

**INTERTIE MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 1**

**CONSENT TO THE ASSIGNMENT OF ALASKA INTERTIE AGREEMENT;
INTERTIE OPERATIONAL CHANGES;
AND
AMENDMENT OF IMC BYLAWS – MANNER OF ACTING**

INTRODUCTION

The Intertie Management Committee (IMC) is responsible for the management, operation, maintenance, and improvement of the Alaska Intertie Project (Alaska Intertie), subject to the non-delegable duties of the Alaska Energy Authority (AEA). In December 2018, Chugach Electric Association, Inc. (Chugach) and The Municipality of Anchorage d/b/a Municipal Light & Power (ML&P) entered into transaction documents for Chugach to purchase and ML&P to sell certain electric facilities owned and operated by ML&P. ML&P's interests in the Alaska Intertie Agreement (AIA) is one of the utility assets being assigned to Chugach as part of the deal.

The IMC must consent to ML&P's assignment of its interests in the AIA for such an assignment to be valid. Moreover, operational obligations must be addressed following the Chugach/ML&P transaction to assure the safe and reliable operation of the Alaska Intertie.

PURPOSE OF IMC RESOLUTION 20-1

This IMC Resolution 20-1 of the IMC provides the consent of the IMC for ML&P to assign its interests in the AIA to Chugach and addresses Alaska Intertie operational issues that need to be addressed to assure safe and reliable operation of the Alaska Intertie.

This IMC Resolution 20-1 also accepts Chugach's proposal to change the Annual System Demand amounts for purposes of voting and directs the amendment of the IMC Bylaws to change the Annual System Demand levels for voting purposes on any and all matters considered by the IMC following closing of the Chugach/ML&P transaction. Attachment 1 to this IMC Resolution 20-1 sets forth the Annual System Demand levels for purposes of voting and for all other matters (e.g., MITCR determination and IMC Annual costs). In addition, this IMC Resolution 20-1 addresses two operational issues: 1) the amount of reserve obligation that Chugach must carry post-transaction so that no additional burden is imposed on the other Participants because of the assignment of ML&P's interests; and 2) Chugach's burden to change the Annual System Demand after appropriate data is available.

IMC RESOLUTION NO. 20- 1

WHEREAS, the IMC is responsible for the management, operation, maintenance, and improvement of the Alaska Intertie, subject to the non-delegable duties of the AEA;

WHEREAS, in December 2018, Chugach and ML&P entered into transaction documents for Chugach to purchase and ML&P to sell certain electric facilities and utility assets owned by ML&P ("Transaction Documents");

WHEREAS, ML&P is a Member of the IMC and a Participant under the AIA;

WHEREAS, ML&P's interest in the AIA is one of the utility assets being assigned to Chugach under the Transaction Documents.

WHEREAS, the IMC must consent to ML&P's assignment of its interests in the AIA to Chugach in accordance with Section 24.1 of the AIA;

WHEREAS, an assignment of a Participant's interests in the AIA cannot result in the imposition of any additional burdens on other Participants;

WHEREAS, ML&P has been delegated the responsibility by the IMC for the operation of the southern assets of the Alaska Intertie.

WHEREAS, the Intertie Operating Committee (IOC) has reviewed and considered the operational issues raised by the Chugach/ML&P transaction with respect to the operations of the Alaska Intertie;

WHEREAS, the IOC recommends that Chugach be delegated the responsibility for the operation of the southern assets of the Alaska Intertie post-transaction;

WHEREAS, the IMC may at any time designate a new operator for the Alaska Intertie as provided for in Section 10.1.1 of the AIA;

WHEREAS, it is reasonable and prudent for the IMC to designate that Chugach assume the responsibilities from ML&P for operation of the southern assets of the Alaska Intertie in accordance with Section 10 of the AIA;

WHEREAS, the majority of the decisions of the IMC requires an affirmative vote of at least 75 percent of the Members of the IMC constituting greater than 66 percent of the Annual System Demand of all members of the IMC, including the affirmative vote of the Alaska Energy Authority (AEA);

WHEREAS, Chugach may have an advantageous level of Annual System Demand if it consummates the transaction and Chugach is assigned ML&P's interest in the AIA;

WHEREAS, having greater than 50 percent of the total Annual System Demand of all IMC Members may potentially cause issues with the conduct and control of IMC matters;

WHEREAS, for voting purposes, Chugach has proposed changes to the level of Annual System Demand held by voting IMC Member having an Annual System Demand to equal levels to alleviate any concerns with IMC voting post-transaction;

WHEREAS, the respective levels of Annual System Demand to be used for each IMC Member for voting purposes under the IMC Bylaws being proposed by Chugach for the purpose of conducting IMC business post-transaction are set forth in Attachment 1 to this IMC Resolution 20-1;

WHEREAS, Chugach is not proposing any changes to the post-transaction levels of Annual System Demand for determination of other Alaska Intertie-related matters including, but not limited to such things as determination of MITCR or the cost responsibility for Intertie Costs;

WHEREAS, the respective levels of Annual System Demand to be used for all other purposes under the AIA and IMC Bylaws (except for voting) are also set forth in Attachment 1 to this IMC Resolution 20-1;

WHEREAS, the IMC believes the changes to the Annual System Demand held by each IMC Member with an Annual System Demand, for voting purposes, under Chugach's proposal are appropriate and in the best interests of the IMC;

WHEREAS, it is reasonable and prudent for the IMC to adopt the Annual System Demand levels set forth in Attachment 1 to this IMC Resolution 20-1 for IMC voting purposes and all other purposes accordingly;

WHEREAS, the IMC Bylaws will need to be amended to reflect the changes to IMC voting requirements to reflect Chugach's proposal to change Annual System Demands for voting purposes;

WHEREAS, the IOC also reviewed each utility's reserve obligations under Exhibit H of the AIA;

WHEREAS, Chugach has proposed that after its purchase of ML&P and the assignment of ML&P's interest in the AIA, that Chugach will continue to carry its own utility burden for reserve obligations and also carry ML&P's burden for reserve obligations as set forth in Exhibit H to the AIA;

WHEREAS, the IOC believes it is reasonable to conclude that the Chugach proposal to carry both its own and ML&P's burden to carry reserves holds all other Participants harmless from the ML&P/Chugach transaction with respect to reserve obligations;

WHEREAS, the IOC recommends that Chugach's proposal governing reserve obligations be accepted by the IMC;

WHEREAS, the IMC believes the IMC Bylaws should be amended to reflect the changes to the level of Annual System Demand for IMC Members, for voting purposes, as proposed by Chugach should the transaction between Chugach and ML&P be consummated; and,

WHEREAS, given the changes proposed by Chugach regarding Annual System Demand for voting purposes, Chugach's willingness to take over ML&P's responsibility for operation of the southern assets of the Alaska Intertie, and Chugach's assumption of ML&P's burden of carrying reserve obligations, IMC believes its consent to ML&P's assignment of its interests in the AIA to Chugach is reasonable and in the best interests of the IMC.

THEREFORE, BE IT RESOLVED THAT, the IMC consents to the assignment of ML&P's interests in the AIA to Chugach;

BE IT ALSO RESOLVED THAT, in accordance with Section 10 of the AIA the IMC designates Chugach to be responsible for operation of the southern assets of the Alaska Intertie effective upon the closing of the ML&P/Chugach transaction;

BE IT ALSO RESOLVED THAT, the Section 5.09 Manner of Acting of the IMC Bylaws shall be interpreted effective post-transaction to reflect, for voting purposes only, the use of the level of Annual System Demand held by each IMC Member as set forth in the column titled "IMC Voting" in Attachment 1 to this IMC Resolution 20-1 ;

BE IT ALSO RESOLVED THAT, the IMC Bylaws shall be amended in accordance with this IMC Resolution 20-1 ;

BE IT ALSO RESOLVED THAT, for all other AIA or IMC related-purposes, the level of Annual System Demand held by each IMC Member shall be established post-transaction as set forth in the column titled " All Other Matters" in Attachment 1 to this IMC Resolution 20-1 ;

BE IT ALSO RESOLVED THAT, Chugach can request a review by the IMC of its post-transaction Annual System Demand when Chugach can support such a change with the appropriate data.

BE IT ALSO RESOLVED THAT, the IMC accepts and hereby adopts Chugach's proposal to carry the burden of reserve obligations that ML&P currently has along with Chugach's burden of reserve obligations as set forth in Exhibit H of the AIA and the IMC concludes that Exhibit H of the AIA will be interpreted in that manner until further notice; and,

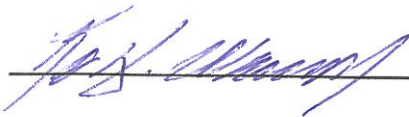
BE IT ALSO RESOLVED THAT the IMC retains jurisdiction over the matters addressed in this IMC Resolution 20-1.

BE IT ALSO RESOLVED THAT any dispute or issue of interpretation of this IMC Resolution 20-1 and how it may affect the Alaska Intertie, or the AIA shall be brought to the IMC for immediate resolution.

DATED at Anchorage Alaska, this 23rd day of October 2020.



Vice Chair, Brian Hickey

Attest: 

Secretary, Kirk Warren

**ATTACHMENT 1
TO
INTERTIE MANAGEMENT COMMITTEE
RESOLUTION NO. 20- 1**

Annual System Demand By Purpose (MW)

<u>IMC Member</u>	<u>Post-Transaction Purpose</u>	
	<u>IMC Voting</u>	<u>All Other AIA/IMC Matters</u>
Alaska Energy Authority	N/A	N/A
Municipal Power & Light	---	---
Matanuska Electric Assn.	100.0	134.0
Golden Valley Electric Assn.	100.0	199.3
Chugach Electric Assn	<u>100.0</u>	<u>368.7</u>
Total	300.0	702.0