



**Alaska Energy Authority  
BOARD MEETING MINUTES  
Wednesday, May 20, 2020  
Anchorage, Alaska**

**1. CALL TO ORDER**

Chair Pruhs called the meeting of the Alaska Energy Authority to order on May 20, 2020 at 8:30 a.m. A quorum was established.

**2. ROLL CALL: BOARD MEMBERS**

Members present: Chair Dana Pruhs (Public Member); Vice-Chair Bernie Karl (Public Member); Julie Anderson (Commissioner, Department of Commerce, Community, and Economic Development [DCCED]); Albert Fogle (Public Member); Bill Kendig (Public Member); Anna MacKinnon (Department of Revenue [DOR]); and Julie Sande (Public Member).

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

Staff present: Curtis Thayer, Kirk Warren, TW Patch, Sherrie Siverson, and Krin Kempainen.

Staff present via teleconference: Karsten Rodvik; and Tim Sandstrom.

Public present via teleconference: Ladonna Lindley (Accu-Type Depositions) Wescott Bott (HDR Engineering); Tim Dillon (Kenai Peninsula Economic Development District); Melissa Heuer (Susitna River Coalition), and Bernie Smith.

**4. AGENDA APPROVAL**

The agenda was approved as presented.

**5. PUBLIC COMMENTS (2 minutes per person)**

Melissa Heuer, Director Susitna River Coalition based in Talkeetna, informed she is representing more than 14,000 Alaskans. She is following up on comments made during recent AEA meetings that have not been addressed, including references to the Susitna Dam figures used by Director Curtis Thayer in his presentations. Ms. Heuer noted the public has been told at multiple meetings there would be follow-up and it has not occurred. Ms. Heuer requested to know the best way to get additional follow-up information from AEA.

Ms. Heuer requested AEA and AIDEA have separate scheduled start times for their meetings. She noted it is almost impossible for members of the public to participate in AEA and AIDEA meetings that directly follow the previous meeting. It seems appropriate and

would better meet the Open Meetings Act if AEA and AIDEA would each have their own designated meeting start time. Ms. Heuer looks forward to hopefully hearing from somebody on the AEA Board about the information used in the presentations and requested again the consideration of two separate start times for AEA and AIDEA, as members of the public are eager to engage.

Tim Dillon, Executive Director Kenai Peninsula Economic Development District, expressed appreciation to AIDEA Board, staff, and the State for working through the Alaska CARES funding program. Mr. Dillon informed they are one of the four federally recognized districts for economic development and are available to help the Board facilitate the funds to businesses that are suffering around the state. Mr. Dillon thanked the Board for their efforts and expressed appreciation for the Board's support of Resolution No. G20-18 today.

Ms. MacKinnon asked if Mr. Thayer would like to respond to the references by Ms. Heuer regarding the information provided to the Legislature in the presentation. Mr. Thayer noted staff has articulated with Susitna River Coalition, as well as others, the data that is being asked for and that is being provided is from the 2014/2015 study year. It is the information gathered at that point. Neither AEA nor the State has spent any money to update calculations or numbers previously stated in 2014/2015. That is the latest information available.

Ms. MacKinnon asked if Mr. Thayer marks the data as aging during the presentations. Mr. Thayer confirmed the data is marked as aging during presentations and the year is also identified on each of the slides.

## **6. PRIOR MINUTES**

The April 15, 2020 AEA Board minutes will be provided at the June meeting.

## **7. OLD BUSINESS - Battle Creek Construction Update - Summer Schedule**

Mr. Thayer discussed COVID-19 has not caused any delay in the Battle Creek project. The contractors mobilized and cleared snow in April, and are currently fusing. The planned completion date of August 31, 2020 has not been altered. Pictures of the progress have been included in the Board packet.

Chair Pruhs asked if the estimated final project cost listed in the budget includes change orders and claim contingencies. Mr. Thayer agreed. There is an ongoing issue with Orion, AEA and the utilities. Kirk Warren, Director of Engineering, agreed the estimated final project cost number includes contingencies.

## **8. EXECUTIVE SESSION: Matters related to Bradley Lake and S/Q Line**

**MOTION: A motion was made by Mr. Kendig to go into Executive Session to discuss confidential matters related to Bradley Lake and S/Q Line. Motion seconded by Mr. Fogle.**

The Board entered executive session at 8:41 a.m. The Board reconvened its regular meeting at 9:51 a.m. Chair Pruhs advised the Board did not take any formal action on matters discussed while in executive session.

## **9. DIRECTOR COMMENTS**

### **A. Haida Energy Update**

Mr. Thayer explained that during the previous meeting, the Board discussed Haida Energy and their request to delay payments due to COVID-19. Staff has since engaged in conversations with Haida Energy and Haida Energy made a payment on April 15, as promised. Staff has requested Haida Energy to continue making the on-time quarterly payments of \$109,000. Haida Energy believed they would lose the construction season if COVID-19 extended beyond July. However, they are now preparing to go into the field to finish the project. Staff is in constant communication with Haida Energy and assumes the delayed payment request has been resolved.

### **B. Snettisham Update**

Mr. Thayer requested T.W. Patch, AEA, provide the Snettisham update. Mr. Patch discussed the report on the conversations between Juneau Hydropower, Inc. (JHI) and Alaska Electric Light & Power (AELP) to achieve a transmission agreement and a connection agreement that will allow the Juneau Hydropower Sweetheart Lake project to deliver its power through the Snettisham project to members of the public and members of the mining community.

Mr. Patch referenced a letter sent by Chair Pruhs to the parties asking if they would like AEA's direct involvement in the negotiation process. No response has been provided by AELP. Mr. Patch heard from Duff Mitchell, JHI, that there is, in his opinion, some approximation of the relative positions of the parties. Mr. Patch informed today AELP offered various meeting accommodations to JHI in order to seriously reengage the negotiations.

Mr. Patch advised that Bryan Carey, AEA, has been monitoring the negotiations, as well as the Federal Energy Regulatory Commission (FERC) involvement. On April 16, 2020, FERC issued a Board of Consultant's decision and provided limited comments on geotechnical aspects in the construction plan. To date, the parties remain engaged in the matter of negotiating the two agreements. It is possible Juneau Hydropower will need to ask FERC for an extension of its license before the end of this year.

Ms. Sande referenced FERC's Comment 4 regarding the submittal of the final design set. She asked Mr. Patch if he knows when the final design drawings will be submitted. Mr. Patch does not have that information.

Chair Pruhs asked if Mr. Patch has an opinion on the ultimate results. Mr. Patch answered he has no opinion.

### **C. Denali Commission Update**

Mr. Thayer discussed the Active Denali Commission Awards handout. The rows highlighted in yellow are awards in close-out or date extended. Mr. Thayer informed the previous Executive Director of Denali Commission, Jason Hoke, resigned and the interim Acting Executive Director is Senator John Torgerson. Mr. Thayer has been in contact with the special offices and candidates are being reviewed. Mr. Thayer noted there is approximately \$5 million worth of grants that are expected to come through and will be included in the packet when they come to fruition.

Chair Pruhs requested a clarification on what “date extended” means. Mr. Thayer explained “date extended” could mean an extension of the performance period, an extension of funding, or both, depending on different grant variables. All of the grants reported are active. Chair Pruhs suggested a column is added showing temporary construction workers, the work period, or if completed, how many workers are employed. He feels this information is important during the COVID-19 pandemic. Mr. Thayer stated he will research the availability of that information from the contractors. He does not know what the contractor’s reporting requirements are to AEA. A Board member asked for a column to show whether or not the communities are being affected because of the quarantine. Mr. Thayer agreed to add a column.

### **D. Bradley Lake Economic Stabilization Proposal (Railbelt Utilities)**

Mr. Thayer explained the Economic Stabilization Team asked the six utilities to develop an informational plan and cost estimate to completely unconstrain Bradley power. Mr. Thayer noted this is very similar to the Shovel Ready Energy Infrastructure Projects in Alaska report that the Board and the Governor charged staff to prepare. Mr. Thayer highlighted the two reports worked independently and are within \$20 million of the half-billion dollars total. Mr. Thayer believes this shows a high level of alignment of proposals. Mr. Thayer stated AEA requested funding from the Legislature to update the 10-year old study used by the utilities in the report. The funding was not included in this year’s capital budget.

Chair Pruhs requested clarification that deconstraining Bradley power does not necessarily mean the power will be deployed or utilized. Mr. Thayer thinks unconstraining the power will run it more efficiently.

Vice-Chair Karl commented the power line was down because of the fire and Homer was running a turbine and taking only about 60% of the power. He believes the ratepayers were needlessly being taken advantage of at four-cent power. If the line was upgraded, the utilities said they would use it.

Mr. Thayer agreed with Vice-Chair Karl that the whole purpose and goal of upgrading the line would be to have more Bradley Lake power available for the utilities.

Chair Pruhs asked Mr. Thayer if the utilities could state in writing their goal to prioritize Bradley Lake power over fossil fuels. Mr. Thayer said he would have to confer with Kirk Gibson, but he does not see it as a problem. Mr. Kendig does not see a problem and believes everyone wants cheaper, clean energy added to the portfolio.

Ms. MacKinnon commented on the importance of being mindful of long-term contracts held by utilities that may include negative consequences if the utility does not use the fuel source agreed to purchase. Ms. MacKinnon is supportive of encouraging utilities to purchase the lowest cost energy, while recognizing utilities need to complete their preexisting contractual obligations that may include using higher cost energy like wind turbines that provide a social perspective of a lower carbon footprint. Ms. MacKinnon noted the utility contracts have shortened over time. She expressed support for the priority request in writing.

Mr. Kendig informed MEA maintains a seven or eight-year contract. He does not believe increasing Bradley Lake power by 2% or 3% would affect their natural gas contract.

Chair Pruhs reiterated the goal of providing the least expensive power to the consumers.

Vice-Chair Karl commented that during AEA's visit to Bradley Lake, the dam was filling up and spilled over a few days later. He believes the lost spillage energy of at least 30 megawatts could have been purchased instead of running the gas turbine.

Mr. Thayer noted for the record that the foreman of the Bradley project does not speak for all six utilities. In the executive summary submitted to the Economic Stabilization Team and submitted to the Governor, the six utilities stated the projects assessed will achieve the benefits of reduced fuel, increased reliability, improved integration, non-dispatchable renewables, lower carbon emissions, and the economic stimulus provided by the projects. The utilities will use and maximize Bradley Lake to the best of their ability.

Ms. MacKinnon requested AEA draft a letter to the utilities regarding prioritizing the utilization of the lowest cost energy source to benefit the consumer and ask how each organization is internalizing that goal. Chair Pruhs tasked Mr. Thayer to draft and send such letter. Mr. Thayer agreed.

#### **E. EV Infrastructure Grant Update**

Mr. Thayer explained this item is for informational purposes. AEA has applied to Department of Energy for an Electric Vehicle Infrastructure grant of approximately \$5.3 million to match the funding from the Volkswagen settlement and partnerships with CEA, Cordova Electric, the City and Borough of Juneau, the Alaska Electric Vehicle Association,

and Tesla. He was pleased to announce Tesla offered \$3.5 million for a match to leverage the federal funds, for a total of approximately \$10 million to AEA from all sources. The final decision will be known in about 90 days.

#### **F. Power House Update**

Mr. Thayer described the Akhiok Rural Power System \$3.5 million upgrade is currently under construction in Anchorage. The hope is to conduct an open house tour of one of the power houses upon completion for Board members, the Legislature, and the media. It is important for the Legislature to see the results of the \$5 million funding provided for federal matching.

#### **G. Community Outreach Schedule**

Mr. Thayer reviewed the Community Outreach Schedule. The last presentation Mr. Thayer gave was March 10 in Fairbanks. Several presentations have been postponed and will be rescheduled. The plan is to coordinate joint presentations with a representative from AIDEA to discuss both AEA and AIDEA information.

#### **H. PPF Dashboard & Loan Report**

Mr. Thayer informed there have been no major changes to the PPF Dashboard & Loan Report containing 22 loans and no delinquencies. There are currently eight pending applications for a total of \$6.1 million, leaving approximately \$4.4 million remaining for deployment. The Loan Committee is expected to meet next week.

#### **I. Build Grant Update, additional information**

Mr. Thayer explained an investment group approached AIDEA and AEA to apply and administer a grant from Better Utilizing Investments to Leverage Development (BUILD) to construct the 700,000 square-foot Alaska Cold Storage and Cargo Facility. It is estimated that 3,000 people would be employed during construction and 700 to 800 people would maintain ongoing employment. AIDEA is unable to take grant funding. AEA is able to take grant funding and took the lead in working together. The grant application was crafted so that AEA will apply \$25 million funding for energy efficiency, cold storage efficiency, alternative energy, solar panels, and waste pump heat toward the \$200 million project. That actual application was submitted Monday and notice of possible award is expected September 5. AEA would administer the grant during Phase I of construction. AEA has broad letters of support from the congressional delegation, including Commissioner Anderson, the Governor, and the City of Anchorage.

Vice-Chair Karl inquired as to who is the Anchorage investment group. Mr. Thayer informed it is primarily led by Alaska's McKinley Capital Management and includes the Baupost Group hedge fund located out of Boston. Vice-Chair Karl believes McKinley Capital invests a fair amount of the Permanent Fund. He asked for additional information regarding the current status of the project. Mr. Thayer explained AEA would be 20% of the

overall project. A successful grant would completely change the economics probably in the positive. The lease on the property at the airport is established. The airport permitting process has to be completed with NEPA because of the wetlands. The investment group had the commitment letter for the \$200 million when AEA submitted the application. The cargo airlines will be the primary clients of the facility.

Vice-Chair Karl asked if the investment group is looking to AIDEA for additional financing. Mr. Thayer stated that would be a separate conversation. He believes there is a desire for AIDEA to be involved in the project, but he does not know to what degree. Vice-Chair Karl suggested the project consider absorption chilling for refrigeration by using the gas and the sun.

Ms. Sande commented on AIDEA's restriction from accepting grant funds. She asked Mr. Thayer if the Board should review this issue and determine possible solutions. Mr. Thayer discussed AIDEA does not have statutory authority to accept grant funding in this case and very few government agencies or departments actually have that ability. Mr. Thayer explained the Legislature determines the statutory authority for AIDEA.

Chair Pruhs asked if FedEx and UPS would be afforded the ability to apply for a similar type of grant if they decided to expand. Mr. Thayer stated he does not know the answer. The deadline for this particular grant closed on May 18, 2020. Other grants exist through DOT. The funding has been slow to deploy.

Chair Pruhs requested Board members be provided a white paper on the BUILD Transportation grants.

Board Member Julie Sande commented there are additional grant funds available beyond the DOT. She suggested the Board discuss whether or not AIDEA should pursue the ability to accept grants independent of AEA.

Mr. Thayer informed this particular award is on a competitive basis for surface transportation infrastructure that would have significant local and regional impacts. If the grant application is successful, AEA will then need to go to legislative Budget and Audit and ask for receipt authority of the funds.

Mr. Fogle believes AEA needs to be more proactive in bringing additional grant funding to Alaska during these times. These efforts should include working with local municipalities and other regions to deploy funding.

#### **J. Articles of Interest**

One article of interest was included in the Board packet.

**K. Next Regularly Scheduled AEA Board Meeting Wed. June 24, 2020**

Mr. Thayer will be coordinating to find out if staff brings forward a package on the S/Q Line process at the June 24 or the August 5 meeting.

**10. BOARD COMMENTS**

Vice-Chair Karl expressed congratulations to Mr. Thayer for successfully submitting the grant application. He is excited to hear about the project going forward. Vice-Chair Karl thanked Mr. Thayer and staff for their excellent efforts, and especially during the pandemic.

Mr. Kendig echoed Vice-Chair Karl's comments.

Ms. MacKinnon, stated for the record, the Board is following the meeting safety plan staff created included in the packet.

Chair Pruhs commented it is great to see all the Board members in person to analyze and review the projects and topics. He expressed appreciation to Mr. Thayer, staff, Sherrie Siverson and Krin Kempainen.

**11. ADJOURNMENT**

There being no further business of the Board, the AEA meeting adjourned at 10:35 a.m.



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Curtis W. Thayer, Executive Director/Secretary  
Alaska Energy Authority

