



**Alaska Energy Authority**  
BOARD MEETING MINUTES  
Thursday, December 6, 2012  
Anchorage, Alaska

**1. CALL TO ORDER**

Chair Hugh Short called the meeting of the Alaska Energy Authority to order on December 6, 2012, at 10:05 am. A quorum was established.

**2. ROLL CALL: BOARD**

Members present in Anchorage: Chair Hugh Short (Public Member); Deputy Commissioner Bruce Tangeman (Department of Revenue); Assistant Commissioner Robbie Graham (Department of Commerce, Community and Economic Development); Gary Wilken (Public Member).

Members present via teleconference: Robert Sheldon (Public Member); Ron Arvin (Public Member); and Wilson Hughes (Public Member).

**3. AGENDA APPROVAL**

The agenda was approved as presented.

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

Staff present in Anchorage: Sara Fisher-Goad (Executive Director); Sandra Moller (Deputy Director–Rural Energy Programs); Sean Skaling (Deputy Director–Alternative Energy & Energy Efficiency); Valorie Walker (Deputy Director–Finance & Administration); Kelli Veech (Accounting–Systems Analyst); Amy Adler (Finance Controller); Brenda Applegate (Finance Controller); Emily Ford (Public Outreach Liaison); Karsten Rodvik (Project Manager–External Affairs, AIDEA); Aaron Rhoades (Human Resources Manager); Teri Webster (Executive Assistant); Sandie Hayes (Administrative Assistant); Krin Kempainen (Administrative Assistant, AIDEA);

Others present in Anchorage: Brian Bjorkquist and Jerry Juday (Department of Law); Tom Habermann, Jack Laasch, and Bart Armfield (Brooks Range Petroleum); Beth Stuart (KPMG); and Donovan Walker (Accu-Type Depositions).

Others participating via teleconference: Eric Leachy (Petroleum News); Richard Leo (Coalition for Susitna Dam Alternatives).

**5. PUBLIC COMMENTS**

Mr. Leo stated he appreciates the Susitna-Watana Hydro project website. He encouraged the staff to be more diligent about posting minutes from meetings. Mr. Leo stated the complex process for the Susitna Dam studies are showing significant problems and complications and

this causes stress in meeting the deadline. He stated it is important to have the studies be done correctly, rather than quickly.

Mr. Leo believed there were comments made during the public comment period pointing out that it would be more appropriate to have a year or two of actually organizing the studies and then completing them. Mr. Leo recognizes there is a desire from the Governor's Office and other people to get the studies done as quickly as possible. He stated if the study findings are not conclusive, the results would be even more complicated than what is currently happening in the studies now. Mr. Leo stated the public needs to have a sense that when these studies are concluded, every possibility has been explored to do the most diligent job.

## **6. PRIOR MINUTES**

The October 1, 2012 AEA Board meeting minutes were adopted as presented.

## **7. NEW BUSINESS**

### **7A. FY 2012 Audited Financial Statement**

Ms. Fisher-Goad thanked Ms. Walker, Ms. Veech, Ms. Applegate and Ms. Adler for all of the hard work they have done during this audit season. Ms. Fisher-Goad introduced Ms. Stuart, the audit partner from KPMG, and asked her to present the audits to the Board of Directors.

Ms. Stuart stated there are three different reports in the Board members' packets from KPMG. She said the audit was conducted in accordance with professional standards. KPMG issued an unqualified opinion on the financial statements of AEA and performed a single audit over three grant programs administered by AEA.

Ms. Stuart commented the most significant accounting item in the financial statement of AEA was related to the Susitna-Watana dam and the surrounding accounting policies. She said KPMG agreed with management on the proposed policy where costs related to the dam would begin to be capitalized in the financial statements when they reach approximately 10 million dollars and be reported as assets. Ms. Stuart said it was a very smooth audit process. She appreciated working with Ms. Walker and her staff during the audit.

Mr. Sheldon requested a list of assets that have been transferred to date to local utilities or communities.

Mr. Arvin commented there were grammatical errors on pages one and two and he wondered how simple grammatical errors could make it to the final document. Ms. Stuart offered her apologies for the grammatical errors.

Chair Short requested Mr. Arvin to identify specific errors so they could be corrected in the document. Mr. Arvin complied and also commented that this is an important document the State paid to have prepared and criticism of the document is warranted. Ms. Stuart stated she will correct the errors and reissue the report.

Mr. Sheldon stated he noticed a couple of items too and he will send those via email to Chair Short.

**Recess: 10:19 a.m.**

**Reconvene: 10:28 a.m.**

**MOTION: Assistant Commissioner Graham made a motion to add Item 8A to the agenda as an Executive Session to discuss legislative and budget issues. Motion seconded by Mr. Sheldon. Motion passed unanimously.**

#### **7B. Resolution No. AEA 2012-06 AIDEA and AEA Lending Agreement**

Ms. Fisher-Goad stated the resolution increases the amount AEA can borrow from AIDEA for working capital and capital needs. She said AEA often times needs to borrow funds from AIDEA while waiting for reimbursement from the funding source. Ms. Fisher-Goad commented this resolution is replacing Resolution 2001-03, which has been in place for 11 years. She stated the approval of the resolution is recommended. Ms. Fisher-Goad stated Ms. Walker is available for any questions.

Deputy Commissioner Tangeman asked if the 2.5 million-dollar lending level has been in place the entire 11 years under Resolution 2001-03. Ms. Walker stated the lending level has been 2.5 million since 2001. She believes 1995 was the first time a resolution was put in place regarding this issue.

Deputy Commissioner Tangeman asked if there has even been an instance where the current lending level was not sufficient. Ms. Walker said AEA's current activity with the advent of the new programs has made them reach the current lending level.

Mr. Wilken asked Ms. Walker if there would be some benefit to making the lending level 10 million dollars to avoid the issue arising again in the future. Ms. Walker said 7.5 million dollars is the high figure or top end of what would be needed.

Mr. Sheldon commented it was nice to see the language included in this memorandum regarding the capability of rural power system upgrades, alternative energy, conservation and transmission line extensions, as well as interties.

Mr. Hughes asked how interest is handled on the line of credit and how the working capital of Susitna-Watana is handled. Ms. Fisher-Goad stated the Susitna-Watana has a rail belt energy fund appropriation that receives advances directly from the State. Ms. Walker said the resolution states there is no interest on the line of credit. She said there is not a mechanism for AEA to be able to pay interest and that is part of the reason the reimbursement should happen as quickly as possible because there is a foregone interest cost to AIDEA.

**MOTION: Mr. Wilken made a motion to approve Resolution No. AEA 2012-06. Motion seconded by Assistant Commissioner Graham. Motion passes unanimously.**

#### **7C. Executive Session – AEA Executive Director Review**

**MOTION: Assistant Commissioner Graham made a motion to go into Executive Session to discuss the AEA Executive Director Review. Motion seconded by Deputy Commissioner Tangeman. Motion passes unanimously.**

**EXECUTIVE SESSION - 10:38 a.m.**

The Board reconvened its regular meeting at 12:01 pm.

**8. DIRECTOR COMMENTS**

**8A. Executive Session - Legislative and Budget**

**MOTION: Assistant Commissioner Graham made a motion to go into Executive Session to discuss legislative and budget issues. Motion seconded by Mr. Wilken. Motion passes unanimously.**

**EXECUTIVE SESSION - 12:02 p.m.**

The Board reconvened its regular meeting at 12:42 pm.

Ms. Fisher-Goad thanked Deputy Director Sean Skaling for the hard work on the Renewable Energy Fund Round 6 evaluations. There were 85 applications for \$122M requests. They are completing the round three reviews to submit the information to the legislature on January 25, 2013.

**8B. AEEE Program Fact Sheet Updates**

Ms. Fisher-Goad stated the program fact sheets for AEEE have been split up between each program and are available in their packets.

**8C. Next regularly scheduled meeting - January 10, 2013**

Ms. Fisher-Goad stated the meeting may be held in Fairbanks. She still needs to coordinate with the AIDEA team and have more discussion on whether meeting in Fairbanks is feasible.

**9. BOARD COMMENTS**

Mr. Sheldon stated he attended a conference in Iceland last week and wanted to share his five most important highlights. The first one was that Government Guarantees as a model to assist economic development work extraordinarily well. Secondly, low cost energy is driving Iceland's economy. Mr. Sheldon said he had a conversation with a person from China who said since Iceland has such very low energy costs, this person is looking at moving manufacturing from China to Iceland.

Mr. Sheldon stated the third major item was their very well thought out generation, transmission and distribution system. He said they are discreetly structured and separated and have gone

through a public process in order to get to that point. He said the fourth takeaway was that they take the public/private process very seriously and provide guarantees.

Mr. Sheldon stated the fifth major item was their consideration for societal and economic impact has been reduced to metrics. He said they use the metrics to determine whether or not to go forward with the projects. Mr. Sheldon believes Iceland has done a great job putting together their system in eight years and he appreciated being able to travel on behalf of AEA and AIDEA.

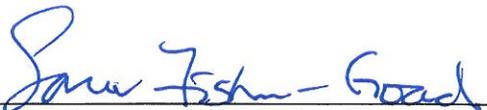
Mr. Wilken commented AIDEA and AEA are very much on the minds of the leaders in Fairbanks right now. He said families and businesses are being crushed by heating oil prices. Mr. Wilken stated this is the number one topic in Fairbanks. He said it would be appropriate to hold the next meeting in Fairbanks with the advantage of having the legislators there and be able to hear testimony from individuals. Mr. Wilken stated it would be a good opportunity to have a round table discussion with the community of Fairbanks. He said it would be extraordinary and a great gesture for the state to come to Fairbanks and believes it would be very productive. Mr. Wilken offered to help in any way he can.

Assistant Commissioner Graham stated she echoes what Mr. Wilken said. She believes the role that AIDEA and AEA play in the overall economic development of the state is growing every day in importance and significance. She stated this is a credit to the leadership, the organization and the staff. Assistant Commissioner Graham said the Department of Commerce is very happy to work with AIDEA and AEA and appreciated all of the work efforts.

Chair Short stated he traveled to Iceland with Mr. Sheldon for the same conference. He said one of the most amazing things to him was in 2002, Iceland repatriated all of their distribution.

## 10. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 12:52 p.m.

  
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Sara Fisher-Goad, Executive Director/Secretary  
Alaska Energy Authority