

POLICY NO. 1-3

DELEGATION OF AUTHORITY FROM THE BOARD OF DIRECTORS
TO THE CHIEF EXECUTIVE OFFICER

I. OBJECTIVE

To delegate authority to the chief executive officer and to express the board's expectations regarding managerial performance.

II. POLICY

The chief executive officer is the chief operating officer of the company, responsible for day-to-day operations. To enable the company to achieve its mission, the chief executive officer shall:

A. Planning

1. Identify the mission, objectives and strategic priorities of the company by periodically engaging in a planning process with the board.
2. Develop policies to be recommended to the board for its consideration.
3. Develop plans and budgets for conducting studies, market research or needs assessments for recommendation to the board for approval. Develop action plans and reports in such areas as load forecasts, power requirements, financial plans, energy management and marketing plans, and engineering requirements.
4. Develop plans for annual and other member meetings of the company and make appropriate recommendations to the board regarding the conduct of such meetings.
5. Develop long-range financial plans, cash management plans, and work plans and budgets for recommendation to the board, and provide periodic reports on revenue, expenses and other results compared to such plans.

6. Analyze and determine in coordination with the statewide and the National Rural Electric Company Association, state and Federal legislative and regulatory matters to be proposed, supported or opposed.
7. Periodically analyze the system's rates and service rules and regulations to make sure they meet operating requirements and make appropriate recommendations to the board.

B. Organization and Human Resource Management

1. Review activities of the company and determine the organization structure best suited to carry out its objectives within the limitations of the budget, including recommending the need for addition or deletion of positions.
2. Insure that written position descriptions and job specifications are prepared and reviewed as necessary for all personnel. Such completed descriptions will not require board approval.
3. Develop or approve standards and qualifications for use in recruitment, transfer and promotion of personnel, and select, appoint, transfer, promote and terminate personnel.
4. Ensure that staff members are trained in accordance with the qualifications and requirements of their positions.
5. Appraise, at least annually, the performance of immediate staff members, and ensure that a performance appraisal program is established and carried out for all personnel.
6. Develop and propose a compensation plan for board approval.
7. Determine all salary adjustments, except the chief executive officer's within the board-approved compensation plan and policy and within the limitations of the budget. Salary adjustments for the chief executive officer shall be determined by the board.
8. Negotiate, with or without consulting assistance, labor contracts and make recommendations to the board. Administer the approved labor contract and see that the appropriate managers and supervisors understand the provisions of the contract and its administration.
9. Authorize and approve travel expenses of personnel (except the chief executive officer'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 chief executive

officer will be reviewed by the Director and Chief Executive Officer Expense Committee or the board.

10. Select and appoint consultants to provide advice and assistance within the limitations of the work plan and budget, and advise the board of actions taken. The selection of consultants working in areas which affect the functions of the board requires board approval. Report to the board periodically on services provided and the fees received by consultants.

C. Operations

1. Direct day-to-day operations of the company except as specified otherwise by the bylaws or the board of directors; delegate authority to immediate staff; authorize further delegation of authority to any level of management with full recognition that the chief executive officer cannot be relieved of overall accountability.
2. At the October board meeting of each calendar year, the chief executive officer will recommend an employee to serve as acting chief executive officer, in the event the chief executive officer becomes incapacitated. This recommendation will become effective upon the approval of the board.
3. Participate in national, regional, state and local meetings which further the best interests of the company, within the limitations of board policy and the approved budget. Participation by the chief executive officer in such activities which require considerable time over a sustained period requires the approval of the board. The chief executive officer's serving on the board of other organizations requires the prior approval of the board.
4. Serve as the authorized spokesperson for the company.
5. Administer the approved budget, including approval of non-budgeted, which are vital to effect unanticipated emergency maintenance or repairs. Non-budgeted items which are not vital to effect unanticipated emergency maintenance or repairs, must be presented to the board for approval.
6. Determine insurance coverage required for effective risk management and negotiate purchase of such coverage within the limitations of the budget and board policy.
7. Recommend memberships in civic clubs and organizations and company memberships in local organizations in which membership would be beneficial to the company.

D. Reporting to and Working with the Board

1. Develop with the board chairman a schedule of topics to be discussed and reports to be presented to the board to ensure that adequate attention can be devoted to strategic issues and challenges.
2. Develop with the board chairman an agenda for each board meeting to ensure that issues are discussed in a timely fashion. Ensure that the agenda reflects the distinction between informational items and action items that involve future issues that must be addressed.
3. Report to the board on conformity of operations with approved policies, plans and budgets, and recommend revisions requiring board approval. Periodic and special reports include:
 - a. Status of the long-range financial plan, including capital credits, equity management and rate competitiveness
 - b. Reports on electric service reliability
 - c. Reports on consumer satisfaction
 - d. A review of the bylaws, board policies or legal issues
 - e. Safety/Loss Control
 - f. Others as appropriate

III. RESPONSIBILITY

- A. The chief executive officer shall report to the board on how these delegations are being carried out. The chief executive officer may delegate any of the foregoing authorities to the acting manager.