



BOARD MEETING MINUTES
Thursday, March 31, 2016
Anchorage, Alaska

1. CALL TO ORDER

Vice-Chair Pruhs called the meeting of the Alaska Energy Authority to order on March 31, 2016 at 10:00 am. Chair Dick appeared telephonically and requested Vice-Chair Pruhs chair the meeting. A full quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Russell Dick (Public Member (phone)); Vice-Chair Dana Pruhs (Public Member); Jerry Burnett (Deputy Commissioner, Department of Revenue (phone)); Fred Parady (Deputy Commissioner, Department of Commerce, Community and Economic Development (DCCED)); Elaine Brown (Public Member); Dan Kennedy (Public Member); and Gary Wilken (Public Member).

3. ROLL CALL: STAFF, PUBLIC

Staff present: Sara Fisher-Goad (AEA Executive Director), Bryan Carey, Tom Erickson, Emily Ford, Jennifer Haldane, Michael Lamb, Betsy McGregor, Douglas Ott, Sean Skaling, Kirk Warren, Teri Webster (AEA); and Brian Bjorkquist (Department of Law).

Others present: Elwood Brehmer (Alaska Journal of Commerce); Pedro Kim (Anchorage Unitarian Fellowship); Kathryn Black (Birch Horton Bittner & Cherot); Wayne Dyok (H2O EcoPower); Todd Aquino (HDR); Alan Bailey (Petroleum News); Robert Venables (Southeast Conference (phone)); Travis Montgomery (St. Mary's Episcopal Church); Ken Vassar; Debra Mack (Accu-Type Depositions).

4. AGENDA APPROVAL

Ms. Fisher-Goad requested Item 7B. Executive Session be added to the agenda to provide an update regarding litigation and discussion of personnel matters.

The agenda was approved as amended.

5. PRIOR MINUTES - March 3, 2016

MOTION: A motion was made by Mr. Kennedy to adopt the minutes of March 3, 2016. Mr. Wilken seconded the motion. Motion passed.

6. PUBLIC COMMENTS

None.

7. NEW BUSINESS

7A. Susitna-Watana Hydro project updates

Ms. Fisher-Goad, Betsy McGregor and Wayne Dyok presented a Susitna-Watana Hydro Project update. The second set of supplemental Initial Study Report (ISR) meetings were completed at the end of March, some of which were held at the new CIRI building.

Ms. Fisher-Goad reviewed the project highlights and project funding from FY09 through FY16. The total Capital Fund appropriations are \$192 million. The studies and environmental work have been coordinated with multiple stakeholders to better understand the resources and knowledge of the Susitna Basin.

Ms. Fisher-Goad informed the Chulitna Corridor has been removed from further consideration as a potential transportation corridor to the project. The Denali East Option has been added as an alternate corridor. The remaining corridor options are the Gold Creek Corridor (east/west), and the Denali West Corridor (north/south), which provides two possible directional route alternatives. The study plan development has been completed and Federal Energy Regulatory Commission (FERC) has approved the study plan. The study implementation phase of the 58 studies is ongoing. Thirteen final reports have been filed, with an additional eight studies to be completed by the end of calendar year 2016.

Ms. Fisher-Goad explained if funding is received in the future for this project, an impact assessment would be performed and the development of protection, mitigation and enhancement measures (PMEs) would occur in cooperation with the resource agencies. Ms. Fisher-Goad reviewed the FERC Integrated Licensing Process (ILP) Schedule. FERC will issue the Updated Director's Determination on October 21st, 2016, which will inform if the study plan needs any adjustment requiring significant more work, thus increasing the estimated \$100 million to get to license.

Ms. McGregor continued the presentation describing the recent ISR meetings. Ms. McGregor showed the summary of project funding as of March 7, 2016, and noted there is approximately \$3.7 million remaining to complete essential tasks. Ms. McGregor outlined the essential tasks and the timeline for completion.

Vice-Chair Pruhs asked how long study data is viable. Ms. McGregor believes the viability of study data is individual to each study. Many of the biological studies are habitat-based. Some studies, mainly the social sciences, have adopted proposed modifications and variances because of the uncertainty of information and the necessity to have the most current information for the models and impact assessment.

Vice-Chair Pruhs requested a compilation of the completed studies with an opinion for each study describing how long the study will be relevant and what action is needed to maintain that relevance. Ms. Fisher-Goad noted that information is included in the final deliverables from the study contractors. Deputy Commissioner Parady requested a summary of the percentage of completion of the 27 studies that will come to a temporary halt. Ms. McGregor agreed. Mr. Dyok discussed the benefit-cost analysis and economic benefits for the Susitna-Watana Project completed by Northern Economics. The energy savings over the first 50 years is \$11.2 billion. The capital and O&M cost over the first 50 years is \$4.7 billion, using a discount rate of 3 percent. The benefit-cost ratio is 2.39 from the energy savings, and increases to 2.46 by retiring old, unneeded generation facilities. Other potential benefits include reductions in greenhouse gas emissions and reductions in the frequency of power outages.

Vice-Chair Pruhs asked if the benefit-cost analysis includes the required back-up generation system needed by the utilities. Mr. Dyok agreed and informed the planned system is structured with enough back-up to ensure reliable generation.

Mr. Dyok discussed the local spending and statewide multiplier effects from the project results in an estimated \$5.6 billion to the local economy during the nine-year construction period. He noted 12,000 direct overall construction jobs will be created during the construction period, and 5,000 preconstruction and non-construction direct jobs will be created during the time period of 2010 to 2028.

Ms. Fisher-Goad expressed her gratitude to Ms. McGregor and the Susitna-Watana team for their diligent work and professionalism in moving the project forward on the environmental program. Ms. Fisher-Goad announced Mr. Dyok officially retired from the project, but is available for a limited time until the conclusion of the Director Determination in October. Ms. Fisher-Goad presented Mr. Dyok with a plaque in appreciation of his work contribution to AEA and to this project. Mr. Dyok expressed his appreciation to Ms. Fisher-Goad and to the Board for their support over the years.

Mr. Wilken commented he supports this legacy, generational project and hopes the Board never backs away from this project. He believes the one thing the State of Alaska can do for the next four generations is to invest in this clean, reliable, hydropower dam. It is important to continue building the data and moving forward with the process. Mr. Wilken requested the new members be provided with the spawning data presented two years ago illustrating approximately 90 percent of the fish spawn below the dam. Mr. Wilken expressed his appreciation to Mr. Dyok.

Mr. Kennedy complimented the website on the amount of information available. He recommended providing the public with a link to the website. Mr. Kennedy inquired if the land issues have been resolved. Ms. Fisher-Goad informed AEA has a permit process with the Cook Inlet Region Working Group (CIRWG) to be able to access the land for study completion. There is no current negotiation regarding a timeline of the construction process. Ms. Fisher-Goad stated CIRWG is supportive of the project moving forward to getting a license and working with AEA. Negotiations would have to occur to address the many remaining unknowns of the development of the project and use of the land.

Mr. Kennedy requested additional information regarding the summary of project funding. Ms. Fisher-Goad informed there is no funding available for the \$100 million needed to complete the studies and to get the license. Vice-Chair Pruhs stated the license is an actual asset and is needed before project funding decisions can be made. Ms. Fisher-Goad will provide Mr. Kennedy with additional financial slides showing the assumed payback, including the licensing dollar amounts.

MOTION: Deputy Commissioner Parady made a motion to go into Executive Session to discuss confidential matters associated with the Railbelt litigation and to discuss personnel matters. Motion seconded by Mr. Wilken.

Motion passed.

**7B. Executive Session: 10:45 a.m.
Railbelt litigation; personnel matters**

The Board reconvened its regular meeting at 12:10 pm. Vice-Chair Pruhs advised no formal actions were taken during executive session.

8. DIRECTOR COMMENTS

8A. Project/Program Fact Sheets

Ms. Fisher-Goad stated the updated Project/Program Fact Sheets are included in the Board packets. The Rural Energy Conference is April 26 - 28 in Fairbanks. Additional information will be provided via email. AEA will host Board members who wish to attend.

Ms. Fisher-Goad informed her resignation has been tendered to the AEA Board. Her final day is July 1, 2016. This is the end of the fiscal year and the completion of the legislative session. She and her husband will be moving to the Washington, D.C. area to pursue other opportunities. Ms. Fisher-Goad expressed her pleasure and honor in being the Executive Director for AEA for five years and in being associated with AEA and AIDEA for over 15 years. She expressed her desire to work on a smooth transition in finding the next leader.

Vice-Chair Pruhs requested a three-member board be appointed with the purpose of finding a replacement for Ms. Fisher-Goad. Vice-Chair Pruhs recommended the three members be Chair Dick, Vice-Chair Pruhs, and Deputy Commissioner Parady. There was no objection from the Board. Chair Dick and Deputy Commissioner Parady agreed.

8B. Next regularly scheduled meeting Thursday, May 19, 2016.

Ms. Fisher-Goad informed the next regularly scheduled meeting is on Thursday, May 19, 2016.

9. BOARD COMMENTS

Mr. Wilken expressed his appreciation to Vice-Chair Pruhs for writing, distributing via email and in the AGC Magazine, the informed article regarding the RCA docket. Mr. Wilken

forwarded the article and has received positive comments. Vice-Chair Pruhs stated he responded to the important information Ms. Fisher-Goad and staff provided.

Mr. Kennedy thanked AEA for the tremendous education he has received over the last few months.

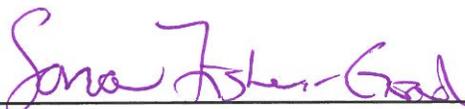
Ms. Brown expressed appreciation to Ms. Fisher-Goad for her hard work. Ms. Brown explained working on the participant side of the equation is much different than working on the AEA side of the equation.

Chair Dick reserved his comments regarding Ms. Fisher-Goad for the next meeting. He thanked the team for the work presented.

Vice-Chair Pruhs requested an independent survey be completed regarding which utilities in rural Alaska do not have maintenance reserve accounts set up for replacement and repair (R&R) for their power generation systems. The survey would also include the basis for the rate base. He believes this information is valuable and is concerned many communities may not be prepared for an unanticipated liability. Ms. Fisher-Goad indicated she will have a follow-up conversation with Vice-Chair Pruhs to review the details of his request.

10. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 12:20 pm.



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

