a four-million-gallon fuel-oil storage facility on the drawing board for possible construction in the next few years.

Additional Chugach improvements include a complete upgrade of its Beluga station transmission lines to 230 kV over the next three or four years. The project, which will boost the current 115-kV line from Anchorage to the Kenai Peninsula, likely will involve a submarine cable crossing of Turnagain Arm.

In addition, the cooperative is planning two new bulk power substations in Anchorage — one in the western end of the city near Anchorage International Airport and one in east Anchorage at University Substation. Within the next five years, Chugach is planning an upgrade of its radial transmission lines to 138 kV in South Anchorage's Huffman Road residential area.

For the immediate future, the two utilities are confident they will keep pace with Southcentral Alaska's

mounting energy needs. But with the proposed Susitna hydroelectric project still hanging and the inability to precisely predict long-term energy demands, the distant future is more uncertain.

Several proposals aimed at improving future capacity have been aired, including the merger of Chugach and ML&P. Stahr believes the proposal merits further study. A merger could result in up to \$60 million in savings to consumers by avoiding duplications and improving planning capabilities, he said. Chugach's board of directors has chosen to accentuate cooperative, joint planning among the two utilities, avoiding any reorganization until such a move is deemed economically sound for Chugach customers, said Larry Markley, director of government and environmental affairs for Chugach.

Southcentral

The City of Seward, which purchases the bulk of its power from Chugach Electric, is planning an estimated \$10-million transmission line upgrade

Table 1'
Alaska Systems Coordinating Council
20-Year Energy and Peak-Load Forecast Summary
Railbelt Utilities

Year	AML&P [1]		CEA [1][2]		FMU [1]		GVEA [1]		Railbelt Total [3]	
	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)
1982	663	130.0	1765	372.3	141	28.2	360	67.9	2929	598.4
1983	717	140.0	1854	304.1	147	29.3	387	74.4	3105	627.8
1984	780	152.0	1966	408.4	153	30.5	416	81.4	3321	672.3
1985	844	162.0	2079	432.7	161	32.2	447	89.2	3531	716.1
1986	915	174.0	2192	457.0	165	32.9	480	97.7	3752	761.6
1987	986	186.0	2304	481.3	168	33.6	516	107.0	3974	807.9
1988	1053	197.0	2417	505.6	172	34.3	558	113.7	4200	850.6
1989	1126	209.0	2530	529.8	175	35.0	603	120.9	4434	894.7
1990	1200	221.0	2642	554.1	183	36.5	653	128.5	4678	940.1
1991	1270	232.0	2754	578.3	190	38.0	706	136.6	4920	984.9
1992	1322	241.0	2867	602.5	198	39.5	764	145.3	5151	1028.3
1993	1375	251.0	2979	626.8	206	41.1	826	154.4	5306	1073.3
1994	1431	261.0	3091	651.0	214	42.8	894	164.1	5530	1118.9
1995	1489	272.0	3203	675.2	225	45.0	967	174.5	5884	1166.7
1996	1549	283.0	3315	699.3	237	47.3	1046	185.5	6147	1215.1
1997	1621	294.0	3428	723.5	249	49.7	1131	197.2	6429	1264.4
1998	1697	306.0	3540	747.7	262	52.3	1223	209.6	6722	1315.0
1999	1775	318.0	3652	771.8	275	54.9	1323	222.8	7025	1367.5
2000	1858	331.0	3764	795.9	281	56.1	1432	236.9	7335	1419.9
2001	1944	344.0	3875	820.0	295	58.9	1548	251.8	7662	1474.7

Notes:

[1] Forecast from utility — 2 83

[2] CEA forecast includes Matanuska Electric Association, Homer Electric Association and Seward Electric requirements

[3] Eklutna is included in AML&P and CEA

Copper Valley Electric Association (CVEA) totals not included, CVEA has indicated (3/83) its growth will average two to five percent per year through 2001

AML&P - Anchorage Municipal Light & Power

CEA - Chugach Electric Association

FMU - Fairbanks Municipal Utilities System

GVEA - Golden Valley Electric Association, Fairbanks Area

† Courtesy of Alaska Power Administration

which will boost its power lines from 24 kV to 115 kV. In the design phase, the project is scheduled to begin in spring 1984, hinging on an appropriation from the Alaska Legislature.

Existing single-pole transmission lines are undersized for current loads, resulting in excess voltage loss, and hence, in energy loss. The current transmission system also leaves little room for any industrial load expansion at a time when Seward foresees increased electrical demands from industry.

A coal port to handle Usibelli coal being shipped to Korea's coal-fired electrical plants is scheduled to be built next fall in Seward. A ship lift currently is under construction and should be in use by the summer of 1984. The city also is expecting ancillary industries to spin off of these larger developments and an accompanying increase in residential energy demand.

Seward's current peak loading is estimated at 5 MW, a figure which is predicted to increase to 20 MW over the next 30 years. Ebasco Services Inc. currently is conducting a 30-year economic and load forecast to be used in designing the line and preparing construction contract drawings and documents.

To meet short-term energy needs, the city will have to rely on two of its three stand-by diesel generators to supplement the power it purchases from Chugach. The only power currently generated by the city utility consists of about 100 kW from a small hydro plant for use by the local hospital.

In the Glenallen-Valdez area, Cooper Valley Electric Association (CVEA) has no plans for immediate capital improvements. The system is powered by two diesel units — one producing 10 MW in Valdez and one producing 7 MW in Glenallen — in the winter months and the 12-MW Solomon Gulch hydro plant in the summer. Glenallen currently is not tied into the hydro facility and operates its diesel units year-round.

Dan Tegeler, CVEA office manager, hopes to see a transmission line built to tie Glenallen into the hydro system. But no immediate plans or funding exists.

Also in the future is the possibility of installing a pressure-reducing turbine which would tap the kinetic energy from the trans-Alaska pipeline, terminating in Valdez, and convert it to electricity. Such a system would replace Valdez's aging and expensive-to-operate diesel turbines.

The kinetic conversion talks have been held up by a lawsuit brought by

the City of Valdez in an effort to take over CVEA. Tegeler said the case soon will be dismissed, opening the door for continuation of negotiations with the Alyeska Pipeline Service Co. over using the pipeline as a kinetic energy source.

Also in limbo is an Alaska Power Authority preliminary feasibility study to determine the lowest long-range cost of power for the area. The study, conducted by Stone-Webster, tentatively recommended a Silver Lake hydro plant transmitting electricity to Cordova and Valdez as the best of several options. The Power Authority is requesting funding in 1984 to complete the feasibility study.

Unlike most areas of the state, Cordova's peak electrical loads occur during the summer fishing season. The summer peak for 1983 reached 4.5 MW and is expected to climb to 5 MW in 1984.

About 1,200 Cordova area customers are served by the Cordova Electrical Cooperative Inc. A demand growth rate of between seven and eight percent a year has necessitated construction of a new power plant, which was about one-third complete in late October. The facility will increase CEC's current 7.5-

MW generating capacity to 10 MW in time for next summer's fish processing surge.

The \$3-million project, funded with money borrowed from the Rural Electric Association and the National Rural Utilities Cooperative Finance Corp., entails installing a new 2.5-MW diesel unit and relocating an existing 2.5-MW unit to the new power plant. The contract is being performed by Hales Construction & Associates of Seattle.

Two units — 1.9-MW and 2.6-MW Enterprise generators — will continue to operate at the existing Eyak Lake plant, but plans are to eventually phase out these older units and replace them with new unattended-operation models. CEC Manager Doug Bechtel said the move would reduce staffing levels and lower electricity rates.

Fairbanks Area

Fairbanks area utilities also will benefit from the Anchorage-Fairbanks intertie project currently under way. While demand is growing — new connects by Golden Valley Electric Association increased from 1,075 in 1981, to 1,319 in 1982 and an estimated 2,000 in

Table 2'
Juneau Area Net Generation and Peak Demand

Fiscal Year	System Net Generation MWH*	MWH% Annual Increase	Peak Demand MW	MW% Annual Increase
1970	58,266	9.5	12.4	11.3
1971	63,786	10.1	13.8	8.0
1972	70,255	7.8	14.9	4.0
1973	75,753	9.6	15.5	4.5
1974	83,059	13.9	16.2	9.9
1975	94,609	12.4	17.8	11.2
1976	106,296	5.6	19.8	3.0
1977	112,197	8.9	20.4	14.7
1978	122,218	9.2	23.4	-1.3
1979	133,457	7.2	23.1	13.4
1980	143,128	16.5	26.2	22.9
1981	166,700	21.7	32.2	29.2
1982	202,900	10.3**	41.6	
1983 (Oct-June)	174,754	12.4	40.1	-3.6
1983	228,600***		40.1	

* Includes Alaska Electric Light & Power and Glacier Highway Electric Association sales and losses
 ** Increase over same period in 1982
 *** Estimate based on nine months' data
 † Courtesy of Alaska Power Administration

1983 — utilities generally feel their generating capacities are adequate to cover power needs into the early 1990s.

GVEA currently has a generating capacity of 203 MW and expects peak loading this year to reach 72.7 MW, compared to a peak load of 67.9 MW in 1982. Peak load estimates for 1984 are 77 MW.

Power for the cooperative's 20,000 customers is generated with GVEA's main base plant at Healy, which produces 25 MW from coal-fired turbines. In addition, two diesel-driven generators each produce 65 MW at the North Pole peaking plant and several 7.5-MW generators operate at the Fairbanks Vhender complex.

While GVEA has no plans for large capital improvements in the short-term, the rising number of new connects will require continual power line expansions.

At Fairbanks Municipal Utility System (MUS), which is interconnected with GVEA and Fort Wainwright, the maximum generating capacity is 63 MW achieved with four coal-fired, steam turbines and two diesel turbines for back-up and for peaking. The system usually operates in the 30-MW to 50-MW range, and peaked at 28.2 MW in

the winter of 1982-83. The utility expects a peak load this winter of 30 MW.

System growth due to new housing construction and commercial construction will require MUS to purchase an additional 25-MW coal-diesel unit, which will replace three 30-year-old steam turbines with a combined capacity of 17.5 MW. While the change will not greatly enhance generation ability, it will build more reliability into the system.

Southeastern

The Juneau area has experienced a significant increase in peak demand and energy consumption since 1980. In the spring of 1983 local utilities were required to furnish more than five million kwh of diesel-generated electricity to supplement power available from hydroelectric plants. According to the Alaska Power Administration, a division of the U.S. Department of Energy, the need for this diesel generation is expected to increase each spring as area reservoirs are drawn down until additional hydro power is available from Crater Lake.

An Alaska Power Administration study, "Juneau Area Power Market Analysis, Update of Load Forecast," con-

cludes that the Crater Lake addition to the Snettisham hydroelectric facility is needed, since from 40 to 70 percent of the project's output could be used the first year on-line in 1987. Firm energy from Crater Lake would be used by 1990 under a high-growth case, and by 1993 under a lower-growth scenario.

Construction of the Crater Lake project, estimated to cost \$70 million, is expected to be contracted by the Army Corps of Engineers in the spring of 1984, with site construction beginning in early July. Under this construction schedule, the project would be on-line in February 1987.

Expected generating capacity from the addition is 27 MW, which represents a 60-percent increase in present generating capabilities in the Juneau area.

Crater Lake generating units will be housed in the Snettisham power plant, from which Juneau utilities draw the bulk of their power. Snettisham's current generating capacity is about 46 MW. In addition, Alaska Electric Light & Power (AEL&P) owns small hydro sites supplying about 6 MW. The privately owned utility added one diesel unit this year to give it nine stand-by diesel generators with a capacity of 17 MW.

Plans are to add two to three additional diesel generators a year to satisfy the hydroelectric deficit which currently exists. AEL&P also has requested a 17.5-MW oil-fired gas turbine which it would use strictly for stand-by in the event of a loss of load at Snettisham.

Potential hydroelectric sites beyond Crater Lake would include Long Lake Dam, Lake Dorothy, Sweetheart Creek and Speel River, according to the Alaska Power Administration. AEL&P has proposed a cooperative study to look into future development of generation facilities to ensure the best use of the area's hydro resources.

Table 2 shows the Juneau area net generation and peak demand and the trend toward increased demand and declining MW generation capacity.

In other Southeastern communities, the State of Alaska has invested millions of dollars in hydroelectric projects at Swan Lake, Tye Lake and Terror Lake in an attempt to meet electrical demands in the long-term. (See articles on Southeastern hydro projects in this issue of AC&O.)

Electric power retains a commanding role in the development of Alaska, and will continue to spark construction activity for the foreseeable future. □

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Bill proposes merger of Railbelt utilities

By DON HUNTER
Daily News reporter

11 JAN 84

An Anchorage legislator has sponsored a bill that would appropriate up to \$800 million to pay off the combined debts of electric utilities from Fairbanks to Seward, if the utilities agreed to merge into one giant power cooperative.

Rep. Terry Martin, a Republican, says his proposal would eliminate duplication and waste by forging several administration-heavy utilities into one. Paying off the debt would cause electric bills to plummet, perhaps by as much as 50 percent, he said.

The heads of two of the utilities involved disagree, however.

Martin concedes the odds are slim lawmakers would agree to an \$800 million grant to benefit only Railbelt electric utilities and ratepayers, especially in an era of declining oil revenues and increasing competition from other spending proposals.

But he says House Bill 475, introduced on Monday, may be a useful bargaining chip when budget time rolls around.

Martin said the legislature has routed millions of dollars into energy projects in rural Alaska and to hydroelectric projects in Southeast. He said the Shef-

field administration will ask for an additional appropriation and legislative action necessary to issue revenue bonds for the Alaska Power Authority's so-called four-dam pool.

"I think it's just a real opportune time to make the statewide legislators and public aware that we in Southcentral have just as many problems as they do elsewhere," he said.

Martin also said his funding proposal — using \$800 million in state money to pay off the accumulated debts of electric cooperatives and city utilities in Fairbanks, Anchorage, the Matanuska Valley and the Kenai Peninsula — is open to compromise.

"This isn't the gospel line, it's just a concept very general in its statements," he said.

The grant, as proposed in Martin's bill, would be awarded on the date the utilities merged into an "Alaska south-central electric cooperative." Martin said the new utility would merge Chugach Electric Association, Anchorage's Municipal Light and Power, Homer Electric Association, Matanuska Electric Association, Seward and Fairbanks city utilities and the Golden Valley Electric Association in Fairbanks.

The merger is essentially the same proposal advocated for more than a year by utilities critic Tom Staudenmaier. It would require affirmative votes of the members of the cooperatives and probably voters in Fairbanks, Anchorage and Seward.

Executives of two of the utilities, however, said there are serious drawbacks to the plan.

ML&P General Manager Tom Stahr said it is a mistake to believe that merging smaller companies into one larger company will reduce administrative overhead. Even though one company only has one manager, larger companies require more levels of administrative oversight, he said.

"You only have to look at larger government or larger private business operations to see that is so," Stahr said. "One man can run a small business, but for a big organization you have to have layer upon layer of administration. It's just wrong to say (merger) will reduce administrative costs."

Matanuska Electric General Manager Jim Palin said a low-interest state loan program for construction of new generators would be more valuable than the retroactive elimination of existing debt.

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The Management Quarterly Advisory Committee was selected from a wide cross section of cooperative board members, managers, and key employees from across the country. The Committee's purpose is to provide a link with our readers which enables us to know your thoughts, concerns and suggestions for MQ. Readers who have ideas to share are invited to contact the Advisory Committee member nearest them.

From the Editor

As MQ goes to press for this issue, the economy and the spring flowers in Washington seem to match—a bit bedraggled as yet but looking better than what we had a couple of months ago. Several of the indicators the experts use to gauge the general health of the economy indicate that our nation's financial malaise is improving a bit. So . . . we hope you can breathe a tentative sigh of relief, put your feet up on your desk and take some time to enjoy an issue of MQ of which I am inordinately proud! Every writer has done a praiseworthy job and each article has immediately usable, readily acceptable ideas.

To switch gears a bit, those members of the Management Services staff who are in the field a lot have been comparing notes of late and several of us have become aware of a tendency (hopefully one that is not contagious) which might best be described as "the-doom-and-gloom-theory-of-management". To determine whether you or others around you may have adopted this world view, ask yourself these questions: Have I (or a member of the staff or of the board of directors) made the following—or a similar statement—recently? "There's no point in trying to communicate with the members because they don't care about the cooperative and will just complain no matter what." "There's no point in trying to motivate employees because all they want is their paychecks and the union has our hands tied anyway." "There's no point in trying to give new ideas to the board because they never listen and they're all living in the past."

While any of these statements may be true in isolated instances, it is certain that they are not as universally applicable as the doom and gloom adherents would have us believe.

I've always found it fascinating that children can so easily build happy worlds for themselves—castles and spaceships and far-off places can be conjured in the twinkling of an eye.

Although one of the tasks of becoming an adult is to learn to live in the real world, the process seems to have left many of us with the ability to fantasize only harmful outcomes and to act as if they had already happened. ("Vague premonitions of disaster" is the name stress management experts give to this tendency.) Perhaps it's time that we took a cue from the little people around us (and from some very credible health practitioners as well) and began creating good mental scenarios for ourselves and the world around us. Whether we choose to call this exercise positive thinking, good mental health habits, meditation or some other form of "mental centering", people who use an upbeat, accepting way of processing reality seem to be highly successful at creating the reality they wish to participate in. It would be shortsighted at this point in our history to assume that wishing will make our problems disappear, but it surely will not help to abdicate our rights and responsibilities by creating a world for ourselves in which we are totally powerless to affect the outcomes.

June Hostie Lane

The Board Room



Is Bigger Better?

The economic realities of the 1980's mandate that we take a fresh look at the major objective of our rural electric systems and determine whether there are some other ways of meeting it. This article is a very important one. It is the result of some lengthy analytical efforts by CFC which clearly show the economic advantages of merging some of our smaller systems. Would a merger benefit your system? Only the thoughtful consideration of those most closely involved can determine the answer and it may well be time to examine the option.

By George King, Jr.

For many years there has been a great deal of discussion among rural electric program leaders regarding the advantages of merger or consolidation of the smaller REA-financed electric distribution systems, or at least a consolidation of certain functions into organizations of sufficient size to take advantage of the economies of scale inherent with higher volume. I do not know of a single merger study which has not shown cost savings to the ultimate consumer if two or more relatively small systems were consolidated. Such consolidations can eliminate duplication in staffing, equipment, headquarters facilities, top management and consulting services. Frequently, it can also result in long-term savings in dis-

tribution plant, all of which can reduce costs to the ultimate consumers. Yet, relatively few mergers or consolidations have taken place.

In this article we will explore some of the pros and cons regarding the merger of rural electric distribution systems in the 1980's, as compared to prior decades.

Obviously, the leaders in the rural electric program have long recognized the economies possible from working together to accomplish, as a group, what would have been impossible or impractical to accomplish as individuals. In the 1930's, when few farms and rural homes had electric service, those people without electricity generally recognized that it was not practical for each farm or home to buy, operate, and maintain its own small generating plant. The costs associated with the purchase and installation of a plant, with capacity adequate for more than intermittent service for a few

lights and a radio, were too expensive. After taking into consideration the additional expenses for fuel, oil, maintenance, depreciation and replacement, very few decided it was economically feasible to install these "light plants".

Yet, by working together, rural residents organized REA-financed distribution systems, which are today providing electric service to 10 million persons. The key to the feasibility of these distribution systems was then and is today the spreading of certain fixed expenses over a wide base of consumers and KWh sales. Certainly, REA's low cost loans were important, as were non-profit operation, standardization of line materials and design and REA technical assistance. However, the keystone in the feasibility was the ability to take advantage of economies of scale made possible by consumers joining together to spread costs over a wider base.

The initial emphasis in the 30's and on into the 40's was not so much in creating systems of an "optimum" size, as it was on creating systems with adequate size to make the costs of service "feasible" or "affordable" at that time, and into the immediate future.

Local control was considered to be a special advantage. In the creation of almost every rural electric system, many local people spent countless hours without pay, calling on their neighbors to "sell" the concept of creating an electric cooperative, to "sign up" each farmer as an "applicant", to collect a \$5.00 membership fee, and to obtain an easement to cross the farmer's land with poles and wires. Neighbors were more trustful of their friends, neighbors and acquaintances, and this created a tendency for smaller systems to be developed.

In the 1930's the creation of more jobs was also a major federal objective. The goal of the REA program was not only to help provide electric service in previously unserved areas, but also to provide jobs in manufacturing the transformers,

wire and meters, and the myriad of other items necessary to build a system. At the local level, jobs were created in building the lines and wiring the farmsteads and in managing and operating the local distribution system. All of these developments were important in improving the nation's economic outlook in the years following the "great depression". Again, optimum size of the new systems was not a consideration. The objective was to get the job done, not to determine the "right" size.

REA did recognize the need for more than 300 or 3000 or even 30,000 consumers to spread the costs associated with owning and operating generating plants and transmission grids. Very few loans were granted for distribution systems to construct their own generating plants. In order to spread the costs across a wider base, generation and transmission cooperatives were organized by groups of distribution systems to build and operate these facilities.

Rural leaders across the nation also recognized the need for spreading the costs of such programs as job and safety training and other educational and legislative efforts over a wider base. As a result, statewide organizations were established. The National Rural Electric Cooperative Association (NRECA) and the National Rural Utilities Cooperative Finance Corporation (CFC), along with many regional supply organizations and data processing centers were created, each to fulfill a specific need, and each based upon the concept of spreading of the costs over a wide base in order to realize economies of scale.

For forty years or more following the creation of the rural electric program and most of the rural electric distribution systems, the individual systems continued to grow in number of consumers served, miles of line, and KWh sold. The efficiency of their operations improved with this growth. Although inflation has been a factor for most of the REA program's

history, the economies of scale achieved by virtue of growth approximately offset the effect of inflation, at least through 1973, and the systems were able to provide service with little change in their electric rates. However, when the rate of inflation reached the double-digit levels of the early 1970's, costs began to increase much faster than any normal economies of scale could offset.

Exhibits I and II show the Trends in Total Operating Expenses for the composite of all REA-financed distribution systems from 1962 thru 1981. Exhibit I excludes the cost of wholesale power and thus shows the increases in efficiency for the distribution systems alone. Exhibit II includes wholesale power costs and is thus more representative of the consumer's view of his cost of electric service.

Under the declining cost conditions which prevailed until about 1970 to

1973, the consumers of most systems were content with the operation of their distribution systems, and there was little incentive for the consideration of mergers. There was very little dissatisfaction with the quality of the electric service and the rates charged. The systems' staffs enjoyed steadily increasing wage levels resulting from the systems' increased ability to pay, inflation and increased responsibilities. Under these conditions, most managers and directors had little incentive to consider changing long-standing organizational patterns. Everyone was happy: Why take any chances on the uncertainties which could be coincident with a merger?

However, later in the 1970's and continuing into the 80's, and as far into the future as we can now see, the fulfillment of management within electric systems has been eroded by inflation at rates greater than could be offset by increases

in the systems' efficiency or economies of scale resulting from normal rates of growth. First, there was the substantial inflation in the interest rates on the loans to finance distribution plant extensions and replacements. The increase in the interest rates for new generating plants has been even more severe.

The cost of fuel for the generating plants has also been increasing, and the rate of increase went out the ceiling following the OPEC oil embargo and the deregulation of natural gas prices in the United States.

The cost of constructing new generating plants has also been increasing steadily due to ordinary inflation in the cost of labor and materials used, but especially due to the new federal and state requirements to reduce the pollution of the air and water, not simply to a reasonable level, but to the maximum degree afforded by the "state of the art", with

no consideration for the effect these measures will have on the ultimate cost to the consumers.

Management of electric systems has been made more difficult by the need for repeated retail electric rate increases necessary to pay higher costs for trucks, gasoline, labor, materials and especially for wholesale power. The consumer's reaction to these "excessive" rate increases was to conserve in their use of electricity which, in turn, requires additional rate increases in order to realize sufficient revenues to cover the fixed costs of owning the required facilities, while selling a lower volume of KWh's.

It would be foolhardy to suggest that the merger or consolidation of systems into larger units would offset all these increased costs. However, at a time when member dissatisfaction with rapidly increasing rates is rampant, it would seem appropriate to explore all possible ways

EXHIBIT I

TRENDS IN TOTAL OPERATING EXPENSES

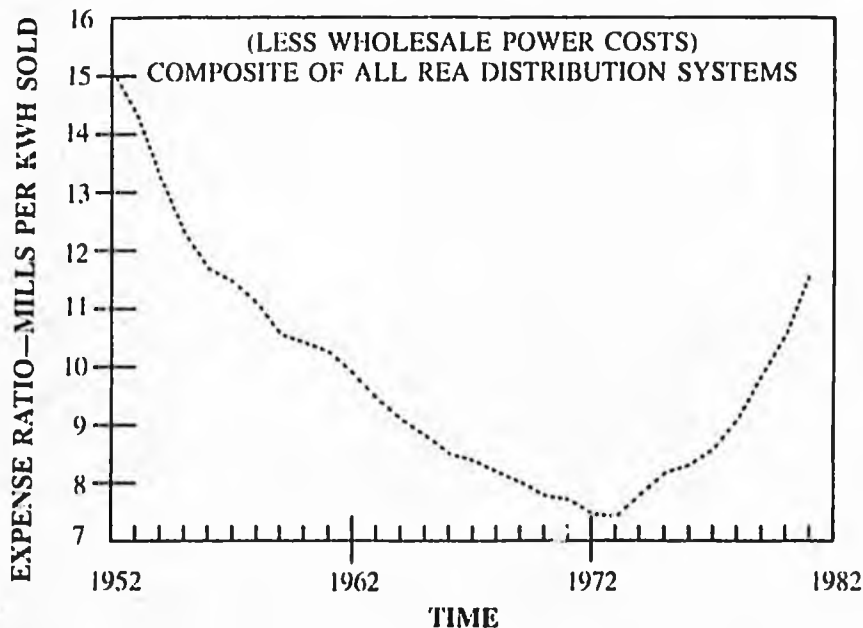
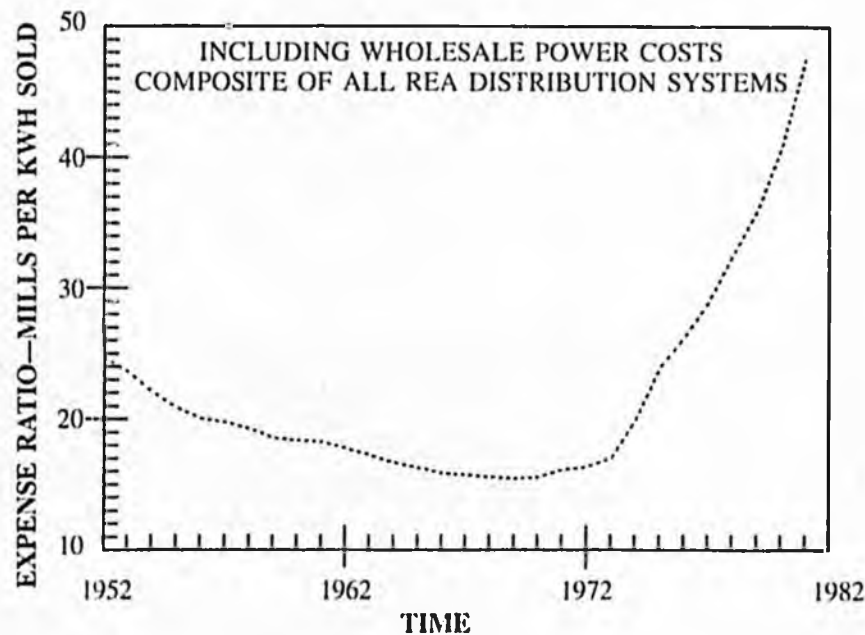


EXHIBIT II

TRENDS IN TOTAL OPERATING EXPENSES



to limit the need for rate increases as much as possible and thus minimize consumer dissatisfaction and conservation, which only serves to compound the problem, from the point of view of the distribution system.

Merger Statistics

For a decade or more I have explored various approaches to quantify the potential savings possible from the merger of two or more electric distribution systems. A wealth of actual cost data is available in the REA Annual Statistical Reports and this data has served as the base for my studies. The problem is in converting the data to useful information.

Each year since 1974 I have run the CFC Key Ratio Trend Analysis to extract, among other things, the trends of various expense ratios as posted by the more than 900 REA-financed electric distribution systems. For the purposes of the merger studies I have concentrated on the following two ratios of the 39 included in the KRTA:

1. Administrative And General Expenses (Expressed as a percent of Total Utility Plant)
2. Total Operating Expenses Less Power Costs (Expressed in Mills per KWH sold)

The logic is that most savings which can be realized in the short-term (one to three years) would tend to be charged to Administrative and General Expenses. Over the long-term, (five to ten years) savings should be realized in many additional areas, so we look to Total Operating Expenses.

Wholesale power costs are normally subtracted out of Total Operating Expenses, since it is unlikely that the cost of wholesale power could be reduced appreciably as the result of a merger.

In one facet of the KRTA, all distribution systems were divided into one of 11 groups, depending upon the number of consumers they served, and the expense ratios of the systems in each group were

then sorted into descending order to determine the median ratio value for each size group, which was taken as representative of the costs for systems in that size group.

The actual median values for each size group were then smoothed by substituting values as computed from a formula derived by least squares techniques from the actual values. Table 1 shows the median data-points for Administrative and General Expenses for each of the years from 1975 thru 1981, together with "adjusted" values as computed from the formula derived as the best "fit" of the actual values. Table 2 shows the same data for Total Operating Expenses Less Wholesale Power Costs.

The data shown on Table 1 can be better visualized by reference to Graph 1, in which one can see how sharply the median expense values for 1981 fall from 4.62% (of Total Utility Plant) for systems in the 0 to 1,000 consumer size group to 2.88% for systems in the 9,000 to 12,000 size group, and then decline more slowly to 2.42% for systems in the 30,000 and over consumer-size group.

Graph II shows the same data for 1981, but points and the best-fit curve have been added to show data for the year 1975. Graph III shows the 1975 and 1981 actual data points and the best-fit curves for Total Operating Expenses, less wholesale power costs.

If you examine Graphs II and III carefully, you will note a considerably greater increase from 1975 to 1981 in the adjusted expense ratios for the smallest size-group as compared to the largest. For example, on Graph 3 the Total Operating Expenses for the smallest size-group went from 14.08 mills per KWh in 1975 to 29.42 mills in 1981, while the comparable value for the largest size-group increased from 8.26 mills to 10.87 mills over the same time span.

In order to show this more clearly, we rearranged the adjusted values from Tables 1 and 2 into time series for each

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TABLE 1
for
ACTUAL AND SIZE ADJUSTED MEDIAN RATIO VALUES
ADMINISTRATIVE AND GENERAL EXPENSES—KRTA RATIO 13
(EXPRESSED AS A PERCENT OF TOTAL UTILITY PLANT)
MEDIAN EXPENSE RATIO BY SIZE RANGE

Year	Under 1,000		1,000 to 2,499		2,500 to 4,999		5,000 to 8,999		9,000 to 14,999		15,000 to 24,999		25,000 to 29,999		30,000 and Over		r ²	Value
	Midpoint	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted	Actual	Adjusted			
1975	500	3.78	3.03	2.82	2.71	2.70	2.70	2.45	2.44	2.31	2.26	2.19	2.16	2.09	1.977			
1976		3.65	3.12	2.89	2.74	2.61	2.61	2.50	2.43	2.35	2.28	2.22	2.20	2.31	.984			
1977		3.71	3.21	2.99	2.81	2.81	2.59	2.64	2.62	2.44	2.44	2.33	2.31	2.25	.820			
1978		3.68	3.21	3.00	2.86	2.74	2.74	2.64	2.57	2.50	2.43	2.38	2.28	2.28	.962			
1979		4.00	3.16	3.09	2.95	2.96	2.88	2.77	2.64	2.60	2.51	2.47	2.38	2.33	.940			
1980		3.96	3.42	3.18	3.02	2.88	2.88	2.70	2.68	2.62	2.55	2.49	2.35	2.35	.991			
1981		4.06	3.23	3.20	3.03	2.92	2.88	2.78	2.72	2.62	2.61	2.50	2.45	2.45	.984			
		3.92	3.40	3.17	3.02	2.88	2.88	2.78	2.70	2.62	2.55	2.49	2.38	2.38	.991			
		4.80	3.45	3.31	3.08	2.93	2.93	2.70	2.70	2.63	2.65	2.50	2.45	2.45	.940			
		4.40	3.67	3.56	3.16	2.98	2.98	2.84	2.74	2.64	2.55	2.47	2.31	2.31	.991			
		4.58	3.54	3.56	3.10	3.06	2.99	2.80	2.73	2.67	2.59	2.51	2.35	2.35	.991			
		4.29	3.63	3.34	3.15	2.99	2.99	2.86	2.76	2.67	2.58	2.51	2.35	2.35	.991			
		4.62	3.68	3.38	3.15	3.15	3.15	2.88	2.89	2.75	2.63	2.47	2.42	2.42	.984			
		4.49	3.76	3.45	3.24	3.06	3.06	2.92	2.82	2.72	2.62	2.55	2.38	2.38	.984			

NOTE: The formula was found for the curve (with the form of $Y = A X^B$) which best fit the actual data points for each year's data. The adjusted values were computed from the derived formula. The r^2 (coefficient of determination) indicates the quality of the fit, with $r^2 = 1.00$ indicating a perfect fit.

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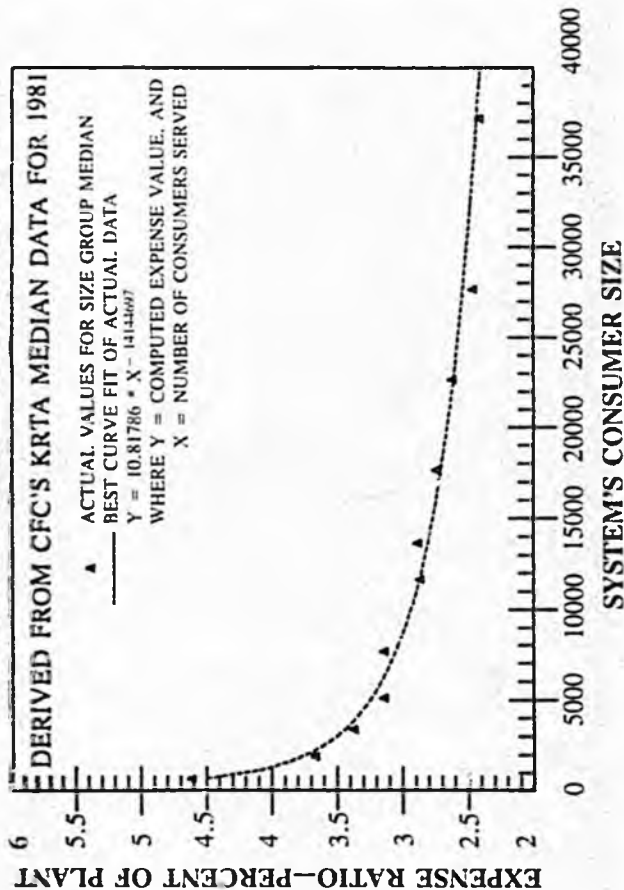
TABLE 1
ACTUAL AND SIZE ADJUSTED MEDIAN RATIO VALUES
for
ADMINISTRATIVE AND GENERAL EXPENSES—KRTA RATIO 13
(EXPRESSED AS A PERCENT OF TOTAL UTILITY PLANT)

Year	MEDIAN EXPENSE RATIO BY SIZE RANGE											r ² Value
	Under to 1,000	1,000 to 2,499	2,500 to 3,999	4,000 to 5,999	6,000 to 8,999	9,000 to 11,999	12,000 to 14,999	15,000 to 19,999	20,000 to 24,999	25,000 to 29,999	30,000 and Over	
1975	3.78 Actual	3.03 Adjusted	2.82 Actual	2.71 Adjusted	2.70 Actual	2.45 Adjusted	2.44 Actual	2.31 Adjusted	2.26 Actual	2.19 Adjusted	2.16 Actual	0.977
1976	3.65 Actual	3.12 Adjusted	2.89 Actual	2.74 Adjusted	2.81 Actual	2.50 Adjusted	2.43 Actual	2.35 Adjusted	2.28 Actual	2.22 Adjusted	2.09 Actual	
1977	3.71 Actual	3.21 Adjusted	2.99 Actual	2.81 Adjusted	2.81 Actual	2.59 Adjusted	2.62 Actual	2.44 Adjusted	2.44 Actual	2.33 Adjusted	2.31 Actual	0.984
1978	3.68 Actual	3.21 Adjusted	3.00 Actual	2.86 Adjusted	2.74 Actual	2.64 Adjusted	2.57 Actual	2.50 Adjusted	2.43 Actual	2.38 Adjusted	2.25 Actual	0.820
1979	4.00 Actual	3.16 Adjusted	3.09 Actual	2.95 Adjusted	2.96 Actual	2.67 Adjusted	2.64 Actual	2.44 Adjusted	2.51 Actual	2.38 Adjusted	2.28 Actual	0.962
1980	3.96 Actual	3.42 Adjusted	3.18 Actual	3.02 Adjusted	2.88 Actual	2.77 Adjusted	2.68 Actual	2.60 Adjusted	2.53 Actual	2.47 Adjusted	2.33 Actual	0.940
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1981	4.80 Actual	3.45 Adjusted	3.31 Actual	3.08 Adjusted	2.93 Actual	2.70 Adjusted	2.70 Actual	2.63 Adjusted	2.65 Actual	2.50 Adjusted	2.45 Actual	
1981	4.40 Actual	3.67 Adjusted	3.36 Actual	3.16 Adjusted	2.98 Actual	2.84 Adjusted	2.74 Actual	2.64 Adjusted	2.55 Actual	2.47 Adjusted	2.31 Actual	
1981	4.38 Actual	3.54 Adjusted	3.38 Actual	3.10 Adjusted	3.06 Actual	2.80 Adjusted	2.73 Actual	2.67 Adjusted	2.59 Actual	2.52 Adjusted	2.38 Actual	
1981	4.62 Actual	3.68 Adjusted	3.38 Actual	3.15 Adjusted	3.15 Actual	2.88 Adjusted	2.76 Actual	2.67 Adjusted	2.58 Actual	2.51 Adjusted	2.35 Actual	
1981	4.49 Actual	3.76 Adjusted	3.45 Actual	3.24 Adjusted	3.06 Actual	2.92 Adjusted	2.82 Actual	2.72 Adjusted	2.63 Actual	2.47 Adjusted	2.38 Actual	

NOTE: The formula was found for the curve (with the form of $Y = A X^b$) which best fit the actual data points for each year's data. The adjusted values were computed from the derived formula. The r^2 (coefficient of determination) indicates the quality of the fit, with $r^2 = 1.00$ indicating a perfect fit.

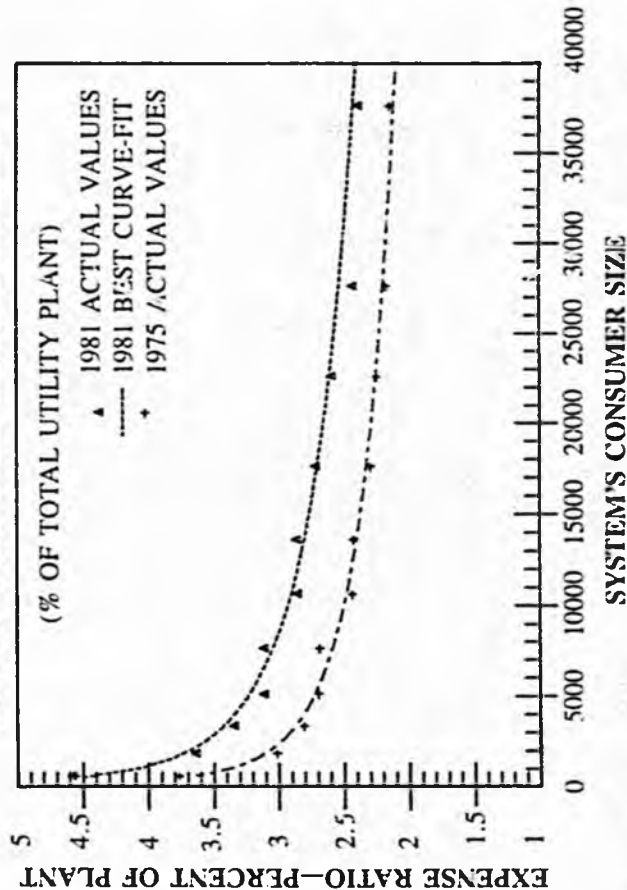
GRAPH I

ADMINISTRATIVE AND GENERAL EXPENSES



GRAPH II

ADMINISTRATIVE AND GENERAL EXPENSES



Spring 1983

NRECA Management Quarterly

TABLE 2
ACTUAL AND SIZE ADJUSTED MEDIAN RATIO VALUES
for
TOTAL OPERATING EXPENSES (LESS WHOLESale POWER COSTS)—KRTA RATIO 20
(EXPRESSED IN MILLS PER KWH SOLD)

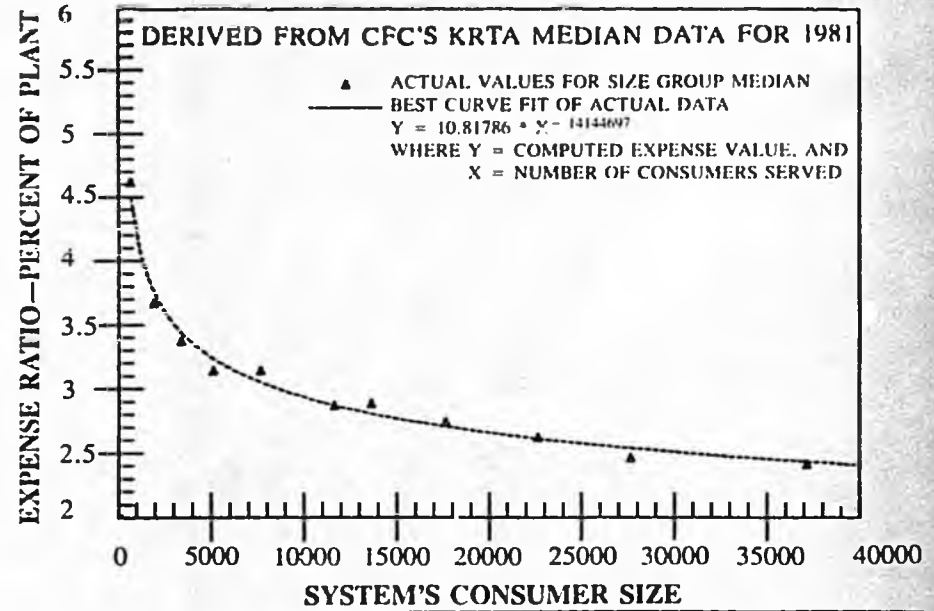
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Year		MEDIAN EXPENSE RATIO BY SIZE RANGE											r ² Value
		Undcr 1,000 to 1,000	1,000 to 2,499	2,500 to 3,999	4,000 to 5,999	6,000 to 8,999	9,000 to 11,999	12,000 to 14,999	15,000 to 19,999	20,000 to 24,999	25,000 to 29,999	30,000 and Over	
	Midpoint	500	1,750	3,250	5,000	7,500	10,500	13,500	17,500	22,500	27,500	45,000	
1975	Actual	15.57	11.34	10.12	10.13	10.41	10.14	10.16	9.31	9.24	8.60	8.25	
	Adjusted	14.08	12.14	11.28	10.72	10.22	9.82	9.53	9.24	8.97	8.76	8.26	.870
1976	Actual	14.93	11.42	9.88	10.13	10.41	9.96	10.24	9.49	9.09	9.21	8.65	
	Adjusted	13.51	11.89	11.16	10.69	10.25	9.91	9.66	9.41	9.17	8.98	8.54	.840
1977	Actual	15.49	11.94	10.74	10.79	10.47	10.38	10.53	9.51	8.71	9.02	8.71	
	Adjusted	14.49	12.48	11.60	11.02	10.50	10.09	9.79	9.49	9.21	8.99	8.48	.920
1978	Actual	16.43	12.12	11.03	11.05	11.08	10.98	10.97	9.77	9.92	9.17	9.01	
	Adjusted	15.39	13.22	12.26	11.64	11.08	10.64	10.32	10.90	9.70	9.46	8.91	.920
1979	Actual	18.48	12.95	11.47	11.92	11.95	11.87	11.67	10.89	11.23	10.03	10.15	
	Adjusted	16.14	14.05	13.12	12.51	11.96	11.52	11.21	10.89	10.59	10.36	9.81	.800
1980	Actual	21.28	13.66	12.96	13.03	13.01	12.64	12.14	11.44	11.17	10.42	10.05	
	Adjusted	18.60	15.61	14.31	13.47	12.73	12.14	11.72	11.30	10.91	10.61	9.90	.870
1981	Actual	24.39	13.68	14.64	15.14	13.97	13.15	13.62	12.38	12.60	11.30	11.24	
	Adjusted	20.42	17.13	15.71	14.79	13.97	13.33	12.87	12.41	11.98	11.65	10.87	.780

NOTE: The formula was found for the curve (with the form of $Y = A X^B$) which best fit the actual data points for each year's data. The adjusted values were computed from the derived formula. The r^2 (coefficient of determination) indicates the quality of the fit, with $r^2 = 1.00$ indicating a perfect fit.

GRAPH I

ADMINISTRATIVE AND GENERAL EXPENSES



GRAPH II

ADMINISTRATIVE AND GENERAL EXPENSES

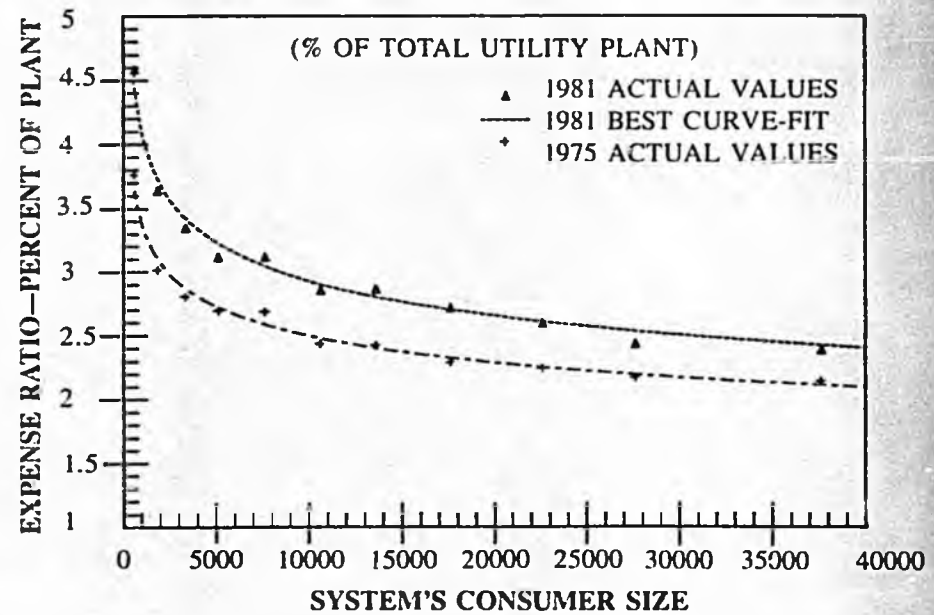


TABLE 2
ACTUAL AND SIZE ADJUSTED MEDIAN RATIO VALUES
for
TOTAL OPERATING EXPENSES (LESS WHOLESale POWER COSTS)—KRTA RATIO 20
(EXPRESSED IN MILLS PER KWH SOLD)
MEDIAN EXPENSE RATIO BY SIZE RANGE

Year	Midpoint	Under 1,000	1,000 to 2,500	2,500 to 4,000	4,000 to 6,000	6,000 to 9,000	9,000 to 12,000	12,000 to 15,000	15,000 to 20,000	20,000 to 25,000	25,000 to 30,000	30,000 and Over	r ² Value
1975	Actual	15.57	11.34	10.12	10.1	10.41	10.14	10.16	9.31	9.24	8.60	8.25	
	Adjusted	14.08	12.14	11.28	10.72	10.22	9.82	9.53	9.24	8.97	8.76	8.26	.870
1976	Actual	14.93	11.42	9.88	10.13	10.41	9.96	10.24	9.49	9.09	9.21	8.65	
	Adjusted	13.51	11.89	11.16	10.69	10.25	9.91	9.66	9.41	9.17	8.98	8.54	.840
1977	Actual	15.49	11.94	10.74	10.79	10.47	10.38	10.53	9.51	8.71	9.02	8.71	
	Adjusted	14.49	12.48	11.60	11.02	10.50	10.09	9.79	9.49	9.21	8.99	8.48	.920
1978	Actual	16.43	12.12	11.03	11.05	11.08	10.98	10.97	9.77	9.92	9.17	8.48	
	Adjusted	15.39	13.22	12.26	11.64	11.08	10.64	10.32	10.00	9.70	9.46	8.91	.920
1979	Actual	18.48	12.95	11.47	11.92	11.95	11.87	11.67	10.89	11.23	10.03	10.15	
	Adjusted	16.14	14.05	13.12	12.51	11.96	11.52	11.21	10.89	10.59	10.36	9.81	.800
1980	Actual	21.28	13.66	12.96	13.03	13.01	12.64	12.14	11.44	11.17	10.42	10.05	
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	Adjusted	20.42	17.13	15.71	14.79	13.97	13.33	12.87	12.41	11.98	11.65	10.87	.780

NOTE: The formula was found for the curve (with the form of $Y = A X^b$) which best fit the actual data points for each year's data. The adjusted values were computed from the derived formula. The r² (coefficient of determination) indicates the quality of the fit, with r² = 1.00 indicating a perfect fit.

15.08.20 GK
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consumer size-group. These values, adjusted by the formula for the best curve-fit, are plotted on Graph IV and Graph V.

Conclusions

On Graphs IV and V we can clearly see that not only are the unit costs of operating a small system higher than for larger systems, but the rate of increase with time is considerably greater for small systems.

Administrative and General Expenses for the smallest size-group were 65.6% greater than for the largest size-group in 1975 and 86.7% higher in 1981. If they continue to increase at the same rates, the smallest group's costs will be 116% greater than the largest systems costs by 1991.

Total Operating Expenses (less power costs) for the smallest size-group were 60.1% higher than similar unit costs for

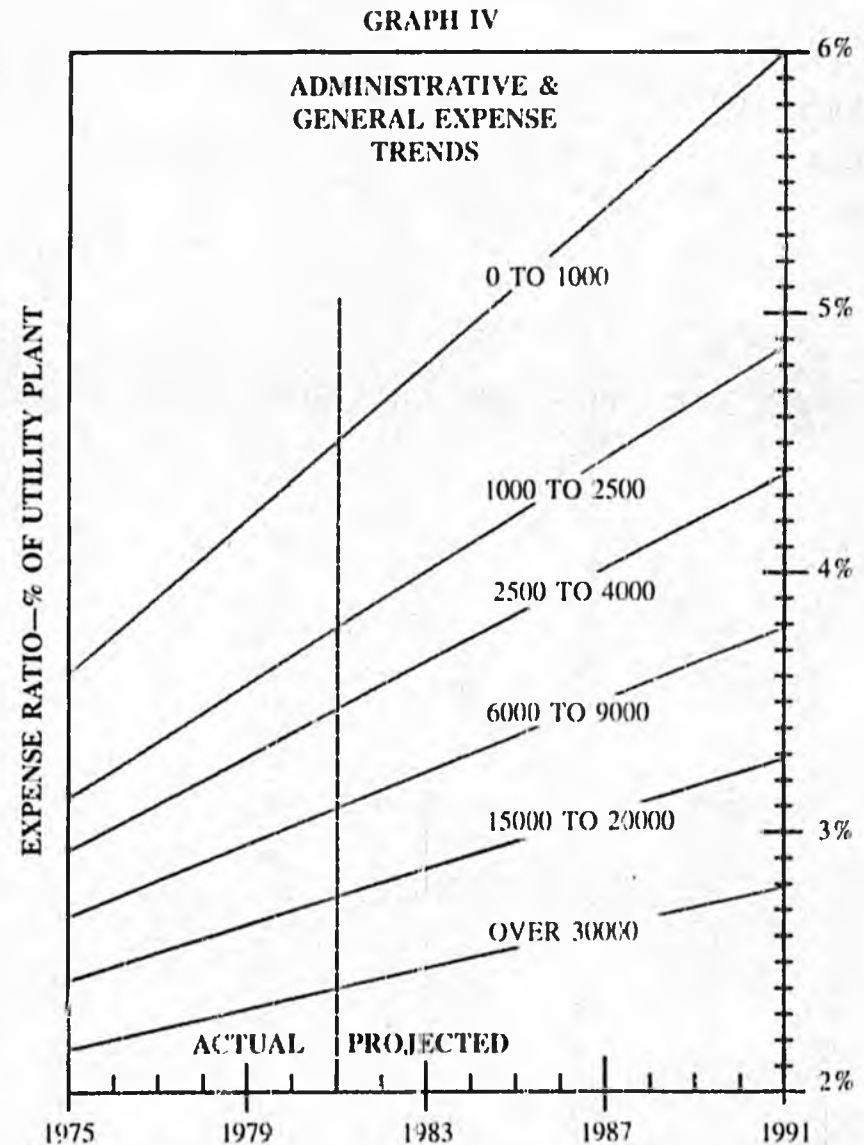
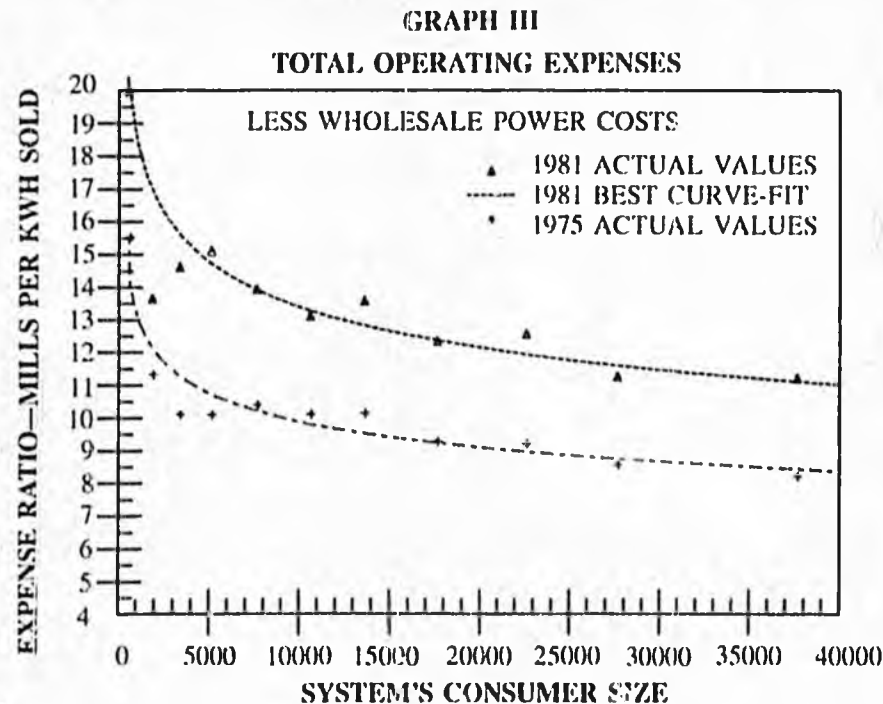
the largest size-group in 1975, 84.2% higher in 1981 and projected to be 106% higher by 1991.

At best, the cost of electric service is skyrocketing, due to many causes. The consumers react in many ways, including conservation in their use of electricity and a retreat to alternative sources of energy such as wood-burning stoves and solar water heaters. This reduces the volume of KWh sales over which the system spreads the fixed costs on the facilities built to make electric service available. This reduced volume only creates the need for additional rate increases.

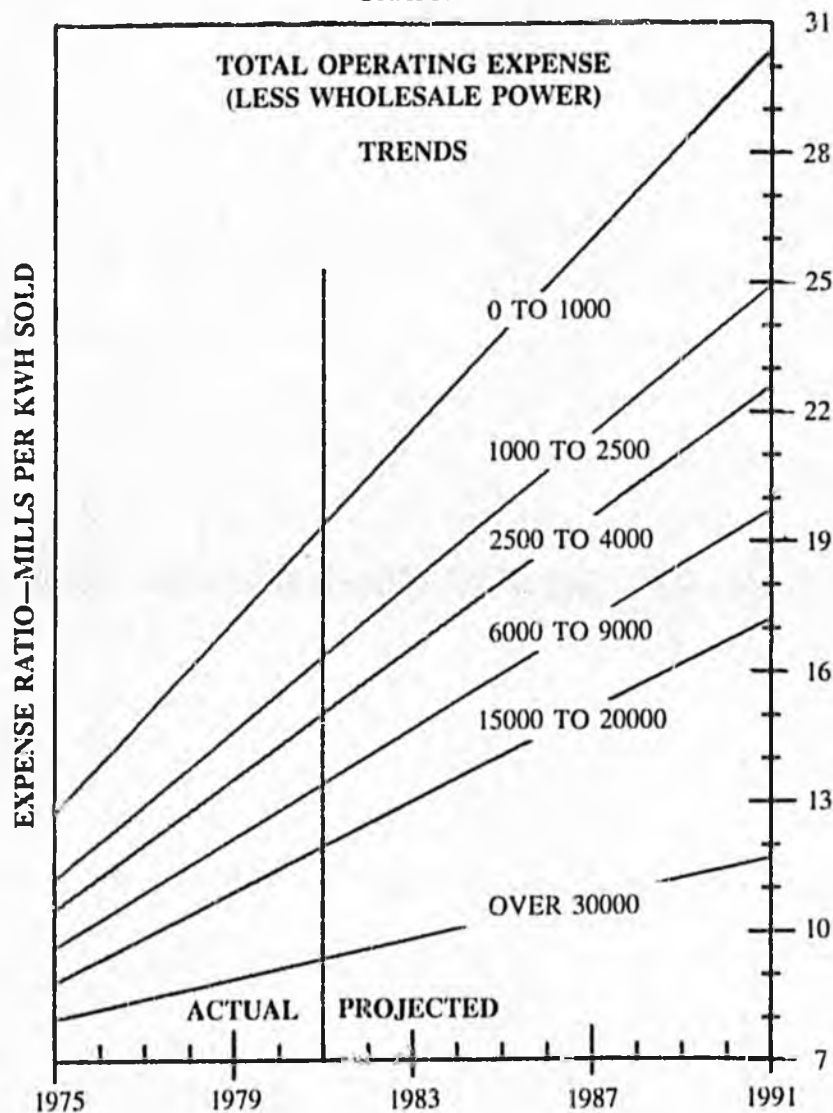
Potential short-run savings computed to result from the merger or consolidation of one or more "typical" systems in the 100 to 2500 consumer size-group to create a system in the 30,000 or larger size-group could statistically be \$44.00 per consumer per year from Administrative and General Expenses alone.

Potential savings in Total Operating Expenses are computed at \$93.31 per consumer per year in the short-run and per \$201.77 consumer per year by 1991. These calculations assume 5% per year growth in KWh sold and 2.75% per year growth in the number of consumers served.

From the "average consumer's" viewpoint (from a purely financial stance), it would be difficult to defend a board's reluctance to consider merger, considering the potential savings from merger and the growing concern over continuing increases in the cost of electric service.



GRAPH V



If no other values were to be considered, the financial health and viability of the RE program would likely be better if we entered the 1990's with a smaller but more efficient group of larger distribution systems serving the area and consumers now served by over 900 systems. Distasteful as this might be to managers, members of the boards, auditors, attorneys and key members of the staff who might face considerable uncertainties during the merger and readjustment period, a merger should be preferred to an attempted sellout.

THE OTHER SIDE of the proposition has many good points for consideration! First, there has always been considerable "labor of love" among the directors, managers, board members and key staff of the smaller electric systems. There seems to be a greater sense of pride in being an integral part of a small organization which is vital to the "home town". As the organization grows and the individuals become a smaller part of the whole, the sense of importance and pride diminishes somewhat and individuals tend to demand other forms of compensation to replace the values lost.

Rural people were not generally pleased with the forced consolidation of the rural schools into county school systems. The economies which were promised either did not come about, or were lost in the increases in costs caused by inflation and additional layers of bureaucracy.

Many small rural communities are already suffering from being by-passed by the interstate highway system and the migration of jobs and people and services to metropolitan areas. A reduction in payroll resulting from a reduction in or a re-

location of, the local RE system's operation would have an important effect on a small community which may now consider the RE system one of its largest payrolls.

The economies of scale obvious from the study of existing systems in different size groups cannot be achieved immediately following a merger. In all probability, costs would even be higher in the first year as a result of the costs of accomplishing the merger, and a degree of confusion would exist as all the people involved become accustomed to different roles and different procedures.

Individuals would undoubtedly be apprehensive for their future, and may resent their new title, assignments, and supervisors. If this doubt and uncertainty and apprehension is allowed to build within the staff, they can either consciously or subconsciously sabotage efforts to effect economies and truly "merge" the organizations into one.

Although much of the savings from merger must result from the elimination of duplication in jobs, it is essential that the people involved have assurance that their careers will not suddenly end and that the vested interest of loyal, capable, dedicated employees will not be ignored simply in order to pursue economies of scale. To a large degree, elimination of duplication must result from attrition. In other words, it must be a process of evolution, not revolution.

In addition to all its other problems, it appears that the management of many RE systems must look forward to solving the dilemma of "to merge or not to merge" or "how to successfully merge" in the 1980's.

Alaska **Ruralite**®

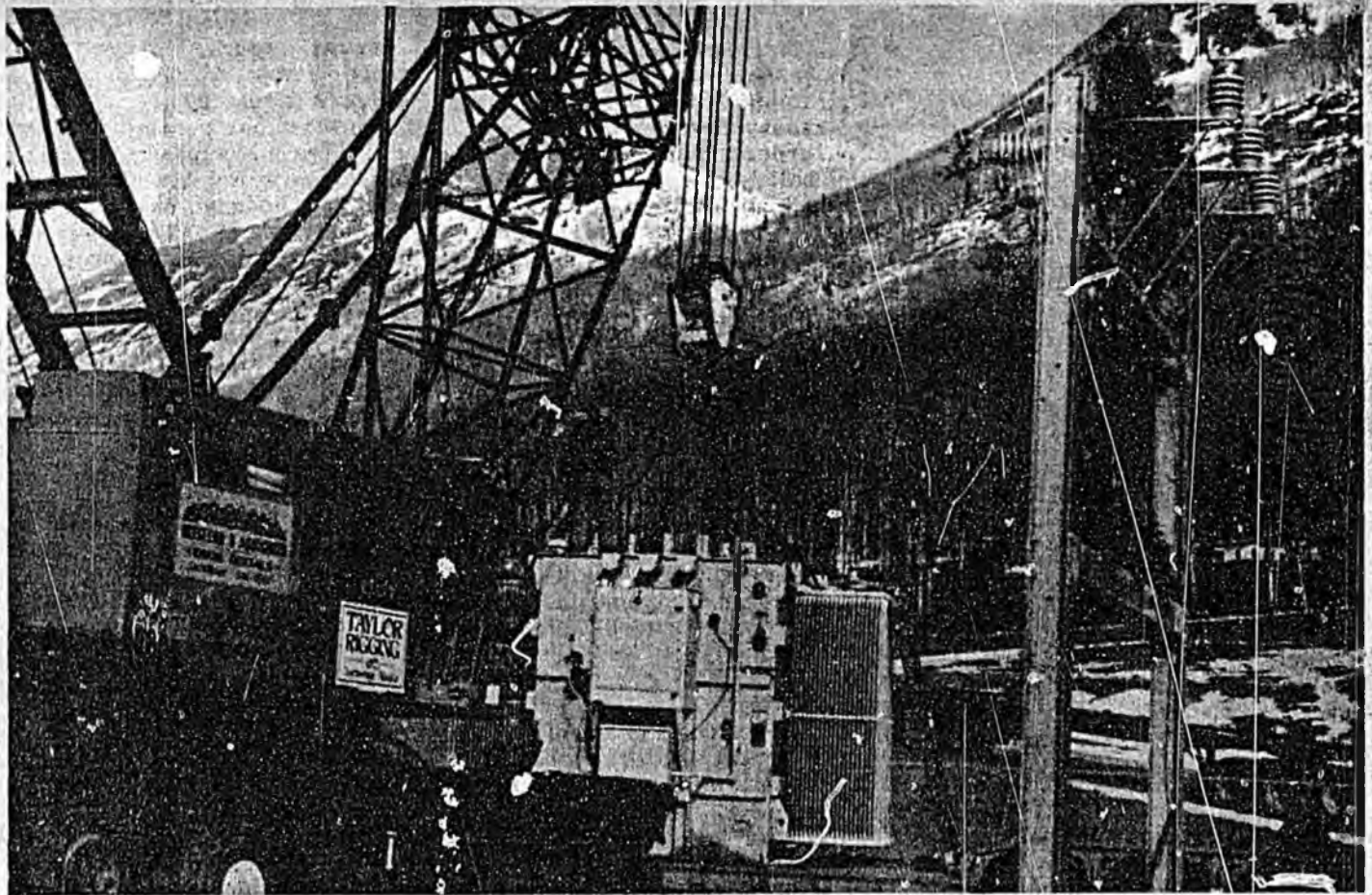
POSTMASTER: Change of address & PO Form 3579 to be sent to Matanuska Electric Assn., Inc., PO Bx 1148, Palmer, AK 99615.

March 1984

Matanuska



G&T: Keeping rates down
Page 16
see also pages 8-9, 24-25



G&T: To keep rate increases reasonable and give a voice to MEA members

What is a "G&T"? What does it mean to me, the average consumer? Where is MEA going to get electricity for our members? What say does MEA have over our power supply? What will it cost—or will it lower my electric bill?

These questions need to be asked by all the consumers in south central Alaska—and the factual answers to these questions need to be given to the public by the management and boards of directors of all the utilities in the region.

Matanuska Electric Association—and its Board of Directors, its Member Advisory Committee and its management staff—the whole organization has very carefully examined this *major* issue from every angle. We have some answers, and we want our members to know what they are.

A "G&T" is a Generation and Transmission Cooperative. It is a special kind of utility organization, which has as its only purpose to provide power generation and the high voltage transmission of that power into each local utility's power lines—into each utility's

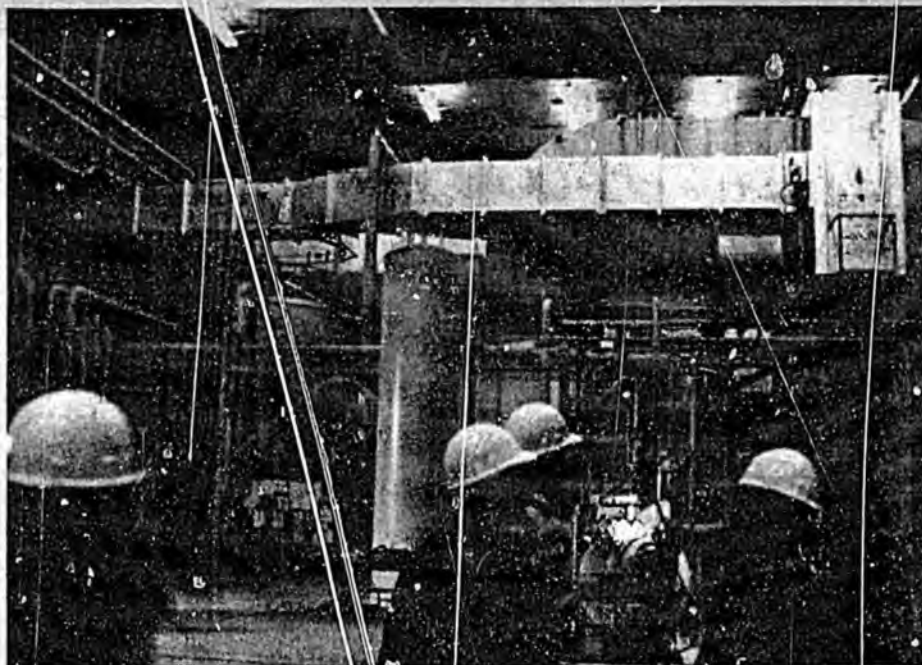
electrical distribution system.

The "G" in "G&T" is for Generation and the "T" is for Transmission. This special kind of utility organization is also called a Cooperative, because its members are each local utilities *cooperating* together, planning together, deciding together, building together and maintaining together the power generating plants and the high power transmission lines coming from those plants into each local utility system, which are necessary to meet the electricity needs of consumers.

Why shouldn't each individual utility "do its own thing," build its own power plants and transmission lines? Utility rates could skyrocket! Decades ago in this country, both lending institutions and government agencies came to the solid conclusion that electric consumers would not be able to pay the price of duplicated and unnecessary electrical plants being built side by side by competing private electric utilities. A new 60-megawatt gas turbine generating set costs about \$20,000,000 today. Today, it is still true

ight, the Beluga generating station.

pposite: A new transformer is installed at a substation.



hat it is cheaper for our consumers, for all consumers, if utilities jointly purchase just the amount of power generating supply that is needed to meet consumers' needs, with an appropriate reserve supply, rather than each utility building its own power plants. Years ago in south central Alaska, the federal government, through the Rural Electrification Administration (REA) decided only Chugach Electric Association would be given loan funds to build G&T plant, and that they would sell power wholesale to MEA and Homer Electric Association (HEA) down on the Kenai Peninsula, as well as providing power to their own consumers. That arrangement stands today.

Unfortunately, that "arrangement" leaves MEA and HEA OUT of the big decisions about new generation and transmission facilities. Those BIG decisions can cost our consumers more on their monthly electric bill, or less, depending on whether or not the gas turbine generating unit purchased is a reliable unit. We want to be at the decision-making table, on behalf of our consumers' best interests, when those decisions are made. A Generation and Transmission Cooperative would have a Board of Directors making those millions-of-dollars-worth of decisions, which would include representatives from each local participating utility. Now we pay and have no say at the table where those decisions are made . . . by Chugach Electric Association.

In total fairness, Chugach has made some good decisions for us. We have enjoyed the benefit of some very inexpensive gas which runs Chugach turbines across Knik Arm, because Chugach negotiated those cheap gas contracts in past years. Our wholesale power rate has been less because of that decision. On the other hand, other decisions were made on the last couple of generating and transmission projects which we believe may have made our wholesale power rate a little higher than it need have been. MEA had no say in either set of those decisions on behalf of our members. A G&T, with Chugach, Matanuska and Homer Electric Associations as

members, would put all the cooperatives in that decision-making process.

The three REA cooperatives all believe that some sort of regional generating and transmission organization should be formed. MEA and our sister co-op, HEA, believe it should be a G&T. REA, itself, believes that a G&T should be formed, as they have been formed and functioning for years, among and between REA distribution cooperative utilities in the South 48. And REA believes that an Alaskan G&T should include Chugach, as well as the generation and transmission plant they have built to meet the needs of Chugach, MEA and HEA, with loans from REA and which we have all helped pay for.

The bottom line, in dollars and cents to the average residential consumer based on Chugach's most recent rate increase filing, would be an immediate average annual savings on their electric bills of approximately \$55 for the Chugach member, \$60 for the HEA member and \$75 for the MEA member. These average annual savings are based upon the fact that a potential reduction in revenue requirements from electric rates of \$7,600,000 could be saved, if Chugach put its generating and transmission facilities into a G&T. These savings are based on lower interest coverage required for a G&T than for a Distribution Cooperative, as which Chugach is classified now by REA. The interest coverage level required to be collected from consumers has always historically been significantly lower for a Generation and Transmission Cooperative, than for a Distribution Cooperative. While some observers expect both those interest coverage levels to be increased by the federal government, nearly everyone acknowledges that there will likely be savings for consumers if a G&T is formed, especially in the immediate future.

"This may be the most important decision MEA has faced in the last ten years," announced MEA's Manager of Administration, John Parker, at the January meeting of our Member Advisory Committee. We agree. In our next issue of *Ruralite* we will have more about the G&T Cooperative issue.

APRIL 12, 1984

TO: JOHN

FROM: KEN

RE: HB 475 APPROPRIATING 800 MILLION DOLLARS TO THE THE ALASKA SOUTHCENTRAL ELECTRIC COOPERATIVE.

HOUSE BILL 475 MAKES AN APPROPRIATION TO THE DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FOR PAYMENT AS A GRANT TO THE ALASKA SOUTHCENTRAL ELECTRIC COOPERATIVE. THE MONEY WOULD BE USED BY THE COOPERATIVE TO DISCHARGE ALL THE DEBTS OF THE COMPANIES, ASSOCIATIONS AND COOPERATIVES THAT MERGED TO FORM ONE UTILITY.

QUESTIONS:

1. HOW WAS THE FIGURE 800 MILLION DOLLARS ARRIVED AT ?
2. WHAT ARE THE ADVANTAGES TO MERGING ALL UTILITIES IN THE RAILBELT AREA ?
3. WHAT TYPE OF STUDIES DO YOU HAVE TO SUPPORT THESE ADVANTAGES ?
4. HAVE YOU HAD A MANAGEMENT PLAN LAYED OUT THAT WOULD SHOW EFFICIENCY YET SAVE THE CONSUMER MONEY ?

5. WHY WOULD THIS MERGER PROPOSAL BE BETTER FOR CONSUMERS THAN ANY OF THE OTHERS PROPOSED FOR UTILITIES IN THE RAILBELT AREA ?

6. WITH 800 MILLION DOLLARS THE STATE COULD ENSURE THE CONSTRUCTION OF THE WATANA PHASE OF THE SUSITNA PROJECT. DO YOU FEEL THE MERGER IS MORE IMPORTANT THAN SUSITNA ?

7. IN THE PAST, THE MERGING OF SMALL UTILITIES HAS RESULTED IN SAVINGS FOR THE CONSUMER. BUT IN THE MERGER OF LARGE UTILITIES THIS IS NOT ALWAYS THE CASE. WHY DO YOU THINK SUCH A LARGE MERGER WOULD WORK IN THE RAILBELT AREA ?

Railbelt Energy Needs May Double by 2001

Rep. Terry Martin
Pouch V-State Capitol Bldg.
Anchorage, AK 9911

Alaska's Rapid Population Growth Increases Electric Power Demands

By DEB DAVID

Although per capita energy consumption by Alaskans has not increased dramatically in this decade, the demand for electricity has risen due to unprecedented population growth. The precise demand for electricity in the long-term future continues to evade planners, but they are certain that Railbelt electrical requirements will continue to grow at a healthy rate.

A 20-year energy and peak load forecast summary compiled by the Alaska Systems Coordinating Council (ASCC) for the Railbelt (see Table 1) estimates peak energy usage will jump from 627.8 MW in 1983 to 1,474 MW in 2001. Considerable disagreement surrounds the peak load forecasts, which are invaluable in planning electrical generation needs.

One argument is the peak load forecasts indicate that the proposed \$5.5-billion (estimated 1983 dollars), 1,600-MW Susitna hydroelectric project is too large. Another camp argues the power projections are unrealistically low.

In either case, at least some growth in demand is certain, and utilities will continue to be active users of construction services through the next decade.

Anchorage Area

Southcentral Alaska, particularly the Anchorage area, has exhibited phenomenal population growth in the first three years of the 1980s. The growth has spurred revised peak load forecasts and provided the impetus for large electrical construction projects.

According to the ASCC forecast, Anchorage Municipal Light and Power (ML&P) generated 663 gigawatts (1 GW = 1,000 MW) in 1982. Energy consumption by the publicly owned utility is expected to reach 717 GW this year and 786 GW in 1984. Table 1 shows similar energy usage increases through the year 2001.

Peak loads this winter at ML&P are

expected to reach between 130 MW and 140 MW, compared to the peak last winter of 126 MW. (Peak loads are very weather-sensitive, surging during periods of extremely cold temperatures.) By the year 1991, peak loads will nearly equal the utility's current total generating capacity of 253 MW, which includes 16 MW of power purchased from the Alaska Power Authority's Eklutna hydro facility.

ML&P currently has more than 100-MW reserve capacity, a hefty 80-per-

'ML&P's 80-percent
reserve capacity
is not excessive
for Anchorage.'

cent reserve capacity. From a national perspective, the reserve is extremely high, but in Anchorage, where the largest unit produces 100 MW, the reserve is not excessive. The loss or failure of ML&P's largest unit at peaking periods would annihilate its reserve generating capacity.

A \$122.5-million, 170-mile electrical intertie between Anchorage and Fairbanks utilities will help to preserve Anchorage's generating reserve during peaking, while enabling Fairbanks area utilities to draw from Anchorage's cheaper gas-fueled power. The project, sponsored by the Alaska Power Authority, is under construction and scheduled for completion in December 1984. (See November 1983 issue of AC&O for a complete report on the Anchorage-Fairbanks intertie project.)

The municipality currently operates seven main generating units — four simple-cycle combustion turbines, two of which are diesel-fired, and two combined cycle units which work in concert

with one steam turbine running off of waste heat. ML&P is considering the installation of an additional 80-MW plant next spring at a nominal cost of \$16 million, if a contract for sale of excess power can be arranged with Chugach Electric Cooperative Inc.

Chugach, which serves nearly 50,000 Anchorage area customers compared to ML&P's 19,000 center city customers, has a greater immediate need for energy. Under the arrangement being negotiated, Chugach would buy excess production from the new ML&P plant until the latter utility required the generation to meet its customers' needs. While Chugach and ML&P could mutually benefit from such an arrangement — Chugach would have additional power without up-front capital costs, while the municipality could reduce its capital costs by selling power — both utilities are prepared to proceed alone if an agreement is not reached.

ML&P would install the plant in 1985 instead of 1984 without a purchase agreement from Chugach. And the cooperative is pursuing plans to purchase ML&P new generation and to build its own new unit on a parallel track. Chugach, which pegs the total project cost at \$26 million, would probably install a new unit at its Beluga station, near its cheapest source of gas from the Beluga field.

Chugach Electric also is planning to increase its generation by another 40 MW with a new unit at Bernice Lake. The \$17-million project would include a new gas-driven turbine and 21 miles of 115-kV transmission line from the Nikiski plant to a Soldotna substation. The transmission line portion of the contract is estimated to cost between \$7 million and \$8 million. The Bernice Lake unit is scheduled for installation in 1984.

In 1986-87, Chugach is planning to boost its generation further by adding

two more units — an 80-MW unit at its Beluga station and a 40-MW unit at Bernice Lake. Specifications and site plans for the projects are being developed.

The increased generating capacity will help Chugach meet ASCC's forecasted energy demand of 2,304 GW in 1987. Table 1 indicates the cooperative's energy generation climbing from 1,765 GW in 1982, to 1,854 GW in 1983, to 1,966 GW in 1984, to 2,079 GW in 1985, and to 2,192 GW in 1986.

The two Anchorage-based utilities also are undertaking major transmission line upgrades this year. All Chugach-ML&P 35-kV transmission lines will be boosted to 115 kV by the end of 1983. The improvements also entail modifying the lines into a loop system to give all substations two-way feed. The utilities have been interconnected in the past, but the recent transmission upgrades will build extra reliability into both systems.

ML&P will spend about \$14 million in capital improvements this year, and has budgeted \$36 million, including \$16 million for the proposed new elec-

trical generating unit at its main plant, for 1984. According to Tom Stahr, general manager of ML&P, the utility also has a four-million-gallon fuel-oil storage facility on the drawing board for possible construction in the next few years.

Additional Chugach improvements include a complete upgrade of its Beluga station transmission lines to 230 kV over the next three or four years. The project, which will boost the current 115-kV line from Anchorage to the Kenai Peninsula, likely will involve a submarine cable crossing of Turnagain Arm.

In addition, the cooperative is planning two new bulk power substations in Anchorage — one in the western end of the city near Anchorage International Airport and one in east Anchorage at University Substation. Within the next five years, Chugach is planning an upgrade of its radial transmission lines to 138 kV in South Anchorage's Huffman Road residential area.

For the immediate future, the two utilities are confident they will keep pace with Southcentral Alaska's

mounting energy needs. But with the proposed Susitna hydroelectric project still hanging and the inability to precisely predict long-term energy demands, the distant future is more uncertain.

Several proposals aimed at improving future capacity have been aired, including the merger of Chugach and ML&P. Stahr believes the proposal merits further study. A merger could result in up to \$60 million in savings to consumers by avoiding duplications and improving planning capabilities, he said. Chugach's board of directors has chosen to accentuate cooperative, joint planning among the two utilities, avoiding any reorganization until such a move is deemed economically sound for Chugach customers, said Larry Markley, director of government and environmental affairs for Chugach.

Southcentral

The City of Seward, which purchases the bulk of its power from Chugach Electric, is planning an estimated \$10-million transmission line upgrade

Table 1'
Alaska Systems Coordinating Council
20-Year Energy and Peak-Load Forecast Summary
Railbelt Utilities

Year	AML&P [1]		CEA [1][2]		FMU [1]		GVEA [1]		Railbelt Total [3]	
	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)	Energy (GWH)	Winter Peak (MW)
1982	663	130.0	1765	372.3	141	28.2	360	67.9	2929	598.4
1983	717	140.0	1854	384.1	147	29.3	387	74.4	3105	627.8
1984	786	152.0	1966	408.4	153	30.5	416	81.4	3321	672.3
1985	844	162.0	2079	432.7	161	32.2	447	89.2	3531	716.1
1986	915	174.0	2192	457.0	165	32.9	480	97.7	3752	761.6
1987	986	186.0	2304	481.3	168	33.6	516	107.0	3974	807.9
1988	1053	197.0	2417	505.6	172	34.3	558	113.7	4200	850.6
1989	1126	209.0	2530	529.8	175	35.0	603	120.9	4434	894.7
1990	1200	221.0	2642	554.1	183	36.5	653	128.5	4678	940.1
1991	1270	232.0	2754	578.3	190	38.0	706	136.6	4920	984.9
1992	1322	241.0	2867	602.5	198	39.5	764	145.3	5151	1028.3
1993	1375	251.0	2979	626.8	206	41.1	826	154.4	5386	1073.3
1994	1431	261.0	3091	651.0	214	42.8	894	164.1	5630	1118.9
1995	1489	272.0	3203	675.2	225	45.0	967	174.5	5884	1166.7
1996	1549	283.0	3315	699.3	237	47.3	1046	185.5	6147	1215.1
1997	1621	294.0	3428	723.5	249	49.7	1131	197.2	6429	1264.4
1998	1697	306.0	3540	747.7	262	52.3	1223	209.6	6722	1315.6
1999	1775	318.0	3652	771.8	275	54.9	1323	222.8	7025	1367.5
2000	1858	331.0	3764	795.9	281	56.1	1432	236.9	7335	1419.9
2001	1944	344.0	3875	820.0	295	58.9	1548	251.8	7662	1474.7

Notes:

- [1] Forecast from utility — 2/83
- [2] CEA forecast includes Matanuska Electric Association, Homer Electric Association and Seward Electric requirements
- [3] Eklutna is included in AML&P and CEA

Copper Valley Electric Association (CVEA) totals not included, CVEA has indicated (3/83) its growth will average two to five percent per year through 2001

AML&P = Anchorage Municipal Light & Power
CEA = Chugach Electric Association
FMU = Fairbanks Municipal Utilities System
GVEA = Golden Valley Electric Association, Fairbanks Area

† Courtesy of Alaska Power Administration

Rep. Terry Martin
Pouch V-State Capitol Bldg.
Anchorage, AK 9911

which will boost its power lines from 24 kV to 115 kV. In the design phase, the project is scheduled to begin in spring 1984, hinging on an appropriation from the Alaska Legislature.

Existing single-pole transmission lines are undersized for current loads, resulting in excess voltage loss, and hence, in energy loss. The current transmission system also leaves little room for any industrial load expansion at a time when Seward foresees increased electrical demands from industry.

A coal port to handle Usibelli coal being shipped to Korea's coal-fired electrical plants is scheduled to be built next fall in Seward. A ship lift currently is under construction and should be in use by the summer of 1984. The city also is expecting ancillary industries to spin off of these larger developments and an accompanying increase in residential energy demand.

Seward's current peak loading is estimated at 5 MW, a figure which is predicted to increase to 20 MW over the next 30 years. Ebasco Services Inc. currently is conducting a 30-year economic and load forecast to be used in designing the line and preparing construction contract drawings and documents.

To meet short-term energy needs, the city will have to rely on two of its three stand-by diesel generators to supplement the power it purchases from Chugach. The only power currently generated by the city utility consists of about 100 kW from a small hydro plant for use by the local hospital.

In the Glenallen-Valdez area, Cooper Valley Electric Association (CVEA) has no plans for immediate capital improvements. The system is powered by two diesel units — one producing 10 MW in Valdez and one producing 7 MW in Glenallen — in the winter months and the 12-MW Solomon Gulch hydro plant in the summer. Glenallen currently is not tied into the hydro facility and operates its diesel units year-round.

Dan Tegeler, CVEA office manager, hopes to see a transmission line built to tie Glenallen into the hydro system. But no immediate plans or funding exists.

Also in the future is the possibility of installing a pressure-reducing turbine which would tap the kinetic energy from the trans-Alaska pipeline, terminating in Valdez, and convert it to electricity. Such a system would replace Valdez's aging and expensive-to-operate diesel turbines.

The kinetic conversion talks have been held up by a lawsuit brought by

the City of Valdez in an effort to take over CVEA. Tegeler said the case soon will be dismissed, opening the door for continuation of negotiations with the Alyeska Pipeline Service Co. over using the pipeline as a kinetic energy source.

Also in limbo is an Alaska Power Authority preliminary feasibility study to determine the lowest long-range cost of power for the area. The study, conducted by Stone-Webster, tentatively recommended a Silver Lake hydro plant transmitting electricity to Cordova and Valdez as the best of several options. The Power Authority is requesting funding in 1984 to complete the feasibility study.

Unlike most areas of the state, Cordova's peak electrical loads occur during the summer fishing season. The summer peak for 1983 reached 4.5 MW and is expected to climb to 5 MW in 1984.

About 1,200 Cordova area customers are served by the Cordova Electrical Cooperative Inc. A demand growth rate of between seven and eight percent a year has necessitated construction of a new power plant, which was about one-third complete in late October. The facility will increase CEC's current 7.5-

MW generating capacity to 10 MW in time for next summer's fish processing surge.

The \$3-million project, funded with money borrowed from the Rural Electric Association and the National Rural Utilities Cooperative Finance Corp., entails installing a new 2.5-MW diesel unit and relocating an existing 2.5-MW unit to the new power plant. The contract is being performed by Hales Construction & Associates of Seattle.

Two units — 1.9-MW and 2.6-MW Enterprise generators — will continue to operate at the existing Eyak Lake plant, but plans are to eventually phase out these older units and replace them with new unattended-operation models. CEC Manager Doug Bechtel said the move would reduce staffing levels and lower electricity rates.

Fairbanks Area

Fairbanks area utilities also will benefit from the Anchorage-Fairbanks intertie project currently under way. While demand is growing — new connects by Golden Valley Electric Association increased from 1,075 in 1981, to 1,319 in 1982 and an estimated 2,000 in

Table 2'
Juneau Area Net Generation and Peak Demand

Fiscal Year	System Net Generation MWH*	MWH % Annual Increase	Peak Demand MW	MW % Annual Increase
1970	58,266	9.5	12.4	11.3
1971	63,786	10.1	13.8	8.0
1972	70,255	7.8	14.9	4.0
1973	75,713	9.6	15.5	4.5
1974	83,019	13.9	16.2	9.9
1975	94,609	12.4	17.8	11.2
1976	106,295	5.6	19.0	3.0
1977	112,197	8.9	20.4	14.7
1978	122,218	9.2	23.4	-1.3
1979	133,457	7.2	23.1	13.4
1980	143,128	16.5	26.2	2.9
1981	160,700	21.7	32.2	29.2
1982	202,000	10.3**	41.6	
1983 (Oct-June)	174,754	12.4	40.1	-3.6
1983	228,000***		40.1	

* Includes Alaska Electric Light & Power and Glacier Highway Electric Association sales and losses

** Increase over same period in 1982

*** Estimate based on nine months' data

† Courtesy of Alaska Power Administration

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1983 — utilities generally feel their generating capacities are adequate to cover power needs into the early 1990s.

GVEA currently has a generating capacity of 203 MW and expects peak loading this year to reach 72.7 MW, compared to a peak load of 67.9 MW in 1982. Peak load estimates for 1984 are 77 MW.

Power for the cooperative's 20,000 customers is generated with GVEA's main base plant at Healy, which produces 25 MW from coal-fired turbines. In addition, two diesel-driven generators each produce 65 MW at the North Pole peaking plant and several 7.5-MW generators operate at the Fairbanks Vhender complex.

While GVEA has no plans for large capital improvements in the short-term, the rising number of new connects will require continual power line expansions.

At Fairbanks Municipal Utility System (MUS), which is interconnected with GVEA and Fort Wainwright, the maximum generating capacity is 63 MW achieved with four coal-fired, steam turbines and two diesel turbines for back-up and for peaking. The system usually operates in the 30-MW to 50-MW range, and peaked at 28.2 MW in

the winter of 1982-83. The utility expects a peak load this winter of 30 MW.

System growth due to new housing construction and commercial construction will require MUS to purchase an additional 25-MW coal-diesel unit, which will replace three 30-year-old steam turbines with a combined capacity of 17.5 MW. While the change will not greatly enhance generation ability, it will build more reliability into the system.

Southeastern

The Juneau area has experienced a significant increase in peak demand and energy consumption since 1980. In the spring of 1983 local utilities were required to furnish more than five million kwh of diesel-generated electricity to supplement power available from hydroelectric plants. According to the Alaska Power Administration, a division of the U.S. Department of Energy, the need for this diesel generation is expected to increase each spring as area reservoirs are drawn down until additional hydro power is available from Crater Lake.

An Alaska Power Administration study, "Juneau Area Power Market Analysis, Update of Load Forecasts," con-

cludes that the Crater Lake addition to the Snettisham hydroelectric facility is needed, since from 40 to 70 percent of the project's output could be used the first year on-line in 1987. Firm energy from Crater Lake would be used by 1990 under a high-growth case, and by 1993 under a lower-growth scenario.

Construction of the Crater Lake project, estimated to cost \$70 million, is expected to be contracted by the Army Corps of Engineers in the spring of 1984, with site construction beginning in early July. Under this construction schedule, the project would be on-line in February 1987.

Expected generating capacity from the addition is 27 MW, which represents a 60-percent increase in present generating capabilities in the Juneau area.

Crater Lake generating units will be housed in the Snettisham power plant, from which Juneau utilities draw the bulk of their power. Snettisham's current generating capacity is about 46 MW. In addition, Alaska Electric Light & Power (AEL&P) owns small hydro sites supplying about 6 MW. The privately owned utility added one diesel unit this year to give it nine stand-by diesel generators with a capacity of 17 MW.

Plans are to add two to three additional diesel generators a year to satisfy the hydroelectric deficit which currently exists. AEL&P also has requested a 17.5-MW oil-fired gas turbine which it would use strictly for stand-by in the event of a loss of load at Snettisham.

Potential hydroelectric sites beyond Crater Lake would include Long Lake Dam, Lake Dorothy, Sweetheart Creek and Speel River, according to the Alaska Power Administration. AEL&P has proposed a cooperative study to look into future development of generation facilities to ensure the best use of the area's hydro resources.

Table 2 shows the Juneau area net generation and peak demand and the trend toward increased demand and declining MW generation capacity.

In other Southeastern communities, the State of Alaska has invested millions of dollars in hydroelectric projects at Swan Lake, Tye Lake and Terror Lake in an attempt to meet electrical demands in the long-term. (See articles on Southeastern hydro projects in this issue of AC&O.)

Electric power retains a commanding role in the development of Alaska, and will continue to spark construction activity for the foreseeable future. □

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