

**Alaska Energy Authority
BOARD MEETING MINUTES
Wednesday, April 17, 2019
Anchorage, Alaska**

1. CALL TO ORDER

Chair Pruhs called the meeting of the Alaska Energy Authority to order on April 17, 2019 at 10:03 am. A quorum was established.

2. ROLL CALL: BOARD MEMBERS

Members present: Chair Dana Pruhs (Public Member); Julie Anderson (Commissioner DCCED); Albert Fogle (Public Member); Bill Kendig (Public Member); Greg Samorajski (Deputy Commissioner DOR); and Julie Sande (Public Member).

3. ROLL CALL: STAFF, PUBLIC

Staff present: Curtis Thayer, Cady Lister, Katie Conway, Kirk Warren, Amy Adler; Linda Senn, Brenda Applegate; Bryan Carey, Betsy McGregor, Ashton Compton (AEA); and Stefan Saldanha (Department of Law).

Others present: Sunny Morrison (Accu-Type Depositions); Constance (Connie) Hulbert, Dean Thompson, Unidentified Attendee (Alaska Electric Light & Power (AEL&P)); Elwood Brehmer (AK Journal of Commerce); Crystal Enkvist (AK Power Association); Tom Wolf (Denali Commission); Keith Comstock (Juneau Hydropower); Alan Bailey (Petroleum news)(phone); Bernie Smith; and Nancy Wainwright (public).

4. AGENDA APPROVAL

Mr. Thayer recommended moving Item 7A. to after Item 8. Executive Session. There was no objection. The agenda was approved without objection, as amended.

5. PUBLIC COMMENTS

Connie Hulbert, President and General Manager AEL&P, commented Resolution 2019-03 has a stated purpose of authorizing AEA staff to assist with the development of the Sweetheart Lake project. She noted the resolution goes beyond the scope of its stated purpose. There are two underlying implications in the body of the resolution. The first implication is AEA has economically vetted the Sweetheart Lake project. She asked AEA to consider how adopting this resolution might spur similar requests from other potential Alaska projects.

Ms. Hulbert noted the second implication is AEL&P is hindering progress of the project. She reiterated the statements in her letter that AEL&P has spent hundreds of hours of

staff time and tens of thousands of dollars working toward this request. The efforts have intensified recently and AEL&P is not standing in the way of the progress of the project. Ms. Hulbert informed Juneau Hydropower has control over the timeline of the required studies and two separate seven-month delays have occurred due to Juneau Hydropower. AEL&P cannot sign an interconnection agreement nor a transmission services agreement until Juneau Hydropower completes the third study. Ms. Hulbert requested the Board refrain from adopting the resolution as written.

Keith Comstock, Chairman and CEO of Juneau Hydropower, expressed support for Resolution 2019-03. He commented there are two sides to every story, and he would be happy to provide additional information at the Board's request.

6. PRIOR MINUTES - March 6, 2019

MOTION: A motion was made by Mr. Fogle to approve the Minutes of March 6, 2019. Commissioner Anderson seconded the motion.

The motion was approved without objection.

MOTION: A motion was made by Commissioner Anderson to go into Executive Session to discuss matters related to Hiilangaay, Battle Creek, Wells Fargo update, and the Snettisham intertie. Mr. Fogle seconded the motion.

The motion was approved without objection.

Chair Pruhs noted for the record that Julie Sande has a financial interest in the construction contract and engineering on the Hiilangaay project and will not participate in the discussion. She will join executive session for Items 8B. and 8C.

**8. EXECUTIVE SESSION - Executive Session: 10:10 am
Discuss confidential matters related to:**

- 8A. Hiilangaay**
- 8B. Battle Creek**
- 8C. Wells Fargo Update**

The Board reconvened its regular meeting at approximately 11:01 am.

Chair Pruhs advised no formal action was taken on the matters discussed in executive session.

7. NEW BUSINESS

7A. Resolution No. AEA 2019-03 Snettisham Intertie

Mr. Thayer noted a cover memo has been provided in the packets explaining the goal is to reduce the cost of power in Southeast Alaska and increase rural resources. AEA encourages the completion of a nondiscriminatory interconnection and transmission service agreement regarding a Snettisham hydro facility, which includes a 44-mile transmission line with reasonable terms for compensation, operation and maintenance. The purpose of the resolution is to support the elimination of barriers regarding State owned assets and allow for Juneau Hydropower to proceed to the next phase of development. Staff recommends approval, as presented.

Chair Pruhs noted the resolution authorizes staff to assist in the development of the Sweetheart Lake Hydro project.

MOTION: A motion was made by Mr. Fogle to approve Resolution 2019-03, relating to the Snettisham intertie. Commissioner Anderson seconded the motion.

Commissioner Anderson made a friendly amendment to the last whereas section changing the wording from “The Sweetheart Lake Hydroelectric Project would be beneficial to the people and economy of Southeast Alaska,” to “The Sweetheart Lake Hydroelectric Project could be beneficial to the people and economy of Southeast Alaska.” There was no objection.

A roll call was taken, and the motion to approve Resolution 2019-03, as amended changing the word “would” to “could”, passed unanimously.

9. DIRECTOR COMMENTS

9A. Dashboard & Loan Report

Mr. Thayer reviewed the Dashboard and Loan Report and noted its new format, which is very similar to AIDEA’s format.

Chair Pruhs inquired if Mr. Thayer have discussed with Tom Boutin, CEO AIDEA, regarding the availability of AIDEA assisting on any loans. Mr. Thayer indicated discussions have occurred, and informed AIDEA has previously bought some of the loan portfolio to help with reserves going forward.

Chair Pruhs asked Brenda Applegate, AEA CFO, regarding the possibility of reserving an amount in the revolving fund that is specifically available for loan transactions for eligible small communities. Ms. Applegate believes there are no restrictions to segregating funds for that purpose. Chair Pruhs requested Mr. Thayer work with Ms. Applegate, Mr. Boutin, and staff to determine a specified amount that could be utilized for eligible loan funding. There was no objection.

9B. FY20 RPSU / BFU Work Plan

Mr. Thayer informed AEA does not have capital funding for FY 2020 for the RPSU or

BFU programs. The two-year work plans are currently reliant on past appropriations. Mr. Thayer requested Mr. Boutin and staff create a new two-year outlook for the programs. Mr. Thayer reviewed the strategies outlined in the provided handout.

9C. RPSU Eligible Rural Alaska Utilities

Mr. Thayer explained the provided information regarding the RPSU eligible rural Alaska utilities are split into four categories and includes the priority ranking list of the top 25 eligible communities scheduled for replacement upgrades. Chair Pruhs inquired if staff has identified which utilities hold maintenance and repair reserve funds. Mr. Thayer noted that information is in the process of being collected and is not reflected on the handout. Chair Pruhs asked when the information collection process will be complete. Mr. Thayer noted the process is expected to be complete by February of 2020, for the approximately 80 affected communities.

Mr. Thayer informed there are currently three trainers who travel to rural communities and provide education on equipment operation, maintenance, and financial management. A larger travel budget has been submitted, in part because of the federal grants acquired through the Denali Commission requiring visits to communities.

Ms. Anderson recommended Mr. Thayer discuss the issue further with the Director of Committee and Regional Affairs because of similar shared efforts in rural communities.

Chair Pruhs suggested the graphic reflect the communities by the colors green, yellow, and red. Green is acceptable. Yellow is a watch list. Red is unacceptable.

9D. VW Update

Mr. Thayer stated AEA is releasing \$1.7 million of the \$8.1 million for the repower and replacement of school buses. Applications are due June 30th. Additionally, \$800,000 will be released in April to fund public transit bus repower and replacement projects. There are ongoing discussions with Railbelt utilities and Copper Valley Electric regarding road charging stations.

9E. Denali Commission Letter on Mertarvik Funding

Mr. Thayer explained there is no available capital funding to provide the acknowledged and agreed upon \$3.5 million for the Alaska Native Tribal Health Consortium. Mr. Thayer retracted the \$3.5 million commitment due to the lack of funding available this year. Approximately \$500,000 from completed projects was utilized to assist in leveraging additional funding.

9F. Bradley Lake Site Visit

The Bradley Lake site visit to tour the construction of the \$37.6-million Battle Creek

project was scheduled for July 10th and 11th. A public meeting will be noticed and convened, but will not constitute as a Board meeting because of communication issues with the remote location.

9G. Clarks Point & Port Heiden Powerhouse Modules Tour

AEA's contractor is assembling the Clarks Point & Port Heiden powerhouse modules. Tours for AEA Board members, not more than three members at a time, are available in the beginning of August.

9H. EPA Decision on Diesel Generators

The press release regarding the EPA decision on diesel generators is for informational purposes. AEA has been working for years to relax some of the EPA standards for emissions on diesel generators. It appears an exemption has been provided by Andrew Wheeler, Administrator of the EPA. The public process is ongoing and an AEA resolution in support of the exemption may be requested.

9I. AEA Project Fact Sheets

Mr. Thayer noted the project fact sheets have been updated.

9J. AEA's Presentation to House Energy Committee

The presentation to the House Energy Committee was provided.

9K. Bradley Lake Operating & Maintenance Agreement

The Bradley Lake Operating & Maintenance Agreement has been completed and signed.

9L. Next Regularly Scheduled AEA Board Meeting Wed. May 22, 2019

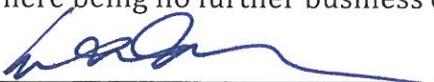
The recent Alaska Journal of Commerce story on AEA has been emailed to members.

10. BOARD COMMENTS

Chair Pruhs expressed appreciation to Mr. Thayer, staff, and attendees.

11. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 11:29 am.



Curtis Thayer, Executive Director/Secretary
Alaska Energy Authority