

Change needed at Chugach Electric

By RAY KREIG

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

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

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

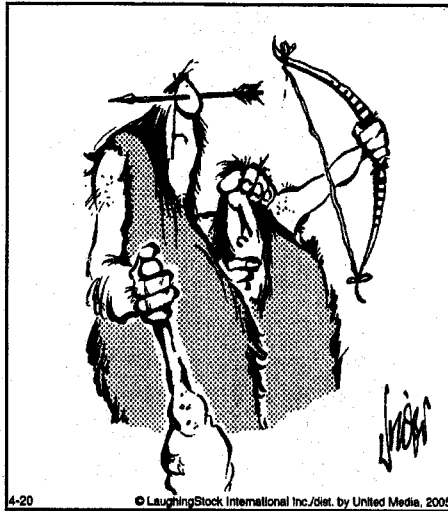
These arbitrators rarely take anything away. They tend to continue the contracts "as is" so it becomes practically impossible to reform abusive labor contracts such as those at Chugach while binding-interest arbitration controls the process.

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

For more information see www.ChugachConsumers.org

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

The Anchorage Times

Editors: **TOM BRENNAN**, 264-8191; **PAUL JENKINS**, 264-8192; **WILLIAM J. TOBIN**, 264-8193.
Associate editor: **JAN SINGYKE**, 264-8107 • P.O. Box 100040, Anchorage, AK 99510 • FAX: 907-264-8194
• e-mail: AnchTimes@alaska.net

The Voice of the Times does not represent the views of the Anchorage Daily News. It is published under an agreement to preserve the separate editorial voice of the former Anchorage Times.