

Alaska Energy Authority  
**BOARD MEETING MINUTES**  
October 20, 2010  
Anchorage, Alaska and Beijing, China (teleconference)

**1. CALL TO ORDER**

Chairman Patrick Galvin called the meeting of the Alaska Energy Authority to order on October 20, 2010 at 12:57 p.m.

**2. ROLL CALL: BOARD MEMBERS**

A quorum was established.

Members present: Chairman Patrick Galvin (Commissioner, Department of Revenue); Susan Bell (Commissioner, Department of Commerce, Community & Economic Development); John Winther (Public Member) and Mike Felix (Public Member).

Participating via teleconference: Robert Sheldon (Public Member), China.

**3. AGENDA APPROVAL**

The agenda was approved as amended.

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

Staff present in Anchorage: Steve Haagenson (AEA Executive Director); Ted Leonard (AIDEA Executive Director); Jim Hemsath (Deputy Director-Development); Chris Anderson (Deputy Director-Credit); Sara Fisher-Goad (Deputy Director-Operations); Mike Harper (Deputy Director-Rural Energy); Valorie Walker (Deputy Director-Finance); Jim Strandberg (Project Manager); Karsten Rodvik (External Affairs Project Manager); Shauna Howell (Executive Assistant); and Sherrie Siverson (Executive Assistant)

Others present in Anchorage: Brian Bjorkquist (Department of Law); Mike Nave (Department of Law).

**5. PUBLIC COMMENTS**

There were no public comments.

**6. PRIOR MINUTES**

The minutes of August 11, 2010 and September 3, 2010 were approved as presented.

## 7. NEW BUSINESS

### 7A. AEA Resolution No. 2010-04 Appointment of an Acting Executive Director

Chairman Galvin referred to Mr. Haagenson's letter of resignation stating his last day will be October 31, 2010. He said although Mr. Haagenson provided enough notice to have an Executive Director selected and in place in time for the transition, it was requested we hold off until after the election matters settle down and appoint an interim acting Executive Director for a couple of months, then recruitment process would commence. He recommended the Board consider appointing Mike Harper to this interim position. He noted Mr. Harper has served at various intervals as Acting Executive Director when Mr. Haagenson was out of town; his many years with the Authority, and his knowledge of the issues. He does not intend to seek the position long term. Chairman Galvin stated it would be a good fit given Mr. Harper's background and established position with the Authority.

Chairman Galvin explained the relationship between AIDEA and AEA is completely intertwined. The AEA Executive Director is an employee of AIDEA and since the AIDEA Executive Director oversees AIDEA, technically, the AEA Executive Director would report to the AIDEA Director. We have a previous resolution from the AIDEA Board, reciprocated from the AEA Board that establishes an independent AEA Executive Director. Because we are naming an interim Executive Director, we can do so simply on a motion by the AEA Board and by informing the AIDEA Executive Director that we intend to have that position remain an independent one. That relationship can continue without the AIDEA Board taking action on it right now. When we hire a new Executive Director for AEA we will likely be doing so in a reciprocal Board resolution with the AIDEA Board and AEA Board taking action.

Mr. Bjorkquist pointed out the bylaws also set up the mechanism for both Boards to deal with the hiring of an Executive Director in addition to the resolutions.

**MOTION: Commissioner Bell moved to approve Resolution No. 2010-04. Seconded by Mr. Felix. A roll call vote was taken and the motion passed unanimously.**

Chairman Galvin stated Mr. Harper's term will begin on November 1, 2010 and that Mr. Haagenson will be available as necessary. The resolution is effective immediately, but the effectiveness of the Acting Executive Director is November 1, since Mr. Haagenson will remain Executive Director through October 31.

Chairman Galvin discussed the recruitment process. During the last recruitment process, a third party contractor was hired to manage it. He said he didn't see the value of the third party contractor, and felt that staff could solicit, organize and select resumes and a Board subcommittee could weed through the resumes and select the interviewees. The Board subcommittee would come up with the wording in the advertisement. Mr. Felix said the difficult part would be the Board defining what they want in an Executive Director. Ms. Bell agreed and pointed out there will be new Board members by then and asked what the cost was for the last recruitment. Ms. Fisher-Goad stated the contract was probably under \$20,000, but at that time the focus was on the AIDEA Executive Director and very little was done under that contract for the AEA Executive Director recruitment. She said she would double check the figure and will make sure the Board knows. Mr. Winther seemed to think the position was defined for the last

recruitment. Chairman Galvin said it was, but wasn't very explicit. Ms. Fisher-Goad pointed out that previously one person served as the Executive Director for both AIDEA and AEA, so the first thing done was to split the position description. Mr. Sheldon asked if the materials were circulated in the past could be distributed to the Board members. Chairman Galvin reiterated that in pursuing the initial recruitment steps, it would be good to have a Board subcommittee take the initial role of defining the position description and identify the attributes we are looking for and asked for volunteers to serve on or Chair the subcommittee. Mr. Felix and Commissioner Bell volunteered to serve; Chairman Galvin pointed out their work will be transparent to the rest of the Board and they could comment at any time; he would like to get the solicitation out within the next 30 days to be open 20 to 30 days then make a selection at the end of the year. Mr. Felix asked if the two Board subcommittee members could distribute materials to the Board and have them vote electronically on various items. Chairman Galvin deferred this question to Mr. Bjorkquist who stated two Board members working together is not a quorum for the current five Board members and the open meetings act would not apply. Chairman Galvin reiterated the solicitation should go out within the next 3 weeks.

## 8. DIRECTOR COMMENTS

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

- **Reynolds Creek Hydro Project** – Reynolds Creek is located on Prince of Wales Island, AK near Hydaburg, AK. There's a PPF loan on this project and we have been holding project meetings with Haida Energy. A Project Management Agreement was put together as an umbrella due to multiple funding sources. At one of the meetings they dropped a bombshell on us and said the project cost jumped from \$17M to \$40M. They have had their FERC license for 10 years and it expires in 3 days. Due to this deadline, we decided to advance \$100,000 from the RE Fund to allow them to nail down their cost estimate, scope of work and schedule. We, the project grant administrator, will be meeting with them on a weekly basis so that they will understand what their obligations are and we are satisfied. We will know in the next few days if this project will continue to move forward.
- **Susitna Chakachamna Update** – Last year the Legislature provided \$10M for the Susitna, Chakachamna and Glacier Fork large hydro projects and directed us not to spend money on projects that won't get built. We are trying to determine which ones should go forward and will be working with the Governor's office on this. By November 15 we will have a side-by-side comparison of Chakachamna and Susitna. Following a public comment period, we will determine which project will be primary for the FERC license and which will be alternate. We need to get the FERC license moving forward.
- **Alaska Intertie Agreement** – The Energy Authority gave us a four-year notice of cancellation of the Intertie Agreements, Healy to Wasilla and Anchorage to Fairbanks. The utilities got together and analyzed it. They looked at separating the two agreements, into Operating Rules in the System and Governance Rules (incorporates all the AEA issues). They are very close on the Operating Rules being a separate document. This opens it up to a larger participation across the Railbelt. We were given a three-month extension to get this finalized and get it filed with the RCA and will be signed in January.

- **Larsen Bay Transfer** – We have been trying to transfer Larsen Bay Hydro to the community for the past nine years and that transfer has been completed, except for an insurance issue.
- **Fire Island** – CIRI is trying very hard to get the project built, but the utilities are resisting due to reliability and cost. At a meeting yesterday, they said the cost of regulation would be more than the cost of power delivery. CIRI is trying to find someone in the Railbelt to help them, as they must be under construction by December or they lose 30% appreciation credit. Even if they lose the credit, they are still going to push forward to get the project built. We are trying to keep all parties talking.
- **Mt. Spurr Geothermal** – We met with Ormat and they are moving the project forward and expect to be drilling next summer; however, there is an issue with the transmission line site 50 miles in. It's a 50 MW project to possibly be enlarged in the future. There's a possibility they could share the transmission line cost with Chakachamna, which is in the same area.
- **Other Items** – Mr. Haagenson announced the Energy Efficiency & Conservation open house will be held tonight from 5-7pm in the AEA lobby. Mr. Haagenson thanked the Board for the opportunity to work at AEA and commented that AEA has taken on a lot of work during the past two years, including the Pathway, Renewable Energy Fund, the new Emerging Energy Technology Fund and working with the Denali Commission to disburse the funds, adding that AEA staff are loyal and hard working.

**B. Next scheduled meeting, Friday, December 3, 2010.**

**9. BOARD COMMENTS**

The Board thanked Mr. Haagenson for his work, leadership, energy level and challenges faced.

**10. ADJOURNMENT**

There being no further business of the Board, the meeting was adjourned at 1:40pm.



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Michael C. Harper, Acting Executive Director/Secretary  
Alaska Energy Authority