

**ALASKA ENERGY AUTHORITY  
BOARD OF DIRECTORS  
August 8, 2003 – 11:00 a.m.  
Anchorage and Juneau, Alaska  
Teleconference**

**1. CALL TO ORDER**

Chairman Barry called the meeting of the Alaska Energy Authority to order on August 8, 2003, at 11:00 a.m. A quorum was established.

**2. BOARD OF DIRECTORS ROLL CALL**

Directors present in Anchorage: Mr. Mike Barry (Chairman/Public Member), Commissioner Mike Barton (Department of Transportation and Public Facilities), Mr. John Winther (Public Member), and Commissioner Edgar Blatchford (Department of Community and Economic Development).

Directors present in Juneau: Deputy Commissioner Tom Boutin (Designee for Department of Revenue).

**3. PUBLIC ROLL CALL**

Staff present in Anchorage: Ronald W. Miller (Executive Director), James A. McMillan (Deputy Director-Credit), Valorie Walker (Deputy Director-Finance), Brenda J. Fuglestad (Administrative Manager), Sara Fisher-Goad (Financial Analyst), Lynn Kenney (Development Specialist), Mike Harper (Deputy Director-Energy), Chris Mello (Program Manager), and Reuben Loewen (Project Manager).

Others attending in Anchorage: Brian Bjorkquist and Mike Mitchell (Department of Law), Mark Foster (Consultant).

**4. PUBLIC COMMENTS**

There were no public comments.

**5. PRIOR MINUTES – June 30, 2003**

The June 30, 2003 minutes were approved as presented.

**6. OLD BUSINESS**

There was no old business.

## **7. NEW BUSINESS**

Mr. Miller said he emailed the Board members a copy of a Memorandum of Agreement between the Denali Commission, the Alaska Energy Authority and the Regulatory Commission of Alaska regarding Sustainability of Rural Power Systems.

Chairman Barry said a meeting took place with the Denali Commission and the purpose of the memorandum is to set in place a process for dealing with the utilities that are failing to meet their obligations under the program. Chairman Barry recommended that the Board support this agreement.

**MOTION: Commissioner Barton moved to authorize the execution of the Memorandum of Agreement regarding Sustainability of Rural Power Systems between the Alaska Energy Authority, the Denali Commission, and the Regulatory Commission of Alaska. Mr. Winther seconded the motion. There being no discussion, the question was called. A roll call vote was taken and the motion passed with Messrs. Blatchford, Boutin, Barry, Winther, and Barton voting yea.**

## **8A. Director's Status Report of AEA Programs and Projects**

Mr. Harper briefed the Board as to the draft energy plan that is being circulated to communities around the state for comment.

In response to Board questions, Mr. Harper said there is consideration for fuel cells in the rural areas of Alaska; however it is not something that has progressed significantly. He said that staff is waiting to see the results of Chugach Electric's fuel cell project before going forward.

Chairman Barry commented that the Federal Administration is facing a national energy policy on fuel cells. He said that it would seem that in a rural area a fuel cell would make more sense than in an urban area where there is lesser costs.

- **Bulk Fuel Program**

Mr. Mello gave the Board a brief history of the Bulk Fuel Upgrade Program. He said the program evolved through the oil pollution act of 1990 after which compliance standards were issued. The United States Coast Guard and the Environmental Protection Agency agreed to a moratorium on the enforcement of the compliance standards, as many of the tank farms throughout rural Alaska were out of compliance and the villages lacked the funding to address the problems. During this moratorium, a program was developed to assist rural Alaska in bringing their tank farms into compliance. From this program the Bulk Fuel Upgrade Program came into existence, which provides the financial support needed to construct consolidated, code compliant bulk fuel tank farms.

The primary source of funding for the program comes from Denali Commission grants. As such, AEA works in partnership with the Denali Commission to complete the construction of bulk fuel tank farms.

Mr. Mello said that staff is currently managing 49 bulk fuel upgrade projects. He directed the Board to their packets for detailed information on the total cost of the completed and scheduled bulk fuel projects.

In response to Board questions, Mr. Mello said the Buckland project started before business plans were required and has incurred cost overruns.

He said there is no minimum size required for a project as long as the community is capable of passing a resolution that is viable. Discussions ensued as to the various sizes of the projects and the Denali Commission's investment criteria.

Mr. Harper said that staff is exploring the use of remote monitoring for the tank farms.

Discussions ensued with respect to reducing duplication of infrastructure when communities are close in proximity. Mr. Harper said the subject was broached in the community of Manakotak whereby they would be added to the Dillingham grid, but the community of Manakotak vetoed that idea. He said staff would continue to look for ways to consolidate either by road or by grid.

Mr. Miller informed the Board that staff is still waiting for the final formation of the Energy Policy Task Force.

He said that staff would begin discussions with Mananuska Electric Association (MEA) regarding extension of the transmission services agreement for use of the Tealand-Douglas transmission line until the parallel line is complete. In conjunction, staff will also begin discussions with the other railbelt utilities regarding the Alaska Intertie and problems that have been identified in the existing agreements.

Chairman Barry said to advise the utilities that if we do not see progress we will have no choice but to cancel the Intertie Agreement.

**8B. NEXT MEETING DATE**

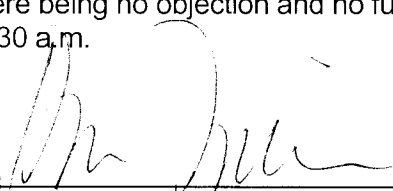
The board would be polled as to the next board meeting date.

**9. BOARD COMMENTS**

There were no Board member comments.

**10. ADJOURNMENT**

There being no objection and no further business of the Board, the meeting was adjourned at 11:30 a.m.

  
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Ron Miller, Secretary