

GLACIER ELECTRIC COOPERATIVE, INC.

POLICY NO. 103

DELEGATIONS OF AUTHORITY FROM THE BOARD OF TRUSTEES

TO THE GENERAL MANAGER

I. OBJECTIVE

To define the delegations of authority from the board of trustees to the general manager to enable him/her to adequately direct the operations of GEC and to report to the board on the results achieved.

II. POLICY

A. Planning

1. Policies

To formulate, with the staff as appropriate, the policies of GEC to be recommended to the board of trustees for their consideration.
The general manager shall review such policies at least once a year and a recommendation made to the appropriate committee or full board on any revisions required.

2. Objectives

To develop, with the staff, the viewpoints, objectives, and goals of GEC and to review periodically these objectives and goals, as well as the results achieved with the board or a committee of the board.

3. Long and Short Range Plans

To conduct studies with the staff and outside consultants, if necessary, and recommend to the board short and long-range plans, including plans in such areas as system studies, engineering work plans, power requirements and load forecasts, financial forecasts, energy management, member and public relations, construction, facilities, etc., and to report to the board on results compared to such plans.

4. Membership Meetings

To develop, with the staff, plans for annual and other meetings of GEC and to make appropriate recommendations to the board, or a committee of the board.

5. Work Plans and Budgets

To formulate, with the staff, annual work plans and budgets for GEC and recommend them to the board of trustees or a committee of the board for their consideration, and to provide detailed monthly reports on revenue, expenses, and other results compared to such plans.

6. Legislation

To analyze and determine, with the staff and in coordination with organizations such as the Montana Electric Cooperatives' Association (MECA) and the National Rural Electric Cooperatives Association (NRECA), state and federal legislative and regulatory matters to be proposed, supported, or opposed consistent with established board policy.

7. Retail Rates and Service Rules and Regulations

To periodically study and analyze the cooperative's rates and service rules and regulations to make sure they meet current operating requirements and to make appropriate recommendations to the board of trustees.

B. Organization

1. Organization Structure

- a. To periodically review activities of GEC and to determine, with the staff as appropriate, the organization structure best suited to carry out the overall objectives of GEC within the limitations of the budget.
- b. To determine, with the appropriate staff members the need for additional positions, the transfer, reassignment, or elimination of present positions, and to effect such changes, provided they are within the limitations of the personnel costs of the approved budget.

2. Selection of Personnel

- a. To develop or approve standards and qualifications for use in recruitment, transfer, and promotion of personnel. Such standards and qualifications should meet all federal and state legal requirements.
- b. To select, appoint, transfer, promote and terminate personnel.

3. Training

- a. To ensure that the staff members are trained in accordance with the qualifications and requirements of their positions.
- b. To initiate and promote, through appropriate staff, training programs for all personnel within the limitations of the approved budget, including sending personnel to training programs outside the organization.

4. Performance Appraisals

- a. To periodically appraise, the performance of immediate staff members and to counsel with them and assist them to develop and improve.
- b. To ensure that a performance appraisal program is established and carried out for all personnel.

5. Position Responsibility Guides

To ensure that written position responsibility guides are prepared and reviewed as necessary for all personnel. Such completed guides will not require board approval.

6. Fringe Benefits

To administer or approve activities and actions with respect to vacations, holidays, sick leave, and other fringe benefit programs for the personnel within the Employee Agreement and within the limitations of the budget. A report shall be presented annually to a committee of the board or to the full board describing various benefits and the employee and employer contribution if any, and what percent fringes are of payroll.

7. Consultants

- a. To recommend to the appropriate committee of the board, or to the full board, the employment of principal consultants other than the firm performing the independent financial audit, and contracts and agreements for their services with the committee making an appropriate recommendation to the board. The awarding of all contracts with consultants should comply with RUS/CFC policies and procedures. The selection of any consultants working in areas which affect the functions of the board requires the approval of the board.
- b. To select and appoint other outside specialized consultants, and to negotiate contracts or agreements for services of such specialized consultants, within the limitations of the work plan and budget, and to advise the board of actions taken.
- c. To report to the board periodically on services provided and the fees received by principal consultants.

8. Wage and Salary Administration

- a. To develop a systematic wage and salary plan and present it to the appropriate board committee for review and recommendation to the board, or present it to the full board for action.

- b. To determine all salary adjustments, except the general managers, within the limitations of the budget. Salary adjustments for the general manager shall be recommended to the board by a board committee, which shall conduct the appraisal annually and report to the board. A report is to be provided to the board annually on the administration of the wage and salary plan.
- c. To evaluate new positions and reevaluate existing positions, if their responsibilities and authorities substantially change, and as a result of such evaluation or re-evaluation, place these positions in the board approved wage and salary plan.
- d. To conduct labor surveys as necessary to determine salaries paid for comparable jobs in the area in which the cooperative recruits personnel and make appropriate recommendations to the board of trustees on any revisions required in the approved wage and salary plan.

9. Labor Relations

- a. To assist in negotiations with or without consulting assistance, a board committee reviewing the Employee Agreement and make appropriate recommendations to the board.
- b. To administer the approved Employee Agreement and see that the appropriate supervisors understand the provisions of the Agreement and its administration.

C. Operations

1. Overall Administration

- a. To direct the day to day operations and activities of GEC except as specified otherwise by the Bylaws or the board; to delegate authority to immediate staff; to authorize further delegation of authority to any level of management with full recognition that the general manager cannot be relieved of overall responsibility or accountability.
- b. To manage operations of GEC in accordance with the policies of the board and in accordance with policies and procedures of RUS/CFC and other lending institutions; as well as applicable federal, state, and local laws.
- c. To designate an appropriate person to serve as an acting general manager in an extended absence of the general manager. In case the general manager becomes incapacitated, the board's executive committee will appoint someone to serve as acting general manager until the board of trustees takes appropriate action at a meeting to be convened as soon as possible.

- d. To ensure that staff advice and assistance is provided to the board and its committees, and to participate in the deliberation of these committees as requested or required.
- e. To accept invitations to participate in or designate other staff members to participate in national, regional, state, and local meetings which further the best interests of GEC, within the limitations of board policy and the approved budget. Participation by the general manager in such activities, which require considerable time over a sustained period, requires the approval of the board. The general manager's serving on the board of other organizations shall be reported to the board.
- f. To serve as the authorized spokesperson for GEC and to keep the board up to date and well informed on such matters.

2. Membership Services

To direct membership services in such areas as, but not necessarily confined to, public and member relations, load management, energy conservation, marketing, communications, and research as authorized by the board.

3. Legislation

- a. To develop and carry out, in coordination with organizations such as the Montana Electric Cooperatives' Association (MECA), NRECA, and within board policy, a legislative program for furthering GEC's objectives and policies. Such a program will include but not be limited to, research, preparation, and presentation of testimony before appropriate committees, consultation with members of Congress, the State Legislature, and state and federal administrative and regulatory agencies.
- b. To participate with allied groups to obtain their increased understanding and support of GEC's legislative and regulatory objectives and programs.

4. Financial

- a. To make expenditures in accordance with the approved budget, including approval of non-budgeted items up to \$20,000 or all non-budgeted items which, in his judgement are vital to effect unanticipated emergency maintenance or repairs. Non-budgeted items exceeding \$20,000 which are not items vital to effect unanticipated emergency maintenance or repairs, must be presented to the board for approval.

- b. To invest or reinvest funds, cash investments when due, and cash government bonds, when and if necessary to protect GEC's cash position and to carry out an effective cash management program. Investments will generally be made in CFC securities, or in other securities approved by the lending agencies.
- c. To authorize and approve the travel expenses of personnel except the general manager's on company business within the limitations of the budget and within established policy. Such expenses shall be supported by itemized expense accounts with receipts attached, as appropriate. Expenses of the general manager will be reviewed by the Treasurer.
- d. To approve accounting systems, procedures, statistics, and types of reports necessary for sound financial management and to meet the requirements of lending and regulatory agencies and for necessary control information required by the board.
- e. To purchase or lease all equipment, vehicles, hardware, furniture, materials, and supplies within the guidelines of the budget. All purchases shall comply with RUS/CFC policies and procedures. All purchases of major equipment or large quantities of materials for transmission or distribution lines, substations, and associated facilities shall be done with competitive bids when applicable.
- f. To negotiate contracts for construction in accordance with RUS/CFC procedures, with such contracts to be submitted to the board for approval. Once approved, the contracts will be awarded in accordance with RUS/CFC procedures so construction completed can be reimbursed from loan funds without delay.
- g. To execute and deliver purchase orders or contracts for projects previously approved by the board.
- h. To approve and sign changes under contracts previously approved by the board and RUS/CFC if less than \$100,000. Those in excess of \$50,000 are to be reported to the board at the next board meeting and all changes are to be approved by RUS/CFC as appropriate or required.
- i. To determine insurance coverage's required for effective risk management and to negotiate purchase of such coverage.
- j. To authorize individual memberships in civic clubs and organizations in which he/she thinks membership of him/herself or staff members would be beneficial and to authorize payment of dues by GEC within the limitations of the budget.

- k. To execute and deliver on behalf of GEC agreements essential to the management of the cooperative, such as affidavits, agreements, and leases.
- l. To negotiate franchises and execute all petitions and documents in relation thereto; to acquire and if necessary purchase or lease easements and substation sites and execute with board approval, deliver and accept all documents related thereto; to execute and deliver all environmental studies and reports; to make application for all permits relating to the operations of GEC; to design, route and determine the site for all facilities.
- m. To perform all acts necessary or incidental to the management of the operations of GEC, unless such acts are specifically reserved to the board pursuant to law, the Articles of Incorporation, the Bylaws, or policies.

5. Controls

a. Operations

To submit periodic and special reports to the board on conformity of operations with approved policies and programs; to recommend any revisions requiring board approval and to direct any remedial action required.

b. Finances

To submit periodic and special financial reports to the board to keep them informed of GEC's financial position and conformance to financial plans and forecasts, and to see that all persons having access to cash or responsible for purchasing materials are properly bonded in accordance with all the requirements of the lending agencies.

c. Budgets

To report monthly to the board on revenues and expenditures compared to the budget. To recommend any revisions required, and to direct any necessary remedial action.

d. Annual Financial Audit

To participate with the board in the review, with the auditor present, of the annual financial audit and management letter and to direct any remedial action required and to ensure that the management letter, along with the Audit Report, is sent to each board member prior to the meeting at which they are to be discussed.

e. Materials Management

1) To determine the amount of and establish proper control of all physical inventories to minimize investment in inventories needed for operating and construction needs.

2) To ensure that a system is established to accurately account for all material used.

f. Member Complaints

To submit periodically to the board an analysis of member complaints and to take any corrective action required or to recommend appropriate revisions in board policy.

g. Member Meetings

To report to the board an analysis by the general manager and his/her staff of effectiveness of annual and other member meetings with recommendations on any improvements which can be made.

h. Reliability of Service

To submit annually to the board a report on service reliability and any remedial action taken.

i. Bylaws

To report to the board, or a committee of the board, on annual review with the general counsel of the Bylaws and to recommend any revisions required.

j. Availability of Power Supply

To report periodically to the board on load growth compared to the power requirements studies and to recommend plans to meet anticipated growth to ensure an adequate and reliable supply for the members at the lowest possible cost consistent with sound business and management practices.

k. Rates

To continually study power and other costs compared to projections and to recommend to the board, as far in advance as possible, any changes in retail electric rates necessary to maintain financial strength and stability and to meet all requirements of lending and regulatory agencies.

l. Construction

To review construction practices with appropriate staff to make sure projects are being constructed in accordance

with RUS/CFC policies and procedures so that reimbursement for completed construction can be obtained promptly, or as necessary.

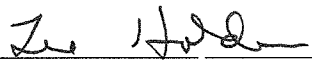
m. Internal Auditing

To independently assess the adequacy, effectiveness, and efficiency of the systems of internal control with the organization and the quality of ongoing operations against policies and procedures established by management and/or the board of trustees, and mortgage requirements of RUS/CFC and other lending institutions; as well as applicable federal, state, and local laws.

III. RESPONSIBILITY

- A. The general manager shall report to the board periodically on how these delegations are being carried out. The general manager may make further delegations to his/her staff as required.
- B. The board is responsible for approving any changes in the delegations to the general manager.
- C. The president shall be responsible for seeing that the performance of the general manager is appraised each year by the executive committee of the board and that a report is made at the next regular board meeting to the full board, on the results of such appraisal, and that the results of such appraisal are discussed with the general manager.

11/16/04
Date


President

1-31-01 Amended: II. A. 1. adding "or full board."

II. B. 4. a. added "periodically" and deleted "at least annually."

II. B. 5. changed "Descriptions, and job specifications" to
"Responsibility Guides."

II. B. 6. added "or to the full board."

II. B. 8. added "or present it to the full board for action."

II. C. 5. m. changed "laws" to "mortgage requirements."

Also changed "Electrification Administration" to "Utilities Service"
throughout the policy.

10-27-04 Amended: III. C. replaced December with next regular board.