

**HB**

**497**



CHUGACH ELECTRIC  
ASSOCIATION, INC.

April 5, 1994

APR 8 1994

The Honorable Loren Leman  
Alaska State Senate  
State Capitol, Room 113  
Juneau, AK 99801-1182

Dear Senator Leman:

I am writing to request your support of **House Bill 497**, an Act relating to electric and telephone cooperatives, which was referred to the Senate State Affairs Committee and Senate Labor and Commerce Committee.

The Bill was introduced by Representative Joe Green on behalf of Chugach Electric Association and in effect is a housekeeping measure. It gives electric and telephone cooperatives the option of substituting the titles "Chairman" and "Vice-Chairman" for the current statutorily required "President" and "Vice-President".

The titles "Chairman" and "Vice-Chairman" are more familiar to financial institutions the cooperatives will deal with in the future. **House Bill 497** will assist cooperatives when they obtain financing by alleviating the misunderstanding which exists within the financial community with the current use of board officers titles.

I have attached the Chugach Position Paper for your information and should you have any questions about the legislation, we are available for your calls.

Sincerely,

A handwritten signature in cursive script that reads "Eugene N. Bjornstad".

Eugene N. Bjornstad  
Acting General Manager

Enclosure: Chugach Position Paper

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

**Chugach Position on HB 497**

Chugach Electric Association, Inc. (Chugach) strongly supports passage of HB 497 that will allow electric and telephone cooperatives to use the titles of "chairman" and "vice-chairman" for their top board officers. Under the current statute, the titles of President and vice-president are required for these officers.

In the past, Chugach and other electric cooperatives around the nation relied solely on the Rural Electrification Administration (REA) to provide capital for the construction of plant and other facilities. In recent years, the REA has decreased the amount of loan funds available to cooperatives, increased the interest rates for its loans, and forced the cooperatives to seek alternate financing.

In 1991, Chugach took advantage of legislation which allowed repayment of its REA debt prior to maturity without penalty. Chugach refinanced its REA debt through a public bond offering and became the first electric cooperative in the nation to sell bonds in the public market to replace REA debt. During the bond sale preparation Chugach's organizational structure was reviewed and scrutinized by a number of financiers and bond-rating agencies. Those organizations were confused with the board officers titles of President and vice-president which are different than what they experience in their dealings with private corporations.

As proposed, HB 497 offers electric and telephone cooperatives the option of changing board officers' titles if they so desire, but does not require them to do so. At five pages, the bill appears lengthy to accomplish such a minor change. However, this length is necessary to modify each of the individual references to the titles in the existing statutes, the bills only purpose.

Chugach believes that passage of HB 497 will allow financiers and other financial institutions to better understand the corporate structure of cooperatives and will allow Chugach and other cooperatives who must obtain financing from private sources to secure that financing at the lowest cost.

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**Anchorage, Alaska**

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## Alaska State Legislature

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INTERNATIONAL TRADE & TOURISM  
COMMITTEE  
ECONOMIC TASK FORCE

**Representative Joe Green**

### Sponsor Statement

**HB 497 "An act relating to electric and telephone cooperatives"**

HB 497 simply allows utility cooperatives to entitle their officers "president" or "chairman".

**Problem:** As restricted by current statute, the presiding officer of a utility board of directors must assume the title "president". Usually the president assumes the responsibility of day-to-day operations while a chairman or chairwoman presides over the board.

I have sponsored this bill at the request of the electrical cooperative that serves my district. At that utility, the day-to-day manager is called the general manager. The problem is, banks and other institutions with whom this person must deal pay little attention or respect to someone with the title of general manager.

**Solution:** This bill would allow, but not require, utilities to call the presiding officer of their board a chairman or chairwoman, which is the common title for such a position in today's business world. This would allow the day-to-day manager to be called a president. When the president of the utility calls for an appointment, it is my belief that he or she will be better received than a general manager. This would serve the utility well and the 65,000 cooperative members would benefit.

FISCAL NOTE

STATE OF ALASKA  
1994 LEGISLATIVE SESSION

No. 1  
Bill Version: CSSSHB 497(CRA)  
(H) Publish Date: 3/16/94

Revision Date: 3/10/97  
Title: "Officers of utility cooperatives"  
Sponsor: Rep. Green  
Requestor: Rep. Green

Department Affected: Commerce and Economic Development  
BRU: Boards and Commissions  
Component: Occupational licensing  
COMPONENT SERIAL NO. \_\_\_\_\_

Expenditures/Revenues:

OPERATING EXPENDITURES	FY 95	FY 96	FY 97	FY 98	FY 99	FY 00
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0

CAPITAL EXPENDITURES	0	0	0	0	0	0
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CHANGE IN REVENUES ( )	0	0	0	0	0	0
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FUND SOURCE

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GFMHTIA	0	0	0	0	0	0
Other	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

Estimate of current year (FY 94) cost: \$ 0

POSITIONS

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS: (Attach a separate page if necessary.)

Prepared by: Wendy Mulder, Office of Commissioner  
Division: Department of Commerce and Economic Dev.

Phone: 3/11/94  
Date: \_\_\_\_\_

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development

Date: 3/11/94

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