



**Alaska Energy Authority**  
**BOARD WORK SESSION**  
**BOARD MEETING MINUTES**  
Tuesday, August 14, 2012  
Anchorage and Talkeetna, Alaska

**1. CALL TO ORDER – WORK SESSION**

Chair Short called the meeting of the Alaska Energy Authority to order on August 14, 2012 at 7:30 a.m., to conduct the Susitna-Watana Hydroelectric project site visit.

**2. ROLL CALL: BOARD – WORK SESSION**

Members present: Chair Hugh Short (Public Member); Commissioner Susan Bell (Commissioner DCCED); Deputy Commissioner Angela Rodell (Deputy Commissioner of Revenue); Wilson Hughes (Public Member); and Robert Sheldon (Public Member). A quorum was established. No official business of the Board was conducted. Gary Wilken (Public Member) joined the site visit in Talkeetna.

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

Staff present in Anchorage: Sara Fisher-Goad (Executive Director, AEA); Wayne Dyok (Project Manager, AEA) and May Clark (Executive Assistant, AEA). Bryan Carey (Project Manager, AEA), Emily Ford (Public Outreach Liaison, AEA) and Bruce Tiedeman (Community Outreach, AEA) joined the site visit in Talkeetna.

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**Recess: 7:35 a.m.**

**Reconvene: 4:03 p.m.**

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**1. CALL TO ORDER – REGULAR MEETING**

Chair Short called the meeting of the Alaska Energy Authority back to order on August 14, 2012 at 4:03 p.m. in Talkeetna, Alaska. A quorum was established.

**2. ROLL CALL: BOARD – REGULAR MEETING**

Members present: Chair Hugh Short (Public Member); Commissioner Susan Bell (Commissioner DCCED); Deputy Commissioner Angela Rodell (Deputy Commissioner of Revenue); Wilson Hughes (Public Member); Gary Wilken (Public Member) and Robert Sheldon (Public Member). A quorum was established.

### 3. AGENDA APPROVAL

**MOTION:** Commissioner Bell made an amendment to add an additional three-minute per person public comment period as Item 7C on the agenda. The motion was approved unanimously.

The agenda was approved as amended.

### 4. ROLL CALL: STAFF, PUBLIC

Staff present in Anchorage: Sara Fisher-Goad (Executive Director, AEA); Gene Therriault (Deputy Director-Energy Policy Development, AEA); Sandra Moller (Deputy Director-REG, AEA); Wayne Dyok (Project Manager, AEA); Nick Szymoniak (Project Economist, AEA); May Clark (AEA-Executive Assistant); Brian Bjorkquist (Department of Law); Representative Wes Keller (State Representative); Peg Foster (Chase Community Council); Mike Wood (Chase Community Council); Molly Wood (Chase Community Council); Dan Ebner (Susitna Dam Alternatives); Nancy Ebner (Susitna Dam Alternatives); Rick Ernst (Susitna Dam Alternatives); Richard Leo (Susitna Dam Alternatives); Denis Ransy (Susitna Dam Alternatives); Ruth Wood (Susitna Dam Alternatives); Rebecca Long (Alaska Survival); Scott Anderson (Good Times Unidentified); Mike Stoltz (Meandering Moose Lodge); Ray Baker (Accu-Type Depositions); Don Billington; Cary Birdsall; Mark Burcar; Greg Campbell; Shelly Campbell; Christopher Ebner; Nancy Ebner; Kate Foster; Kevin Foster; Patrick Fitzgerald; Robert Gerlach; Herbert Harrison; Rachel Harrison; Steve Harrison; Annie Helmsworth; Ellie Henke; Dennis Hospitor; Karen Jahn; Dave Johnston; Galen Johnston; Vince Keller; Josh Klauder; Sandra Loomis; Tony Martin; Jim Okonek; Wally Ostermick; Mary Ostermick; Willi Prittie; Pam Robinson; Cari Sayre; Debra Wessler; and Sue Wilken.

### 5. PUBLIC COMMENTS

**Mr. Rick Ernst**, of Susitna Dam Alternatives and resident of Trapper Creek and the Upper Susitna Valley, stated the dam proposal for the Susitna River is unnecessary and should never be constructed. Mr. Ernst stated some of the reasons the dam should not be constructed include research from the Institute of Social and Economic Research has ascertained that electricity from the proposed dam would not give a substantially cheaper power rate, at least not for many, many years. He stated the potential to harm the ecosystem is too great and construction of the dam on a fault is a risk issue. The river doesn't need a dam. The fish do not need a dam. The animals don't need a dam. We don't need a dam.

**Mr. Josh Klauder**, resident of Chase community on the Susitna River, stated it is hard to feel the community is being listened to. He said it reminds him of the phrase, "We'll give him a fair trial and hang him in the morning." Mr. Klauder gets the sense the decision on the dam proposal has already been decided by AEA to go forward. He states there are so many reasons why the dam proposal shouldn't go forward, including the effect on salmon and the risk of the dam failing due to an earthquake.

**Mr. Greg Campbell**, resident of Talkeetna, strongly voiced his opposition to the dam. He asked about if there is going to be an early warning system to alert residents downstream if the dam fails. He asked if he is going to need flood insurance. Mr. Campbell said the hidden costs of removal of the dam have not been included in the cost estimate. He stated we should invest in a lot of smaller projects, instead of putting all of our eggs into this one project.

**Ms. Shelly Campbell**, resident of Talkeetna, expressed her opposition to the dam. Ms. Campbell stated there is going to be a huge negative impact on the salmon downstream. She stated the negative effect on ice damming because of the flow fluctuations from the dam construction hasn't been addressed. Ms. Campbell said the existence of the dam would put the downstream residents and communities at risk due to potential earthquake activity. She said the dam does not meet enough needs to justify all of the economic and environmental costs.

**Ms. Rebecca Long**, of Alaska Survival, stated she fought the first dam and is fighting this dam. She stated Governor Parnell said the proposed Susitna dam is an important part of the Administration's plans for railbelt energy, but that Mr. Shively from the Pebble Partnership said the Susitna dam is part of the electrical plan for the Pebble Mine. Ms. Long asked the Board if Susitna is going to power the Pebble mine and/or the proposed Donlin mine. She also asked if Susitna will power the jet propulsion lab in California, sending energy down to the Lower 48. She said the Susitna River can only generate 250 to 300 megawatts, in technical meetings scientists have said it can't produce that much in megawatts. Ms. Long said with climate changes melting the glaciers and causing glacial sediment erosion, we don't even know if there will be enough water or reservoir space to power that amount for the next 100 years. She stated the Board needs to give serious thought to future railbelt needs without the Susitna dam. Ms. Long said 2/3 of the comments of the FERC scoping meetings in March and April opposed the project and stated significant concerns and impacts.

**Ms. Ellie Henke** stated the Susitna dam proposal was defeated the first time for economic reasons and the earthquake fault risk. She said those reasons are still there. Ms. Henke commented the dam proposal would provide for electric power but not address the power needs for transportation and heating costs. Ms. Henke asked the Board to explain how spending a minimum of 4.5 billion dollars to build a dam across the wild Susitna River is protecting and enhancing our fish and wildlife resources and benefitting the people who live here. She also wants the Board to consider the emotional factors for the people who live near the dam and strongly urges the Board to not proceed with this project and put attention into a wider array of energy resources that will meet all of our needs.

**Mr. Denis Ransy**, resident of Talkeetna and member of Susitna Dam Alternatives, is a retired commercial fisherman stated anything that messes with the salmon bothers him. He said that natural gas continues to be the Railbelt's best prospect for reliable energy. Mr. Ransy commented AEA has failed to recognize the value of complete ecosystems. The number of relatively undisturbed natural whole river systems left in the world is dwindling and when they're gone, they can never be made whole again. He said natural gas power will be a better price than hydropower.

**Mr. Willi Prittie** asked if the Susitna dam project was sustainable. He stated he grew up in the Pacific Northwest and from the hydro production there, he saw degradation in local economies from the boom/bust cycle, degradation in wildlife habitat, degradation in salmon and steelhead runs. Mr. Prittie stated two dams have been removed from the Elwha River to try to restore the ecosystem to a more pristine value. He stated other alternatives should be sought instead of massive expensive projects.

**Ms. Annie Helmsworth**, resident of Palmer and Talkeetna, stated last week she felt an aftershock from an earthquake that registered 5.6, around 100 miles away from Talkeetna. She wondered to herself if the dam had been built, how much time would she have to get out of the cabin and round up her team of sled dogs and get to safety if there was an earthquake in Talkeetna.

**Mr. Don Ebner**, resident of Talkeetna, said if the dam was built, the worst case scenario effect for him is the water quality changes, including the rising water temperature and the decrease in sediment for salmon habitat needs. Mr. Ebner says the idea the pristine waters and salmon habitats are going to be destroyed for a little bit of electricity is ludicrous. He commented AEA should be focused on conservation, not on generating more electricity.

**Ms. Debra Wessler**, Talkeetna resident and journeyman wireman, commented she has worked on a lot of mega projects in Alaska through her career as an electrician and has grave concerns that have been voiced, including the Denali fault line and how near this dam is to it. She stated dams are being dismantled on the west coast. Ms. Wessler said she has concerns about water impacts, salmon impacts, cultural impacts and infrastructure impacts that go along with a project of this size. She believes the greatest legacy to our children is to keep our rivers wild in Alaska and not follow in the failed footsteps of others. She stated she is very opposed to this project.

**Ms. Cari Sayre** read written comments from **Ellen Wolf**, who was not able to attend. Ellen Wolfe is a resident of Talkeetna and is opposed to the proposed dam. Her letter asks to think what could be accomplished if the five billion dollars the Susitna dam would cost were redirected to AEA's alternative energy programs.

*(Ms. Wolf's written comments are attached).*

**Ms. Cari Sayre**, resident of Talkeetna and volunteer outreach coordinator for the Coalition for Susitna Dam Alternatives, said since the beginning of June, 40 volunteers spent 504 hours educating the public about the costs and tremendous impacts and problems of this project. She said there are many alternative ways of generating electricity that she would like to see explored in lieu of a huge dam. Ms. Sayre stated Alaska could and should be on the cutting edge of a new era of energy production and AEA is in a position to make that happen. She is opposed to the dam project.

*(Ms. Sayre's written comments are attached).*

**Mr. Dave Johnston**, resident of the Upper Valley for 41 years, hopes AEA can see how foolish it is to gamble such a long list of cherished resources that we have here on what seems to be an economically unviable boondoggle.

**Mr. Galen Johnston**, lifelong resident of Talkeetna, stated he is currently going to school in Anchorage and is planning on moving back to Talkeetna once he has completed his schooling. He is a raft guide in Talkeetna during the summers and stated that taking away that portion of the Alaskan experience would damage or destroy his ability to guide raft trips on this river. He is opposed to the proposed dam project and does not want to live downstream to one of the largest dams in the world.

**Mr. Richard Leo**, Board President for the Coalition for Susitna Dam Alternatives, thinks it is worthy of the Board's time to consider there are significant problems, risks and impacts with this dam and they will become more evident as the studies continue. He states this might mean the dam doesn't get built and if it doesn't, he is hopeful the Board will actively pursue other alternatives that will bring the energy that is needed. Mr. Leo stated that 80 to 90% of the people talked to by the Coalition for Susitna Dam Alternatives opposed this dam project.

Mr. Leo read a letter written by his son. His son is 22 and was born in Talkeetna, but lives now in New York City. He was home last month. The letter states there is no way you're going to build this dam, a dam so enormous, and not do damage to the precious landscape. The letter states he wants wild rivers and great salmon runs and caribou. The letter says building this dam would be killing a heritage and denying his children and grandchildren the right to have rich sustaining lives.

Listen to the full audio recording of the August 14, 2012 meeting at [http://www.alaskaenergyauthority.org/board meeting archives](http://www.alaskaenergyauthority.org/board%20meeting%20archives)

Chairman Short stated the one hour time limit had been reached for the first public comment period. Following new business and a staff presentation, the second public comment period will be opened.

## **6. PRIOR MINUTES**

Minutes from the June 28, 2012 board meeting were adopted as proposed.

## **7. NEW BUSINESS**

### **7A. AEA Resolution No. 2012-05, Appointment of Eugene Therriault, Officer of the Authority**

Ms. Fisher-Goad stated that this is a standard resolution to become an officer of the authority and she is excited about Mr. Therriault joining the management team and looking forward to working with him.

**MOTION: Commissioner Bell made a motion to approve AEA Resolution No. 2012-05. Motion seconded by Mr. Sheldon. The motion was approved unanimously.**

## **7B. Susitna-Watana Hydroelectric Project Update**

Ms. Fisher-Goad presented a PowerPoint presentation entitled Susitna-Watana Hydroelectric Project.

Mr. Sheldon asked what accounts for the broad disparity of 17 cents and 40 cents on year one of the estimated cost of power between AEA's estimate and the estimate of Dr. Stephen Colt of ISER.

Ms. Fisher-Goad stated that there are three major differences. Dr. Colt assumed a TIER (Times Interest Earned Ratio) of 1.3. This is a debt service calculation that is required for debt financed by a utility, but is not applicable to AEA. Secondly, Dr. Colt assumed depreciation costs would be included as an expense in the rate structure and front-loaded to the power cost. Depreciation costs would not apply to any power sales entered into by AEA. Ms. Fisher-Goad stated those are two of the more significant differences between the two power costs assessments. Fundamentally, Dr. Colt assumed a private utility financed project whereas AEA would publically finance the project, in a manner that would likely be similar to what was done with the Bradley Lake Project.

Mr. Sheldon asked if there was a depreciation cost that isn't included because it is a public financed mechanism. Ms. Fisher-Goad stated yes, that is the case and she said Mr. Dyok has looked at this in much more detail and can explain further, if necessary.

Mr. Hughes asked what the timeline is for a go/no-go decision on the project. Mr. Dyok said the first go/no-go decision would be at the end of this year when the engineering consultant completes the interim engineering studies and the first season of environmental data collection is completed. However, it is not likely that sufficient information would be available to make a final determination. A better go/no-go decision would be after the next two years of engineering and environmental studies are completed at the end of 2014. In early 2015, AEA will have a much better handle on the cost of the project, environmental impacts, and associated environmental mitigation costs. Although the cost estimate will be further refined this year, until detailed design information is available in two years cost uncertainty will remain.

Mr. Wilken requested a power cost analysis be run assuming the Bradley Lake model. He requested to see the effect on power rates for each State investment of a billion dollars. He added that AEA should challenge the ISER study by putting forth an AEA official one-page public document that lists the problems with the ISER document and let ISER have an opportunity to rebut the analysis.

Chairman Short asked Mr. Dyok how AEA is addressing seismic concerns and what sorts of steps are being taken to ensure that there is not a dam failure if the project is built.

Mr. Dyok stated the highest priority is dam safety. He said FERC requires an applicant to provide a Supporting Design Report when the license application is filed. Mr. Dyok said

FERC also requested a study plan that addresses the seismic issues. He stated the seismic design study will become a public document. Mr. Dyok said FERC requires an Emergency Action Plan (EAP) to be developed as part of an applicant's program. The EAP includes a warning system and functional exercises. If there is a dam failure the EAP will be initiated to ensure the safety of the citizens.

Chairman Short asked if discussions have occurred regarding the wholesale power sales for the Pebble mine or Donlin Creek mine or similar projects. Ms. Fisher-Goad said she had conversations with the Pebble Partnership regarding pursuing a natural gas plant near the potential mine site. However, she said AEA has not had any conversations with Mr. Shively with respect to looking at this as a potential source of power for Pebble mine.

Ms. Fisher-Goad stated AEA has not had any conversations with Donlin on how that mine would be powered or how fuel would get to it, but she understands they are looking at some type of gas capability to power that mine as well.

#### **7C. Public Comments Continued**

**Ms. Ruth Wood**, Susitna Dam Alternatives, is concerned the public cannot get good information on the cost of the dam. She has not seen either report on the cost analysis and has no confidence that 4.33 or 4.7 billion is the real cost of the dam. Ms. Wood commented that money doesn't grow on trees and this is an expensive project. She believes the state can do a lot of different things with this money. Ms. Wood stated the dam would supply electricity, but will not help with heating cost. She requested AEA present realistic cost information in a model that allows comparisons to be made.

**Ms. Nancy Ebner**, resident of Talkeetna, opposes the Susitna dam project. She states conservation is very important in the state. Ms. Ebner said we need to learn from the mistakes that have been made in the Lower 48. She said this is one of the last free rivers in the world. Ms. Ebner believes this is a waste of time, the state's money and federal money.

**Mr. Robert Gerlach** asked how many Bush villages would like to have a 6,000 to 8,000-foot runway that can't afford it that are still operating off of gravel runways. He thinks there is a considerable amount of transportation needs in the state and it makes him sick to think about having a 6,000 to 8,000-foot runway up at the dam site. Mr. Gerlach has no faith that AEA is going to take an honest objective look at the data. He said in February of 2012, Mr. Dyok basically said that he couldn't see anything that would prevent AEA from building this dam. Mr. Gerlach thinks FERC and the court system could prevent this dam from being built.

**Ms. Molly Wood**, speaking on behalf of the Chase Community Council, said they are the first Community Council downstream of the proposed dam. She congratulated Mr. Dyok on working really hard this summer on the first of the studies and is seeing tons of activity on the river connected to these studies. Ms. Wood stated we need to be thinking about the sensitive seasons and planning the studies accordingly, particularly studies during the winter months, where there is going to be a much more radical impact from the dam. She said the river is a

source of drinking water and food as well as a major transportation corridor for local residents. Ms. Wood said it is important for the public to have access to information and results of the studies. She emphasized the need for the Board to ensure that there is appropriate funding going into the project management and the assessment that looks across all of the studies to understand the significant and cumulative impacts of the dam.

**Mr. Mike Stoltz**, owner of Meandering Moose Lodge, said he didn't know this was so corrupt. He stated the cost projections are so far off, it's an embarrassment. Mr. Stoltz believes the choice of the next President is going to affect everything. He doesn't see how this 100-year long-term sustainable project on an earthquake fault with volcanoes around will be successful. He believes methane gas and propane is the way to go.

**Mr. Tony Martin**, resident of Mat-Su Borough, stated he has no objections to necessary public works projects that provide the greatest good for the greatest number of people, if those projects are executed in a safe, practical and cost beneficial manner. He completely objects to any project which lacks credible leadership and credible integrity. Mr. Martin stated it is self-evident that the construction of the Susitna dam would impact, for an undetermined time, the environment directly above and below the installation. He commented the Mat-Su Borough has not shown a high level of integrity or credible leadership, particularly in regards to the dysfunctional sewage lagoon sewer system that services the village of Talkeetna and objects to the construction of the dam.

**Ms. Karen Jahn**, property owner and professor of UT in Brownsville, stated once cost is set aside and the emotional and physical aspects of constructing the dam are set aside, two important things remain. The first one is the lake fills with sediment and then the very thing we're trying to achieve, which is having enough water in there for the hydroelectric part, goes away, because you now don't have any room for the water. The second issue is what has been found in the last two years in regard to the Hoover Dam in the Grand Canyon is that after 60 years, through multiple tests, that there are no native species left. Ms. Jahn requested the research focus on using people in the academic world who make their living doing these kinds of studies and to take a look at existing dams like Falcon Dam and the Hoover Dam and review the issues regarding the environment, species, riparian, and other issues mentioned today and add that to the historical reports of baseline data.

**Ms. Sandra Loomis**, resident of Talkeetna, stated this project doesn't make any sense to her. She said she read the five billion dollars could buy a solar system for almost every household in the railbelt without the huge impacts. She said there seems to be a lot of spin regarding numbers, for example 50% of the electrical demand, but it really is 25% of the energy for Alaska, but using the whole budget. Ms. Loomis commented she doesn't feel the numbers are realistic.

**Mr. Mark Burcar** stated he is very, very opposed to the dam. He asked what is renewable about destroying an entire magnificent ecosystem, one so complex, we may never understand it. Mr. Burcar quoted from Aldo Leopold, including, "We, of the minority, see a law of diminishing returns in progress, our opponents do not."

## 8. EXECUTIVE DIRECTOR COMMENTS

Ms. Fisher-Goad thanked the Talkeetna Alaska Lodge for the meeting space. She thanked the community of Talkeetna and the citizens who came out and provided comments. Ms. Fisher-Goad said Deputy Director Sean Skaling was absent today because he is working on the Emerging Energy Technology Fund application reviews.

## 9. Next regularly scheduled meeting September 26, 2012

Mr. Wilken suggested having the AIDEA and AEA meeting on the same day.

## 10. BOARD COMMENTS

Mr. Sheldon asked if there is an estimate on when the independent analysis will be complete.

Ms. Fisher-Goad commented that an analysis has been prepared that supports the presentation.

Mr. Hughes thanked the staff and Talkeetna residents for being here and discussing the project.

Deputy Commissioner Rodell appreciated the wonderful hospitality and thanked the public for sharing their comments.

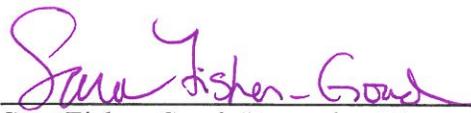
Mr. Wilken appreciated the effort to be taken out to the site and thanked the folks of Talkeetna who came out.

Commissioner Bell welcomed Mr. Therriault. She said it really makes a difference to be able to come out to the site and listen to the comments from the community.

Chairman Short said he appreciated all he heard today, especially the number of speakers who asked what this project does for off-the-grid Alaskans. Chairman Short stated he continues to bring that subject to the Board because is from a community of 6,000 people off-the-grid and with electricity being over 40 cents a kilowatt hour, it is a problem in our state. He stated this Board is not solely focused on this project, but it is very important and it takes up a lot of time. AEA is focused on rural energy and renewable energy. Chairman Short thanked the community and staff and looks forward to continuing the conversation and discussion with the Talkeetna area and this part of the state.

## 11. ADJOURNMENT

There being no further business of the Board, the meeting adjourned at 6:40 p.m.

  
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Sara Fisher-Goad, Executive Director/Secretary