

Alaska Energy Authority  
**BOARD MEETING MINUTES**  
**January 13, 2011**

Anchorage and Juneau, Alaska; and Koh Lanta, Thailand

## **1. CALL TO ORDER**

Vice-Chair Michael T. Felix called the meeting of the Alaska Energy Authority to order on January 13, 2011 at 1:20 p.m.

## **2. ROLL CALL: BOARD**

A quorum was established.

Members present: Vice-Chairman Michael Felix (Public Member); Susan Bell (Commissioner, Department of Commerce, Community, and Economic Development); Jerry Burnett (Deputy Commissioner, Department of Revenue); and Gary Wilken (Public Member).

Participating via teleconference from Koh Lanta, Thailand: Robert Sheldon (Public Member).

## **3. AGENDA APPROVAL**

The agenda was approved as amended. (Legislative matters would be discussed in executive session under Director's comments).

## **4. ROLL CALL: STAFF, PUBLIC**

Staff present in Anchorage: Mike Harper (AEA Acting Executive Director); Ted Leonard (AIDEA Executive Director); Peter Crimp (Deputy Director-AEEE); Valorie Walker (Deputy Director-Finance); Sara Fisher-Goad (Deputy Director-Operations); Chris Anderson (Deputy Director-Commercial Finance); Bryan Carey (Project Manager); Jim Strandberg (Project Manager); Chris Mello (Program Manager); Doug Ott (Project Manager); Christopher Rutz (Procurement Manager); Shauna Howell (AEA Executive Assistant); May Clark (Administrative Assistant).

Others present in Anchorage: Brian Bjorkquist and Mike Nave (Department of Law) and Paul D. Kendall (Public).

Participating via teleconference: Christopher Clark (Representative Neil Foster's office-Juneau); Robin Taylor (Senator-retired); Ernie Kit Christian (Coalition in Wrangell); Rhonda Dawson (Wrangell); Paul Southland (Alaska-Canada Energy Coalition); Bob Loescher (Sealaska Native Corporation); Duff Mitchell (Juneau); Albert Howard (Mayor, City of Angoon) and Brett Allieo (Sitka).

## 5. PUBLIC COMMENTS

Paul Southland, Special Project Director of Alaska-Canada Energy Coalition spoke about the ACEC, a project to move the AK-BC Intertie forward into Southeast Alaska through the Bradfield Canal. Mr. Southland said Canada completed their EA process and is moving the Northwest transmission forward. He stated that Wrangell supports moving to Stage 2 of the AK-BC – and that they were told years ago that if they could find a committed IPP to produce low cost power and if Canada moved forward and the communities agreed, AEA would move to Phase 2 of the study. Mr. Southland stated there is \$253,000 available in AEA's budget and AEA had offered to help with an organizational meeting in Wrangell. Mr. Southland said there will be a conference in Juneau on February 17 and it's important for AEA to participate. They introduced Mr. Christian's letter asking for AEA's participation and are hoping that AEA will be a part of this process. They have also been in contact with both the Governor's and Lieutenant Governor's office. Mr. Felix stated the Board would consider that request.

Mr. Christian added the Wrangell Coalition has moved forward in 2008, but were waiting for the Canadians to move forward which they have done. They are starting construction of a line and will have it energized by 2013. They are looking at a short intertie line from Lake Tyee Hydro Facility to provide low cost energy to all of the communities in Southeast Alaska. The Intertie is 23 miles from the border and would create a new economic sector in Southeast Alaska – jobs and energy security for both Alaskans and Lower 48 once connected. They request AEA to consider supporting the energy conference in Juneau on February 17 and would like to see AEA commit in terms of time and energy.

Retired Senator Robin Taylor said the project is costing the Canadians between \$.5 and \$.75B to build. He said that without new energy development bringing some life blood and some utilization of resources into Southeast Alaska, you can write off towns like Wrangell, Angoon and other little villages, some still burning diesel because they can't utilize and access hydro resources in the region. He stated that we're still running a ferry system that is bankrupted because we won't build 23 miles of road to connect to the Canadian road grid, exactly the same right-of-way necessary to go from Tyee Power Plant – 23 miles to the border. That would make the Swan-Tyee Lake Hydro Project and intertie economically viable -- the Canadians aren't waiting for anyone. The Federal Government created the Tongass National Forest over a hundred years ago and in that creation they specifically designated hydro projects throughout Southeast Alaska. He said we're trying to build the power line into Southeast Alaska to make all those hydro projects economically viable – creating jobs and low cost energy for the regions and a sustainable economy.

Rhonda Dawson said AEA held a meeting in Wrangell two years ago where AEA Program Manager, Mr. Strandberg and former Director Mr. Haagenson addressed the community, stating that the AK-BC funds were being held on reserve. Mr. Strandberg suggested at that time to organize, develop a plan, come together. Canada wasn't doing much at the time so these monies would be kept on hold until Canadians showed differently. Now two years later – Wrangell has kept its word – we have moved forward and have done what was asked of us. AEA should honorably do the same – the time is now to move forward. We have easily accomplished what was asked of us and have taken AEA's advice and become an energy force with over 600 members. We need to move forward with job security for all Alaskans and again ask AEA to join us. Last year our first day's conference in Wrangell was attended by the Governor's staff, community leaders and government representatives from Southeast Alaska and Canada. All three members of our Congressional Delegation support the AK-BC and we have 23 letters of support

from communities in Southeast organizations. We expect between 100 and 200 business and government leaders to attend the "Time is Now Conference" February 17. We have the Governor and Lieutenant Governor stating that Alaskans must take back our state and develop our resources to create jobs and prosperity and we agree. We ask for AEA's promised support given two years ago and to make good on it – do the right thing and immediately release \$10,000.00 or more as a symbol of your support for what we have accomplished at your request. AEA has been keeping funds for the AK-BC on reserve. We ask AEA to co-sponsor the February 17 conference and join us. Further information can be obtained at [www.acecoalition.com](http://www.acecoalition.com).

Bob Loescher said they have been working with the Canadians and that people in our rural communities are anxious about the economy in our region, and energy is critical to going forward. We believe our partnership with Wrangell and the Canadians will create economic opportunities – we have something the Canadians need and the business of creating new sources of energy and transmission lines will benefit rural communities in our region. We hope that AEA can realize they can make a difference in the vitality of all of Southeast Alaska if they join the effort of the AK-BC line. The moment is now to respond to the Canadian's initiative and have a business plan on the American side for hooking up energy to our grid systems.

Duff Mitchell said he helped lobby for the original \$2M in 2006 for what was then the Alcan Intertie. He said there were some bad assumptions made on the study done – the oil was pegged at \$68.00 and the study had an assumption that was locked in that you could not sell any surplus electricity for more than 2.6 cents – so in his mind it was skewed. He asked the Board to consider agreeing with the passion and the public ability to form and organize together to pursue their dreams. He said their region doesn't have industries – just tourism and a little mining – that this is a big deal for us as it will create a paradigm shift because there are over 50 power sites in Southeast Alaska. We are asking AEA to help us create economic security, jobs and well-being for our region.

Albert Howard stated he supports the AK-BC Intertie mainly from an economic standpoint. The federal government says they are running out of money and the State of Alaska will eventually run out of money – we have a community with 80% unemployment and we're trying to find solutions. If we can create more jobs as well as get the cost of energy lowered, the best government is the closest to the people. No one understands our situation better than we do because we live it. Mr. Howard stated that the AK-BC has a solution to a problem, and that if allowed to continue with work, this helps Wrangell to survive and then it branches out and the rest of Southeast will survive.

Paul D. Kendall said hydrogen fuel has now begun. The rest of the world is on the move and Alaska has a chance to lead this and if you have a hydrogen problem you need to inform the scientific researchers and not citizens. He said base loads on a thousand gallons of gasoline for residential dwellings along with the electricity and heat, the BTU conversion was 10-16 times. This is unsustainable. 13% of the American leading CEOs believe that power will be de-centralized by the year 2050. This is not only an impact to the economy, but it is staggering to young nations like Alaska. Energy is a world issue and is expected to increase 50% in the next 10-20 years – this is a misrepresentation of the facts. In converting those BTUs to all electric vehicles – if the public knew that their energy requirements for their dwelling, their family and their loved ones – if they knew that that was the portion of wealth that was being determined – they would say enough is enough. Alaska has the capacity to understand this history – the general public is now waking up to this. These are paradigms that require mind sets – to build your infrastructure quickly and begin to prepare for a multitude of new capital readjustments and redefinitions. Two major sectors are moving quickly – military and residential – these are going places the likes of which men used to

dream about and in doing that I hope to come before your Board – some of us are concerned that our leaders are not going to bring it as they are too attached to the money. They have forgotten that the will of America was to be a more free people. We have to have faith and trust in each other but we are lacking in the research – I propose that you build water testing tank facilities in Juneau, Anchorage and Fairbanks. When you look at the bodies of water and hydrogen connection – no other energy exists without the hydrogen application. We need centers where people can come and feel relaxed. We should be looking at formulas for accountability. If we let the oil companies go away and realize our new future, we will be better.

## **6. PRIOR MINUTES**

The minutes from November 22, December 3 and December 15, 2010 were approved as amended.

## **7. NEW BUSINESS**

### **7 A. Update on Executive Director Recruitment**

Commissioner Bell stated in early December the Board received input in looking at a revised position description with AEA staff assistance in the solicitation process that ended December 22. AEA staff collected the resumes that have been held confidential to other staff and public. She and Mr. Felix comprised the search committee and have reviewed resumes submitted to date. Confidentiality and the disclosure of the applicants became an issue and the Department of Law determined that once the process had begun, the applicants' identities would become public. Therefore, the applicants were given the choice to remove their names by the close of business today. Once we know what our final pool is then the applicants will be asked to respond to some interview questions, which we will craft, with Board input. Following that will be a short list of applicants, ending in two or three to be interviewed. Mr. Felix said he didn't believe we were required to publish the short list, but we are obligated to produce the names of the people that are on the short list if we are asked, subject to a formal request. The initial pool of applicants was around two dozen. Mr. Felix pointed out the Board had the opportunity to add to the position description and the applicants fit into this. The process should be completed by the third week of February.

Mr. Bjorkquist stated once we reach the interview stage, it will be subject to the Open Meetings Act. Personal, confidential information topics would be appropriate for executive session; however, the person has the right to ask that the interview be in public, so we can start with the premise that we're going to be in executive session for the interview giving the individual the opportunity to ask that it be in public instead.

Commissioner Bell said Mr. Felix will send the proposed interview essay questions to the Board and then the applicants will be given 7 to 10 days to respond to the questions. Mr. Felix stated we are pushing the process forward as best as we can.

## **8. DIRECTOR COMMENTS**

Mr. Harper said the Governor's top priorities in the Legislature include the Susitna project. We clearly have direction and leadership for moving forward on this project.

### **8 A. Renewable Energy Fund Round 4 Results Overview:**

Mr. Crimp stated he has been managing the Renewable Energy Fund for the last three years. In Round 4 AEA is recommending 77 projects totaling \$36.5 million for Legislative funding. We received 108 total projects and approximately one-third are being recommended for funding. Approximately one third are being recommended for partial funding and one-third are recommended for no funding. The selection process can be reviewed later. Mr. Felix said he would be interested in doing that at our work session. Mr. Crimp said he would be happy to compare summary stats and give an overview of the existing three rounds of projects. Mr. Felix agreed this should be included in the upcoming Board work session. Mr. Crimp agreed and pointed out the intent of the Legislature was \$50 million per year. The Governor's budget has \$25 million for appropriation so we ended up not through design but halfway in between. Mr. Felix stated we want to make sure that we stay on point with the mission, but also that the mission of AEA is broad enough to be able to do not just construction but maybe research, i.e., what that field looks like for us – what's in the purview so that we can begin to broaden our scope in renewable energy projects, research, construction, etc.

### **Large Hydro Update**

Mr. Harper said the Legislature created the Emerging Energy Technology Fund that AEA will administer in the amount of \$5M looking for new ideas to bring down energy costs in the state.

Mr. Carey, AEA Project Manager, will update the Board on the Susitna project and answer questions. The Governor spoke to the Rotary this week and named Susitna as one of his top priorities.

Mr. Carey said AEA currently has four environmental contractors on board right now doing environmental studies during the next six months. They are to find data gaps regarding wildlife and aquatics in the Susitna River Basin and will be working in conjunction with the resource agencies. Once we have the data gaps, we will put together a study plan. Before a license is issued, they will want to know details of all resources available and how the hydro project will possibly impact those resources, specifically impacts to salmon 100 miles downstream of the project and how it will affect caribou migration. The data gaps will be evaluated and studied during the next year. In December we received proposals for engineering services; they are being evaluated and we expect to make an award within the next week. Once the engineering firm is selected, we will prioritize engineering studies that need to move forward. If we receive authorization to move ahead then we will be able to apply all the preliminary application documents which start later this year.

Mr. Wilken asked what will be done with the \$65M once it's appropriated. Mr. Carey said the environmental studies will be very expensive and we will also be able to go back in and perform the geotechnical work. Environmental studies and the geotechnical work will cost tens of millions of dollars and the amount of work that has to be done will quickly consume \$65M.

Mr. Wilken asked if the millions of dollars' worth of studies on the shelf from 1986 could be used in the research. Mr. Carey said our environmental contractors will be reviewing all that information. Prior to licensing, the resource agencies will want to know all the known impacts and how we are going to mitigate for them. There are salmon downstream 50 to 100 miles and they are going to want to know exactly how, by altering the river flows, if there are possible impacts to them. They will want to know about lower river flows during the summer, nesting shorebirds, or more moose trails downriver. Very extensive environmental studies must be performed. The old studies will be a lot of help. If we didn't have them, we'd be looking at an area of the state that didn't have the

background information which would require more time and money. Mr. Wilken asked if the effort to get hydropower defined under federal law as renewable is something we track. Mr. Carey said we don't formally track it, but receives the emails where various organizations are attempting to try and change it. Mr. Wilken asked if there was someone in the state that might be the person tracking that. Mr. Carey said that would be more of a political question, left to political leaders.

#### **EXECUTIVE SESSION – 2:16 p.m.**

The Board reconvened its regular meeting at 2:30 p.m. Mr. Bjorkquist stated that everything was kept on topic and appropriate for executive session.

#### **8 B. Work Session for new Board members**

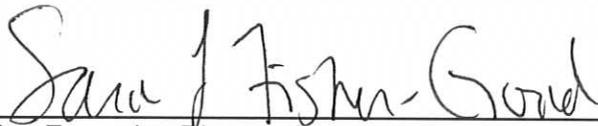
Mr. Harper stated the work session will be held on February 23, 2011 from 10:00 a.m. to 5:00 p.m. Mr. Felix said he would prefer 9 a.m. to 4 p.m. Mr. Harper said the project managers from AEA programs will be in attendance. Mr. Felix said we would work on the agenda.

#### **9. BOARD COMMENTS**

Mr. Felix said he was looking forward to the work session to understand the procedures.

#### **10. ADJOURNMENT**

There being no further business of the Board, the meeting was adjourned at 2:33 p.m.



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Mike Harper, Acting Executive Director/Secretary  
Alaska Energy Authority