

Alaska Energy Authority  
DRAFT BOARD MEETING MINUTES  
Thursday, November 6, 2014  
Anchorage, Alaska

**1. CALL TO ORDER**

Chair Dick called the meeting of the Alaska Energy Authority to order on November 6, 2014 at 10:09 a.m. A quorum was established.

**2. ROLL CALL: BOARD**

Members present: Chair Russell Dick (Public Member); Vice-Chair Dana Pruhs (Public Member); Susan Bell (Commissioner of the Department of Commerce, Community and Economic Development (DCCED)); Michael Pawlowski (Deputy Commissioner, Strategic Finance, Department of Revenue); Crystal Nygard (Public Member); and Gary Wilken (Public Member).

**3. ROLL CALL: STAFF, PUBLIC**

Staff present: Sara Fisher-Goad, Michael Lamb, Sandra Moller, Sean Skaling, Josh Craft, Tom Erickson, Emily Ford, Jennifer Haldane, Dan Hertrich, Cady Lister, Andrew Morton, Kris Noonan, Rich Stromberg, and Teri Webster (AEA); Brian Bjorkquist, John Ptactin (Department of Law);

Others present: Miranda Studstill (Accu-Type Depositions); Elwood Brehmer (Alaska Journal of Commerce); Alan Bailey (Petroleum News); Kathy Eldemar (Rep. Isaacson office - phone); John Self (Wells Fargo - phone).

**4. AGENDA APPROVAL**

The agenda was approved.

**5. PRIOR MINUTES - June 26, 2014, July 31, 2014**

**MOTION: A motion was made by Vice-Chair Pruhs to adopt the minutes of June 26, 2014, and July 31, 2014, as amended. Motion seconded by Ms. Nygard. Motion passed.**

**6. PUBLIC COMMENTS**

None.

**7. NEW BUSINESS**

## **7A. Wind Program overview**

Ms. Fisher-Goad introduced Director Sean Skaling, who provided a detailed PowerPoint on the Wind Program overview. Ms. Fisher-Goad stated much consideration has been given to appropriate and effective integration of wind into diesel systems for small communities. She noted the diesel powerhouse entities have been very open and proactive on making the wind systems work. Improvements to the programs continue, with renewable wind energy being able to displace diesel in communities, but not necessarily to replace diesel in those communities.

Mr. Skaling provided a high level explanation of the Wind program and its activities. There are currently 24 operating wind projects in Alaska, with 45 active Renewable Energy Fund (REF) grants in all phases. Mr. Pawlowski requested a break-down of stages of those 45 active grants. Chair Dick requested that break-down be provided to the Board in the form of a summary report.

Mr. Skaling informed in 2013, the REF operating wind energy projects saved about eight million gallons of fuel.

Mr. Noonan, Program Manager for Rural Energy, discussed the challenges and improvements seen with the REF project in Unalakleet. A new power plant was designed and constructed to fully integrate and utilize the capacity of the six wind turbines. The project in St. George is on a similar important process to system integration. Mr. Skaling explained Kodiak utilizes an integrated wind and hydro system. Kodiak generates 99.7% renewable energy. There have been 6.3 million gallons of diesel saved through the life cycle of the Kodiak wind program.

Mr. Skaling stated there have been lengthy examinations of the economic factors involved in building wind for the purpose of producing electrical heat for homes and buildings. The results show the variables are community-specific and the hurdles are high if distributed heaters are placed all around the community. Generally a better alternative for the excess electricity is placement into a large public building's heating system via an electric boiler, or adding the heat to a community heating loop.

Mr. Skaling explained operations and maintenance (O&M) is critical to the success of the operation and AEA is actively involved in ensuring maintenance through grants. Kodiak has provided wind mechanics training to all of their diesel mechanics. Priorities for the Wind program include, providing community technical assistance, partnering with Alaska Center for Energy and Power (ACEP), and conducting cold climate SpiDAR and icing testing.

Mr. Wilken asked how recognition of the investment the state has made get accounted for and passed through to the consumer regarding O&M and/or recognition of a depreciating asset. Mr. Skaling explained the grants will buy some portion of the infrastructure to go into place, with the agreement the grantee owns and operates the infrastructure for its economic lifetime. AEA requires the grantees to submit a maintenance schedule and operations plan.

Mr. Wilken asked specifically about the procedure in Unalakleet. Mr. Noonan explained Unalakleet rolls the overall O&M costs into their overall rate generated through the local utility. Mr. Wilken asked where is it delineated when the state no longer participates in O&M. Mr.

Skaling informed when the grant is closed, the ownership is responsible for the O&M. The assurances of O&M remain for the life of the project.

Commissioner Bell requested clarification on the statement AEA has ramped up maintenance verification. Mr. Skaling noted AEA is more actively engaged now that multiple systems are running. Ms. Fisher-Goad stated AEA has a group of technical assistants to follow through with the maintenance verification.

**MOTION: A motion was made by Vice-Chair Pruhs to go into Executive Session to discuss confidential information related to the Susitna-Watana Administrative Claim and the FY 2016 budget. Motion seconded by Mr. Pawlowski. The motion was approved.**

**7B. Executive Session - Susitna-Watana Administrative Claim: 10:44 am.**

The Board reconvened its regular meeting at 11:54 am.

Chair Dick advised no formal action was taken during executive session.

**8. DIRECTOR COMMENTS**

Ms. Fisher-Goad stated they had great conversations with the utilities and Southeast Conference regarding energy planning surrounding the Alaska Affordable Energy strategy in Southeast Alaska.

**8A. Next regularly scheduled meeting, Tuesday, December 16, 2014**

**9. BOARD COMMENTS**

Chair Dick expressed his appreciation to Ms. Fisher-Goad and her team for their continued effort as they address the many difficult issues.

**10. ADJOURNMENT**

There being no further business of the Board, the AEA meeting adjourned at 11:55 am.