

BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE (BPMC)
MEETING MINUTES
December 5, 2025

1. CALL TO ORDER

Chair Tony Izzo called the meeting of the Bradley Lake Hydroelectric Project Management Committee to order at 10:04 a.m. A quorum was established.

2. ROLL CALL (for Committee members)

Tony Izzo (Matanuska Electric Association [MEA]); Arthur Miller (Chugach Electric Association [CEA]); Dan Bishop (Golden Valley Electric Association [GVEA]); Brad Janorschke (Homer Electric Association [HEA]); Brian Hickey (City of Seward); and Curtis Thayer (Alaska Energy Authority [AEA]).

3. PUBLIC ROLL CALL (for all others present)

Jennifer Bertolini, Mark Billingsley, Patrick Domitrovich, Pamela Ellis, Josi Hartley, Ryan McLaughlin, Jim Mendenhall, William Price, Robert Varga, Mark Ziesmer (AEA); Chris Lallish (Aldrich CPAs & Advisors); Joel Paisner (Ascent Law Partners); Matt Clarkson, Sherri Highers, Chris Koehler, Andrew Laughlin, Mike Miller, Paul Millwood (CEA); Molly Howard (GVEA); Andrew Jensen (Governor's Office); Larry Jorgensen, Martin Law, Andrew Patrick (HEA); David Pease, Matt Reisterer, Tony Zellers (MEA); and Julian Jensen (RT Casey).

4. AGENDA APPROVAL

Chair Izzo requested that the agenda is amended to move Item 8F. Old Business, SQ Upgrade Update to Item 8A., and the remaining items progress sequentially.

MOTION: A motion was made by Mr. Thayer to approve and amend the agenda moving Item 8F. to Item 8A. and adjust accordingly. Motion seconded by Vice Chair Miller.

A roll call was taken, and the motion to approve the agenda as amended passed unanimously.

5. PUBLIC COMMENTS - None.

6. APPROVAL OF MEETING MINUTES – September 19, 2025

MOTION: A motion was made by Mr. Thayer to approve the Minutes of September 19, 2025. Motion seconded by Vice-Chair Miller.

A roll call was taken, and the motion to approve the Minutes of September 19, 2025, passed unanimously.

7. NEW BUSINESS

A. FY25 BPMC Audited Financial Statements and Letter

Mark Ziesmer, AEA, introduced Chris Lallish, Aldrich CPAs & Advisors, to lead the audit discussion. Mr. Lallish reviewed the report included in the Board packet. Aldrich was hired to complete the special-purpose framework audit for the year ending June 30, 2025, and to issue an opinion on those financial statements. Management provided full cooperation throughout the process. No audit adjustments were needed, and no material weaknesses were identified. Mr. Lallish indicated that an unmodified opinion was issued. This is the highest form of assurance.

Mr. Lallish discussed that the audit included the operating and revenue funds of BPMC in accordance with auditing standards generally accepted in the United States. The audit was conducted to obtain the reasonable assurance that there were no material misstatements, however, the financial statements are ultimately the responsibility of the BPMC. Mr. Lallish reviewed the Statements of Assets and Liabilities. Overall, the assets decreased by approximately \$1.3 million, due to decreases in cash and IRS subsidies receivable. The total liabilities also decreased approximately \$1.3 million, due to a decrease in the payable to utilities for the Operations and Maintenance (O&M) refund. The total assets and total liabilities always equal each other for BPMC, due to the nature of no net income being recorded because of the refund of the surplus.

Mr. Lallish reviewed the Statements of Revenues and Expenses. The revenue is primarily derived from budgeted contributions for expenses, debt service, and capital activity for the year. This year, the major expenses were O&M and debt service payments. The O&M details are found on page 11. Mr. Lallish noted the Statements of Cash Flows shows the change in cash balance for the year. The Notes to the Financial Statements are required. They give background information on the funds. Note 1 provides information on the significant accounting policies. Note 2 lists details on the cash balances and where the money is invested. Note 3 outlines the major contracts and agreements of BPMC. Note 4 reviews all the related party activity, including accounts payable details and dollars related to the contract. Note 5 details the surplus refunds to be returned to the member utilities in 2026 at the direction of the Committee. Note 6 explains the shortage and funding for the SSQ Line in June 2023 that was collected by the BPMC in 2024. It is expected that Note 6 will no longer be included in next year's financial statements.

Mr. Lallish discussed the supplemental schedule and Statements of Expenses. This information provides a more detailed analysis of the O&M expenses compared to the budget and the prior year actual expenditures.

Mr. Lallish expressed appreciation to Pam Ellis, AEA Controller, and Mr. Ziesmer, for their accurate and timely information during the process, thus making the audit as smooth as possible. There were no comments or questions.

MOTION: A motion was made by Mr. Thayer to accept the FY2025 BPMC audited financial

statements, as presented. Motion seconded by Mr. Hickey.

A roll call was taken, and the motion to approve the audited financial statements passed unanimously.

B. FY25 Refund of Surplus

Mr. Ziesmer gave a high-level overview of the FY25 surplus refunds as outlined in the report in the packet. The total surplus refund amount for FY25 is \$1,969,060. The refunds are divided into three categories. The Bradley Lake refunds total \$1,796,642, which includes an O&M refund of \$394,403 for O&M, and a Renewal and Contingency (R&C) refund of \$1,402,238. The Battle Creek refunds total \$17,230, and are entirely for O&M. The SSQ Line refunds total \$155,188, and are entirely for O&M. These refunds will be distributed to member utilities based on their share percentages as detailed in the report. Mr. Ziesmer reviewed Note 5 – Surplus Refunds of the financial statements. This links the amounts in the financial statements to the amounts in the report. There were no comments or questions.

MOTION: A motion was made by Mr. Thayer to approve the \$1,796,641.53 Bradley Lake utilities refund, the \$17,230.35 Battle Creek utilities refund, and the \$155,187.85 for the SSQ Line refund, as presented. Motion seconded by Vice Chair Miller.

A roll call was taken, and the motion to approve the utilities refunds, as presented, passed unanimously.

C. 2026 BPMC Meeting Schedule

Chair Izzo noted that the proposed meeting schedule for 2026 is included in the packet. He suggested that members approve the January 16, 2026, meeting, review the other dates during the interim and make a final decision during the January meeting. There was no objection.

MOTION: A motion was made by Mr. Janorschke to accept January 16, 2026, as the next meeting date, and consider the other meeting dates at that meeting. Motion seconded by Mr. Thayer.

A roll call was taken, and the motion passed unanimously.

8. OLD BUSINESS

A. SQ Upgrade Update

Chris Koehler, CEA, stated he is the Project Manager on the Sterling Substation to Quartz Creek Transmission Line rebuild. He said the contract for the steel pole structures has been executed. The vendor has submitted the calculations and those have been formally approved by the engineering contractor. The vendor drawings are in progress. The design is at 90%. The foundation designs are being finalized. The remaining materials are expected to be procured by the end of the first quarter in 2026. The bid will be issued in May of 2026, and the bids will be

due in August 2026. The construction is anticipated to begin in October 2026. Mr. Koehler noted that a field review of Project 3 has been completed. The geotech field work is in progress and is anticipated to be completed by the end of next week. The engineers will begin the steel pole structure drawings early next year, with the bid to come out in May 2026.

Mr. Thayer asked for a project budget update. Mr. Koehler discussed that the Project 2 steel pole structures are approximately \$1.1 million over the anticipated amount. The forecast budget for the completion of the project totals approximately \$90 million.

Mr. Janorschke asked if the \$90 million includes the substation transformers. Chair Izzo indicated the \$90 million does not include the transformers, but it does include the wire.

B. Dispute Resolution Process – Wheeling Services Agreement

C. IRS Refund and Interest

Mr. Thayer discussed that this item is a follow-up to the issue of staff chasing the IRS subsidy checks for Battle Creek Series 7 and 8 bonds. The checks were finally received for 2024 and for 2025 and have been deposited in the U.S. Bank. Mr. Thayer recognized Senator Sullivan publicly for his direct engagement with the IRS. Mr. Thayer believes that staff would still be chasing the receipt of the checks had Senator Sullivan not intervened. Mr. Thayer noted that the error was due to U.S. Bank, and as a result of discussions, BPMC now has a new client manager and a new analyst. Additionally, U.S. Bank has compensated BPMC for the missed interest due to their error. The interest amount deposited in the account is \$15,168. The issue has been resolved and there is a path forward with U.S. Bank to ensure this error does not repeat. Direct deposit has been established.

D. Renewable Energy Credits (REC's) Update

Mr. Thayer reviewed that CEA and AEA have agreed to a standstill agreement that is expected to be signed soon. While the arbitrator decides the ownership of the RECs, this agreement allows AEA to sell the RECs. Mr. Thayer noted that BPMC gave the green light for this to occur back in 2024. During this delay of a year, there has been missed opportunity of \$1.6 million revenue from selling the RECs and the vintage RECs. The hope is to get the agreement signed and to sell the 2025 RECs in December.

Mr. Janorschke noted for transparency that he believes that HEA is on the standstill agreement with CEA. Mr. Thayer agreed and stated that all of the utilities will be treated equally, even if the utility is not part of the standstill agreement.

Vice Chair Miller reiterated CEA's maintained perspective that if another utility wants to convey their RECs to AEA at any time, CEA still has no objection.

Chair Izzo asked if AEA's missed opportunity revenue of \$1.6 million from the RECs would be subject to interest. Mr. Thayer noted that the funds would be deposited into an interest-bearing account. However, the \$1.6 million is a lost opportunity because the RECs were not sold when

the BPMC had agreed to sell them.

E. CIPLink (Grip 3, Phase 1) Update

Jim Mendenhall, AEA, provided the Grid Resilience and Innovation Partnerships (GRIP) 3, Phase 1 update. Mr. Mendenhall noted that the report on the Cook Inlet Power Link (CIPLink) project has been provided. The Department of Energy (DOE) is beginning to ramp back up after some shutdowns. Some name changes have been made; however, the people are still the same. On November 5, 2025, a meeting occurred with AEA and DOE to discuss the next phase and to complete the Go/No-Go presentation. This was well received. CIPLink remains in good standing with DOE as negotiations begin for Budget Period 2, starting July 1, 2025, up through June 30, 2027.

Mr. Mendenhall discussed that the DOE has requested a credit for some of the community benefits programs. AEA gave an estimate of the budgeted amount, and requested those funds are reallocated into the other cost categories of the project. Mr. Mendenhall outlined that the environmental review and paperwork for the 2026 season were submitted and some of the permits have been received. HDR is the contractor to help with the project. He noted that Stantec is conducting the major equipment procurement. Discussions occurred last month with Stantec and EPS to determine the interface at the substation, including the best termination point, the landfall location, and the final system configuration options. Mr. Mendenhall indicated that both Mark Billingsley and Josi Hartley of AEA have been working hard on pursuing additional financial avenue. AEA continues to have the \$64.2 million in state appropriation. The additional \$142.3 million is being sought to fully meet the cost obligations. Meetings will occur next week with the Energy Loan Program Office, which has recently changed its name to the Energy Dominance Financing Office.

Mr. Mendenhall reported that through September 30, 2025, a total of \$1.25 million has been spent, and approximately \$1.15 million has been billed. Once the Budget Period 2 contract is in place, the expenses from July 1, 2025, will be billed.

Mr. Hickey requested to comment. He referenced the written report for the EDRRC provided to members. Additionally, he attended the Energy Policy Tour in Hawaii with a group of Railbelt individuals in his role as General Manager of Seward Electric. Mr. Hickey advised that this is his final report. Chair Izzo expressed appreciation to Mr. Hickey and noted that he jumped ahead to Item 8G. on the agenda.

Chair Izzo asked the Committee if they had any comments or questions regarding agenda Item 8D. CIPLink Update.

F. Bradley Lake Expansion Project Update

Ryan McLaughlin, AEA, provided the Bradley Lake Expansion Update. Mr. McLaughlin discussed that design and licensing efforts are advancing as preparations continue to submit the draft license amendment application by late January of 2026. The subsurface investigations at the

Bradley Dam have been completed. Drilling crews and geophysics crews were onsite for approximately 6 weeks. Conditions were challenging and eight of the ten planned holes were drilled. The primary objectives of the effort included evaluating the seismic stability of the existing embankment dam, installing vibrating wiring piezometers to monitor the water level throughout the dam, performing packer testing to determine permeability, evaluating the bedrock contact beneath the spillway, and evaluating the efficacy of the existing grout curtain. The drilling effort was successful, and the engineers are engaged in the process of reviewing the data collected.

Mr. McLaughlin indicated that additional subsurface investigations would occur in 2026 and will include two deep boreholes midway along the tunnel alignment to confirm the bedrock. Mr. McLaughlin explained that the first picture in the packet is of the drill crew on top of the embankment dam. The second picture is also on the embankment dam and represents the challenging conditions during the majority of the subsurface investigations.

Mr. McLaughlin discussed that the second Board of Consultants (BOC) meeting was held on October 29, 2025. The main focus of the meeting was discussing the methodologies and status of the Probable Maximum Precipitation (PMP) study, Probable Maximum Flood (PMF) study, and seismic studies. Initial results indicate that the PMP storm is slightly lower than the original 1982 study. However, the PMF will be a little higher. Additionally, the BOC discussed the results of the preliminary seismic study analysis on Bradley Dam to determine potential wave runup against the dam. Preliminary design drawings of the project elements were also shared during the productive meeting.

Mr. McLaughlin noted that a follow-up meeting with the BOC and Federal Energy Regulatory Commission (FERC) occurred. The formal report is due on Monday and there will be two weeks to respond to those comments. Mr. McLaughlin discussed that FERC accepted the recommendation that the future Dixon Diversion Dam is classified as a low-hazard dam and that the 100-year flood can be used as the Inflow Design Flood.

Mr. McLaughlin continued the presentation and indicated the hope to install 3-phase power from the powerhouse to the dam in advance of the onsite arrival of the tunnel boring machine. EPS has designed the transformer and is completing the procurement documents. The lead time for the equipment is approximately two years. The cost is estimated at \$500,000, and there is margin for this in the budget. The remaining equipment for the power upgrades is planned to be purchased in the fall of 2026, for the installation date of 2027. The current estimate is \$12.3 million, including construction costs and contingency. This prepurchase amount is not included in the budget.

Mr. McLaughlin discussed that design documents for a 16-foot pool raise will be submitted in the Draft License Amendment Application. The scenario includes raising the existing spillway by 8.5 feet, installing a 7.5-foot Obermeyer gate, and raising the embankment dam by 13 feet. Additional conversations with the utilities will occur regarding using the maximum area of impact in the Draft License Amendment Application. Mr. McLaughlin noted that the final year of environmental studies has concluded. The field season included juvenile and adult salmon

surveys, raptor surveys, discharge measurements, wetland delineations, and cultural resources studies. Preliminary discussions with the resource agencies have begun regarding potential protection mitigation and enhancement measures for the project.

Mr. McLaughlin showed the picture of the Martin River at the low flow of 220 cfs. He commented that the entire drainage shown in the picture can fill with water during floods.

Mr. Thayer noted that according to Bryan Carey, adding more boulders and structures will be required on the back half of the dam when the dam is relicensed. Mr. Thayer asked Mr. McLaughlin if they are taking that into account when the project is mobilized while working on raising the dam. Mr. McLaughlin agreed. He noted it is possible that modifications to the dam and spillway may be required, and it would make sense to complete that work simultaneously.

Mr. Thayer indicated that members of the staff will be working with the FERC Chair next week, and one of the topics on the agenda is the Bradley Expansion Project. Additional meetings are scheduled, and Mr. Thayer will provide reports to the Board.

Mr. Janorschke commented that his understanding is that the Operations and Dispatch (O&D) Committee recommended a 14-foot dam raise in the application. However, the plan now is to build a 16-foot dam raise. He asked if his understanding is correct. Mr. McLaughlin explained that the parameters in the draft application are not steadfast. He gave the example of the Battle Creek draft application that included an open channel rather than the pipeline. Mr. McLaughlin discussed that changes can be made, and that the draft license application is primarily for the resource agencies and the environmental aspects.

Mr. Janorschke asked if the BOC is comprised of the O&D Committee plus outside experts. Mr. McLaughlin noted that the BOC is an approved group required by FERC. They are internationally recognized engineer experts in hydrology and dam stability.

Vice Chair Miller asked Mr. McLaughlin how often the cost estimates for the overall project are reviewed. Mr. McLaughlin explained that there is no set schedule of review. However, a review and updated cost estimate will occur in December and January and will utilize the engineering documents that will be included in the draft license amendment application. Vice Chair Miller asked if it is possible to share the updated cost estimate with the utilities as soon as it is completed. Mr. McLaughlin agreed. Mr. Thayer indicated that the updated cost estimate will also be shared with the O&D Committee.

Mr. Bishop inquired as to the status of the organizations' governing boards approving the Dixon financing in 2026. Mr. Thayer explained that staff are leading the effort to analyze the different financing options. Staff will first report to the Alaska Energy Authority (AEA) Board and then will report to the BPMC. There are currently several different options. Staff is scheduled to meet with CFC next week. Additionally, staff have been invited to submit an application to the Energy Dominance Committee, even though this project is typically too small to be considered. Other options include bonding and traditional financing. Mr. Thayer and Mr. Ziesmer met with the State Bond Bank last month. They approved the allotment of tax-exempt bonds that the State

has the ability to receive. These could be utilized as a possible financing mechanism. Mr. Thayer explained that the Energy Dominance Finance Office / Loan Program Office (LPO) may fund the project at approximately 70%. The remaining 30% will have to be funded from other options. Mr. Thayer advised that a special Board meeting will occur with AEA's Finance Committee on December 15, 2025, to continue the review of the options. Mr. Thayer noted that the financial advisors reviewed the option of a private partner partnership, and they advised against that option.

Mr. Thayer discussed that staff are conducting the same financial research for the \$142 million needed for the CIPLink project. He noted that the BPMC's path is narrower since a federal grant is involved and there is no option for tax exempt bonds.

G. Railbelt Regional Coordination Update

Chair Izzo indicated that the report is included in the packet and that Mr. Hickey provided the verbal report earlier in the meeting.

9. OPERATORS REPORT

Chair Izzo noted that Martin Law, HEA, will provide the Operators Report. Mr. Law advised that the Operator's Report is included in the Committee packet. The new parts have been successfully tested for the spare housing for the needle valve rebuild. However, one bushing was opened up by Voith from the original specifications. This does not appear to affect the performance of the needle. Voith will provide an explanation for their action. Additionally, Kosonen Consulting conducted a condition assessment of the needle valves in operation. The valves remain in good condition and should operate with no issues for the next two to five years. Based on this information, the rebuild of the needles has been postponed for two years. Annual monitoring and inspections will occur during the planned outage, and regular monitoring will occur during the daily rounds. Mr. Law directed the members' attention to the pictures in the packet showing the needle valve rebuild.

Chair Izzo expressed appreciation to Mr. Law for his complete report and for the photos that provide context, scale, and nature of the work at Bradley.

10. COMMITTEE REPORTS

A. Budget vs. Actuals

Mr. Ziesmer discussed the Bradley Lake Budget to Actual Expenses Report as of September 30, 2025. He explained that there was no FY26 activity recorded for Schedule A, Schedule E, and Schedule H, which are Non-R&C Capital Projects for Bradley Lake, Battle Creek, and SSQ. The total O&M expenses were \$1,476,970, which is \$456,874 below budget. Most of the FERC categories are within or close to budget. Mr. Ziesmer noted that FERC 539 Miscellaneous Hydraulic Power Generation Expenses were over budget by \$28,500 in contractual expenses due to recent invoices. He believes this is a timing issue between the annualized budget and actual

expenses. It is expected to balance over time. Additionally, FERC 928 Regulatory Commission Expenses have a large underspend variance of \$147,500. Mr. Ziesmer believes this amount will mitigate throughout the year.

Mr. Ziesmer reviewed Schedule D Renewal and Contingency (R&C) Fund Disbursements and Repayments. The R&C expenses totaled \$154,317 and covered the fire alarm system replacement and the Bradley Expansion Project. The cumulative costs for the Bradley Expansion Project since inception have reached \$8,340,556. Mr. Ziesmer reviewed Schedule F Battle Creek O&M expenses. The total amount was \$130,094, which is \$53,352 below budget. The expenses are primarily driven by the 4% allocation from Bradley Lake.

Mr. Ziesmer reviewed Schedule I SSQ Line O&M expenses. The total amount was \$5,098, which is \$63,372 below budget. The majority of the costs are related to overhead line maintenance. Mr. Ziesmer reviewed Appendix A, which is related to Bond Series 11 funding. The cumulative spending was \$16,180,636. Of this amount, \$14,683,354 was directly related to the two SSQ upgrade projects. There were no other comments or questions.

B. O&D Report

Molly Howard, GVEA, said she is filling in for Josh Crowell who prepared the report, which is in the packet. There were no questions or comments.

MOTION: A motion was made by Mr. Thayer to enter into executive session to (1) discuss confidential matters the immediate knowledge of which would have an adverse effect on the Authority or the project; and (2) matters discussed with an attorney for the Committee or a member of the Committee, the immediate knowledge of which may have an adverse effect on the legal position of the Committee or the Authority. Motion seconded by Vice Chair Miller.

A roll call was taken, and the motion to go into executive session passed unanimously.

11. EXECUTIVE SESSION: 11:04 a.m. - (Bylaws Section 5.11.4) -To (1) discuss confidential financial matters the immediate knowledge of which may have an adverse effect on the Authority or Project; and (2) matters discussed with an attorney for the Committee or a member of the Committee, the immediate knowledge of which could have an adverse effect on the legal position of the Committee or the Authority.

The Committee reconvened its regular meeting at 12:06 p.m. Chair Izzo stated that no formal action was taken on matters discussed while in executive session.

12. MEMBERS COMMENTS

Mr. Hickey expressed appreciation for the diligent efforts for the clean annual audit. He enjoyed the Operator's Report, especially the pictures.

Mr. Janorschke thanked the Vice Chair for filling in for the Chair and keeping the meeting on track. He expressed appreciation for the clean audit and for the diligent reports given today. He

wished everyone a Merry Christmas.

Mr. Bishop reiterated appreciation for the efforts from AEA, the Committees, the auditors, and for the comprehensive financial reporting.

Vice Chair Miller echoed the comments of appreciation for the updates provided today. He looks forward to continuing the positive momentum on the Bradley Lake Expansion Project. Vice Chair Miller thanked Mr. McLaughlin for his efforts on the project. Vice Chair Miller thanked Mr. Hickey for his extensive work in the Railbelt regional coordination efforts over the last several years and in assisting with grant funding opportunities.

Chair Izzo echoed the previous comments of appreciation, especially to Mr. Hickey for the fifth largest Grid Resilience and Innovation Partnerships (GRIP) grant in the country, and for the clean audit opinion. He thanked Jennifer Bertolini, AEA, for her diligence.

Mr. Thayer noted that the "Lunch and Learn" session yesterday included approximately nine gubernatorial candidates, 10 legislators, and staff. The key points and takeaways included the Bradley Lake Expansion Project and CIPLink Project. The PowerPoint presentation and the links presented yesterday are on the website. Mr. Thayer noted his appreciation for CEA's presentation with the Chamber of Commerce reviewing these same key points. He gave high praises to staff for their work, especially to Mr. Mendenhall, Mr. Ziesmer, Ms. Hartley, Mr. McLaughlin, Ms. Bertolini, and William Price, AEA. Mr. Thayer advised that Bryan Carey is coming out of retirement to work part-time as a consultant with Mr. McLaughlin. This will maintain consistency and will provide the historical knowledge necessary for the projects. There were no other comments.

13. NEXT MEETING DATE – January 16, 2026

Chair Izzo said the next meeting date is January 16, 2026.

14. ADJOURNMENT

There being no further business for the committee, the meeting adjourned at 12:13 p.m.


Tony Izzo, Chair


Curtis Thayer, Secretary