

BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE (BPMC)
REGULAR MEETING MINUTES
July 24, 2026

1. CALL TO ORDER

Chair Tony Izzo called the meeting of the Bradley Lake Hydroelectric Project Management Committee to order at 10:03 a.m. A quorum was established.

2. ROLL CALL (for Committee members)

Tony Izzo (Matanuska Electric Association [MEA]); Arthur Miller (Chugach Electric Association [CEA]); Brad Janorschke (Homer Electric Association [HEA]); Travis Million (Golden Valley Electric Association [GVEA]); Taylor Crocker (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, Casey Reeves, Robert Varga, Mark Ziesmer (AEA); Matt Clarkson, Andrew Laughlin, Mike Miller, Paul Millwood (CEA); Dan Bishop (GVEA); Larry Jorgensen, Sarah Lambe, Martin Law, Andrew Patrick, Jessica Spuhler (HEA); Josh Crowell, Kim Henkel, David Pease, Matt Reisterer, Jon Sinclair, Tony Zellers (MEA); Les Krusen (Orrick); Matthew Schoenfield, Thomas Toepfer (PFM); Jonathan Simon (Van Ness Feldman); and John Stanley.

4. AGENDA APPROVAL

MOTION: A motion was made by Mr. Janorschke to approve the agenda, as presented. Motion seconded by Mr. Miller.

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

5. PUBLIC COMMENTS

There were no members of the public in-person or online who wished to make a public comment.

6. APPROVAL OF MEETING MINUTES – June 26, 2026

MOTION: A motion was made by Mr. Miller to approve the Minutes of June 26, 2026. Motion seconded by Mr. Janorschke.

A roll call was taken, and the motion to approve the Minutes of June 26, 2026 passed unanimously.

7. NEW BUSINESS

A. Annual Meeting and Election of Officers

Mr. Janorschke nominated to elect CEA as Chair, HEA as Vice-Chair, and AEA as Secretary / Treasurer. Mr. Million seconded the slate of nominations.

There were no other nominations.

A roll call was taken, and the election of CEA as Chair, HEA as Vice-Chair, and AEA as Secretary / Treasurer passed, with Mr. Thayer voting yes for CEA and no for HEA.

Mr. Izzo congratulated the new officers and turned the meeting over to Chair Miller.

B. Capacity Rights issue for SSQ Line Upgrades

Chair Miller requested Jonathan Simon, Van Ness Feldman, to review the capacity rights issue for the SSQ Line upgrades. Mr. Simon discussed that he was asked to examine the rights and responsibilities relating to upgrades to certain facilities, including the SSQ Line, and to determine if any clarifications were needed in order to move forward with the upgrades. Mr. Simon conducted a document review and held discussions with Counsel for AEA, and individual utilities. He is prepared to discuss this further during executive session today. There were no comments or questions.

8. OLD BUSINESS

A. Bradley Lake Expansion Project Update

Chair Miller requested Ryan McLaughlin, AEA, to give the Bradley Lake Expansion Project update. Mr. McLaughlin noted that the Final Amendment Application (FAA) was filed with Federal Energy Regulatory Commission (FERC) on the same day as the previous BPMC meeting. It was officially received by FERC on June 30, 2026. The final amendment application was 5,666 pages long and is posted on the AEA project website for the public's viewing. The sections that were identified as critical energy information are not included on the website but could be provided upon request. The O&D Committee should have access to the supporting design report and other supporting documentation.

Mr. McLaughlin discussed that DOWL continues to progress the engineering and design of the project and is expected to reach 60% in October or November. The Class 3 estimate will accompany the 60% design package. Additionally, a preliminary FERC review of the process is anticipated to occur in August. The consultation regarding the Endangered Species Act is near completion. The reasonable requests were from National Marine Fisheries Service (NMFS) and US Fish and Wildlife Service, and included representatives on the barges watching for whales, sea otters, and any endangered species.

Mr. McLaughlin noted that efforts are underway to secure a tree clearing contract and early procurement for cable for the three-phase power upgrade. The hope is for tree clearing to occur this fall to comply with the bald eagle avoidance window for tree clearing during March 1st through August 31st. Mr. McLaughlin discussed that the third year of drilling is in progress and is focused on geotechnical investigations. The drilling crews have been in the field since mid-May. The current efforts are focused on the two deep bore holes along the tunnel alignment. During the past few weeks, there have been weather delays due to unsafe weather conditions.

Chair Miller asked for an update on the drilling efforts. Mr. McLaughlin explained that the drilling has been good when the crews are able to drill. There have been a few mechanical issues, including a section in the deep bore hole where a fault zone was hit and the well sanded in. The crew grouted that section and redrilled. The crew is beyond that section now.

Chair Miller asked if the test drilling will conclude this year. Mr. McLaughlin agreed that this is the final year of drilling. There were no other comments or questions.

B. Bradley Lake Expansion Capital Project Financing

Chair Miller requested Mark Billingsley, General Counsel AEA, to discuss the public portion overview of the Bradley Lake Expansion Capital Project Financing. Mr. Billingsley noted that his presentation will review project costs, the proposed financing mechanism, the financing terms, the proposed BPMC resolution, and the financial analysis. He believes it will be appropriate to move into executive session when it is time to discuss the detailed financial information with AEA's financial adviser PFM.

Mr. Billingsley noted that weekly meetings are occurring with the BPMC Subcommittee. He reviewed the slide showing the project costs by category and fiscal year. The project cost estimate remains approximately \$401.6 million. The total cost including project development costs and owner's costs is \$435.95 million.

Chair Miller asked if the \$401 million includes interest during construction (IDC). Mr. Billingsley noted that the costs are straight construction costs and do not include any interim finance costs while the project is being constructed. He explained that the finance costs will be discussed and shown during the PFM analysis.

Mr. Billingsley continued the presentation and reviewed the sources of secured funding to-date. There has been \$32 million raised. The \$12 million that was allocated from Bond Series 11 is currently being used. Mr. Billingsley discussed a graph showing the rounds of financing that need to be secured for the project by each fiscal year through FY32. The current secured funding will be exhausted during FY27. The Round 1 financing will be used for the end of FY27 and FY28. The Round 2 financing will be used for the remaining of the project.

Mr. Billingsley discussed that Thomas Toepfer of PFM is available to answer questions now or

during the executive session. Mr. Billingsley indicated that discussions are occurring with Bank of America, who was selected through an RFP as an underwriter if the decision is made to issue bonds. Additionally, they could be involved in alternative financing. Mr. Billingsley explained that the Finance Subcommittee is apprised of these options.

The current advised proposal is for interim financing that is appropriate at this stage because of the cost uncertainties. Mr. Billingsley noted that the project is at a Class 4 cost estimate. The project will be at a Class 3 cost estimate in the fall and at a Class 2 cost estimate in the spring. There is still uncertainty regarding tax credit eligibility. Interim financing is also appropriate due to the current interest rate environment and the cost of borrowing the total amount up front. An alternative is to borrow \$400 million up front. Interest payments and the negative carry would apply. Mr. Billingsley discussed additional benefits, including the USDA and DOE loan application that take time to process. The interim financing would allow AEA to proceed through the application process. Additionally, if the project is deemed eligible for tax credits, the tax credits received could pay off the interim debt in 2032 without incurring a call provision that could be associated with long-term debt.

Mr. Billingsley stated that the proposed type of interim financing is a commercial paper program. The maturity date is the end of FY28. The debt would then need to be refinanced. It could be rolled into subsequent interim financing or into long-term debt. The second round of financing would also need to be secured at that time. Both of those financing structures would come before the BPMC for approval. Mr. Billingsley noted that the long-term solutions of the USDA RUS and DOE EDF continue to be pursued. He explained that the project is eligible for tax exempt bonds, but it is not financially advantageous to issue those now.

Mr. Billingsley reviewed the interim finance terms. The amount of \$100 million would cover the costs for FY27 and FY28, minus the funds that are already secured, plus a buffer amount that covers closing fees, finance fees, legal fees, inflation costs, and possibly capitalized interest.

Chair Miller asked what the total cost is for the interim finance basis to get to Class 3 cost estimates from the current Class 4 cost estimates. Mr. Billingsley explained the total cost from now until October is about \$5.5 million. Mr. Toepfer indicated that later in the presentation, he would discuss the quarterly spend. It is expected to be \$7 million in Quarter 3 and \$2 million in Quarter 4. This is all still funding from existing secured funds. Mr. Billingsley indicated that a very detailed delineation of the monthly costs through the end of FY28 will be provided in executive session and can be discussed at that time. It will take approximately \$7 million to \$8 million to get to Class 3.

Chair Miller asked if there is an option to either capitalize the interest or charge to the current rate payers. Mr. Billingsley agreed that is his understanding.

Mr. Billingsley continued the presentation. By the end of June 30, 2028, there will be refined cost estimates and additional information regarding the eligibility of tax credits. He explained that the

commercial paper program can be structured so that individual draws could be either taxable or tax-exempt. The close date would be November 30, 2026, at the latest. The interest rate would be the market rate at the time of each draw. Whether or not to capitalize the interest remains an outstanding question. Mr. Billingsley noted that the utilities requested information regarding financial decision points. He reviewed the stages of the commercial paper program, during which time the utilities could withdraw support for the program and provide instruction for no subsequent draws.

Mr. Billingsley stated that the utilities' CFOs requested a tax basis analysis. The estimate to complete the tax basis analysis is approximately \$10,000 to \$15,000. This will proceed, unless the BPMC provides the direction not to proceed. There was no objection to proceed with the tax basis analysis.

Mr. Billingsley reviewed the proposed BPMC Resolution 26-01. AEA cannot obtain financing secured by the Power Sales Agreement without the prior concurrence from the BPMC through the resolution. He explained that the AEA Board requested staff to introduce Resolution 26-01 to the BPMC, and to the utilities' CFOs and CEOs. Mr. Billingsley discussed that the resolution is drafted in anticipation of achieving the Finance Subcommittee's support. The drafting process and the Subcommittee's review are necessarily occurring simultaneously. The draft resolution is a draft, even though it is presented as a final product. Mr. Billingsley discussed the sections of Resolution 26-01.

Mr. Janorschke asked again if there is IDC, and if the utilities know of any project that did not capitalize the interest during construction. He expressed a concern that the RCA could reject the COPA. Mr. Izzo responded that the project is not regulated and COPAs are filed that include the costs. Mr. Izzo asked if Mr. Janorschke is concerned that the resolution could raise a red flag that could challenge the exemption. Mr. Janorschke explained that when the COPA is filed, it is a straight pass-through with fuel and Bradley included. If one of those line items include interest for a project that has a life of 75 years, and yet, all of the interest is being charged during construction, that number will be large. He believes that amount will raise red flags. Mr. Billingsley indicated that Mr. Toepfer may have those actual numbers in his presentation.

Chair Miller agreed that this is outside the Commission's jurisdiction and is within the BPMC's option to proceed. He noted that the structure could provide that each utility makes their own determination how to treat the IDC. He does not believe that option would be difficult to enact administratively.

Mr. Billingsley agreed that staff could figure out how to create that option. His understanding is that the individual utilities have the flexibility to decide to pay the interest or to defer the interest.

Mr. Izzo asked for clarification that each utility could select to either capitalize the IDC or pay it up front. Chair Miller believes that it is a good option to provide each utility with the opportunity to make their own determination.

Mr. Billingsley suggested that the accounting and financing representatives should be consulted to confirm that the option can be tracked and is available. There was no objection.

Mr. Janorschke asked if FERC has specified the fish water bypass requirement for the expansion approval. He noted that requirement could change the economics of the project per megawatt hour. Mr. McLaughlin stated that FERC will typically defer to the resource agencies of Alaska Department of Fish and Game and US Fish and Wildlife Service. Consultation has occurred with both agencies since the draft amendment was reviewed. The minimum instream flows were adjusted to give more water during the coho and sockeye upstream migration periods and less water in July and August when there are high flows and no upstream passage. The release of water is approximately the same. The hope is that the agencies will continue to agree that is a good method.

Mr. Janorschke asked when the BPMC Finance Subcommittee would have a recommendation. Mr. Billingsley explained that the Finance Subcommittee is only looking at short-term financing, and the request is to have the BPMC approve the recommendation by the end of the month. He explained that the BPMC Finance Subcommittee will support the recommendation when all of the individual utilities support the recommendation.

Chair Miller requested that Sarah Lambe, HEA and Chair of the BPMC Finance Subcommittee, provide a status update and expected timeline for issuing a recommendation on interim financing. Ms. Lambe reiterated what was included in the letter to the Chair last Friday regarding the status of the information requests received from AEA, PFM, bond and tax counsel. The Finance Subcommittee is still working on building out the diligence record and is not in a position at this point to make a final recommendation on either construction financing or permanent long-term financing.

Ms. Lambe noted that the Finance Subcommittee has concerns and objections to the characterization in the proposed resolution that suggests that the Finance Subcommittee has provided any recommendations, even pertaining to the attached term sheet. Additionally, concerns are forefront regarding any effort to remove or bypass the individual utility boards' decision authority. The individual utilities are preparing presentations to their boards through July and August. This is in preparation for the BPMC approval of the project and to describe to the utilities' boards the financing options and the potential impact to membership. If the resolution that is currently before the BPMC is passed today in its current form removing the individual boards' decision authority, Ms. Lambe believes the Finance Subcommittee would then seek AEA's assistance in presenting the project information to the utilities' boards, including the justification for the funding mechanism that was selected. This would become necessary under the approach because the decision would no longer be with each utility's board jurisdiction to determine if the project is in the best interest of membership based on the individual utility's needs, costs, risks, and resources.

Ms. Lambe discussed that if the ask is to fully commit to a full project financing structure, even beginning with \$100 million commercial paper or a similarly sized line of credit, she does not believe there is a commitment. Ms. Lambe noted that if the ask is to fund the project through other defined early milestones that help resolve some of the uncertainties surrounding the project costs, tax credit eligibility, and project integration, then she believes there are several options the Finance Subcommittee can support to allow the project to continue moving forward while preserving flexibility and avoiding unnecessary financing costs. The purpose of continuance with the additional design milestones is to shore up the major uncertainties that still govern the financing decisions. This includes refining the project cost estimate, understanding the cash flow schedule, confirming tax credit eligibility, evaluating whether the project design and capacity increases are sufficient to support ITC eligibility, and if the tax credits are not available, then evaluation needs to occur whether the project can still proceed under an alternative design necessary to prevent spill.

Ms. Lambe indicated that if there has been additional spending against the reported funding source or if the project's cash flow needs are more immediate than the reported, that needs to be clearly communicated to the Finance Subcommittee. Additionally, if the Series 11 interest income will not be spent toward the project, there are other options and mechanisms to immediately pay back those funds. Ms. Lambe understands that there is unanimous support from the utilities to continue working through the uncertainties surrounding the project costs and tax credit eligibility. The issue is whether or not the utilities are being asked to make financing decisions before the record is sufficiently developed. The Finance Subcommittee is scheduled to meet on Monday. The plan is to discuss options, including prefunding the R&C Fund with an upfront cash commitment by the utilities that would allow work to continue through the completion of the defined early project milestones. This would delay unnecessary financing costs associated with commercial paper facilities until the project's risk environment becomes more favorable, would preserve flexibility before making any long-term commitments, and would allow the individual utility board's approval for additional commitments.

Ms. Lambe discussed that the Finance Subcommittee requested additional time while continuing to support the work necessary to resolve the major uncertainties of the project and moving the project forward in deliberate ways. Ms. Lambe explained that the Finance Subcommittee does not believe its work should be characterized as a recommendation. The main concern is any action that removes the individual utility board's authority before each board has the opportunity to evaluate the project based on the information. She noted that the Finance Subcommittee is 100% supportive of getting the short-term financing needs of the project met so that the project can continue.

Chair Miller asked if Ms. Lambe expects that the Finance Subcommittee will have a specific recommendation by mid-August. Ms. Lambe discussed that she expects some recommendations to be available by that point, given the information that is available and becoming available. She believes that the recommendation will be focused on the short-term cash flow needs through mid-2028, rather than a full recommendation of \$100 million commercial paper authorization.

Mr. Izzo expressed his view that future follow-up discussion should be held during executive session. He addressed the issue regarding the elimination of the utilities' board approval. Mr. Izzo noted that he is unaware that the Bradley Lake agreements indicate that AEA is to get individual utility board approval. He noted that was the conduct of a past AEA Board. This resolution does not eliminate the CEOs' responsibility to inform their board and obtain approvals that are required by the individual utility. Mr. Izzo commented that it is an inaccurate statement to indicate that the BPMC is eliminating or bypassing board approvals. He requested this clarification be discussed during the public session.

Mr. Thayer agreed with Mr. Izzo's comments. Mr. Thayer explained that it was a requirement of the AEA Board, and when that requirement was put in place, there were objections by the utilities. Mr. Thayer noted that he owns that issue because he took the considerations and the complaints, and said AEA does not need the requirement. AEA does not need to dictate an administrative burden that the utility boards provide a resolution. Mr. Thayer discussed that the term sheet presented today does not include AEA asking for passage of the term sheet. He explained that review of the financing options has been ongoing for three months and there is not a documented path forward from which to negotiate. The resolution before the Committee today, including the term sheet, is a beginning place for negotiation. Mr. Thayer commented that AEA does not object if the utilities want to include a section that the individual utilities' boards have authority. He reiterated that the resolution is a beginning point to continue forward movement.

Mr. Thayer noted for the public that the project should not move forward if the project is dependent on tax credits. If the project cannot stand on its own, then it should not go forward. Mr. Thayer explained that in a normal world, there will be no clarity on tax credits until a year after the project is constructed and the tax credit application is submitted in 2032. He commented that the project began four years ago in June of 2022, and for three years, there were no tax credits. The tax credits were included in the "Big Beautiful Bill." Mr. Thayer explained that AEA, the Governor, and Senator Sullivan have tried to be creative in seeking clarity regarding the tax credits for this project. He asserted that the analysis has to be completed on the merits of the project, and any tax credits would be fantastic. AEA is setting up to monitor and develop the controls to apply for the tax credits. Mr. Thayer commented that the project should not move forward if it relies on tax credits.

Chair Miller thanked Mr. Thayer for his clarification. Chair Miller commented that CEA takes the same approach with projects, in that they do not rely on the tax credits and decide if they want to move forward with the project without the tax credits. He noted that there are uncertainties associated with tax credits. Chair Miller believes this is a safe way to proceed with this project. There were no other questions from Committee members.

Chair Miller asked Mr. Billingsley for his comments. Mr. Billingsley indicated that the Committee could choose to enter into executive session to hear more about the financial details. Chair Miller suggested that the Committee go into executive session to have further discussion on the

financing aspects of the transaction. There was no objection.

MOTION: A motion was made by Mr. Thayer to enter into executive session to discuss confidential financial matters, the immediate knowledge of which may have an adverse effect on the Authority or the Project. Motion seconded by Mr. Izzo.

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

- i. EXECUTIVE SESSION: 11:11 a.m. – (Bylaws Section 5.11.4) - To discuss confidential financial matters the immediate knowledge of which would clearly have an adverse effect upon the finances of the Authority of the Project.**

The Committee reconvened its regular meeting at 12:01 p.m. Chair Miller advised that no formal action was taken on the matters discussed while in executive session.

C. CIPLink Update

Chair Miller requested Josi Hartley, AEA, to report on the CIPLink update. Ms. Hartley noted that the CIPLink project continues to advance. The primary focus points are the marine survey program, the procurement strategies for the long-lead equipment and design, and a continuation of the project financing efforts. Stantec is acting as the owner's engineer and is working to procure a survey contractor for the geophysical survey program. The intent is to refine the cable route, identify hazards along the alignment, and provide information to cable manufacturers in order to develop their installation proposals. The survey fieldwork is targeted for late 2026, and is subject to contractor availability and the weather. The permitting for those efforts is nearing completion. HDR has been prominent in helping support agency coordination. The marine survey data that is collected will be directly supportive of the upcoming procurements planned for the submarine cable and for the converter stations. Ms. Hartley explained that the cable solicitation will be structured as a prequalification and request for information. She noted that the converter solicitation will be structured differently, as it will be a request for proposals. However, the intended purpose and the scope within the RFP will be for the feed-phase of work only, and not for the actual construction, which will be covered within a later procurement. Ms. Hartley discussed that Stantec completed the final preliminary design report. The main changes to the report reflect the relocation of the southern converter station.

Ms. Hartley discussed that Department of Energy (DOE) has extended the project through June 30, 2027. In addition to the extension action, they also authorized expenditures of up to \$65.3 million during that period. There is currently \$64.2 million secured for the overall project cost share obligation, and pursuit of the remaining \$142 million continues to close the funding requirements. Ms. Hartley noted that the total expenditure amount through June of 2026 was \$2.1 million. The iterative process of bringing the reimbursements current is ongoing, and the requests are submitted on a quarterly basis. There were no questions or comments.

D. SQ Upgrade Update

Mike Miller, CEA, provided the update on the SQ Upgrade. Mr. Mike Miller discussed that the Project 2 bid package encountered a procedural issue. The bid package has since been reissued with modifications. The bids are due back on July 28, 2026. A Notice to Proceed (NTP) on Project 2 construction is anticipated in August. Mr. Mike Miller discussed that the Project 3 bids for steel pole structures have been received. The internal team and the engineering consultants HDR are currently evaluating those bids. There were no comments or questions.

E. SS Line Update

Mr. Janorschke noted that the Project Charter is in the Committee packet. The original bid for the project from Sterling to Soldotna was \$24.4 million. This number increased to approximately \$38 million. Because of that substantial increase in cost, Mr. Janorschke did not want to move forward with procurement until the BPMC gave its authorization to proceed. Mr. Janorschke explained that Resolution 26-02 gives HEA permission to order the material and to construct the overhead transmission 230 kV line. The distribution and fiber costs are borne by HEA. Mr. Janorschke indicated that HEA will not proceed with any orders until the resolution is passed. The resolution can be addressed at today's meeting or at the next meeting.

Mr. Thayer asked what the spend level is of the \$24 million that is currently funded, and when the balance of the funding has to be solved. Mr. Janorschke indicated that the balance of the funding will be solved when the BPMC approves the authorization to proceed and decides on the solution. Mr. Janorschke stated the design work is complete. Mr. Thayer expressed his support for moving the project forward. He requested that a timeline is identified for obtaining additional funding.

Jim Mendenhall, AEA, commented on another consideration that the cost to proceed with the 106 is approximately \$200,000. This is for both the SS Line and the associated substations for Soldotna, Sterling, and Quartz Creek.

Mr. Thayer explained that the \$200,000 for the study qualifies for USDA funding if the environmental work is completed. Mr. Mendenhall agreed. Mr. Thayer noted the work has to be completed for CIPLink, and this project would add a small amount of work.

Chair Miller commented that the project is essential and needs to be completed. He thinks that the BPMC should do everything it can to let HEA move forward with the project.

Mr. Janorschke explained that the project is just waiting for BPMC approval. He agrees with Mr. Thayer that the cost of the project is not going to decrease. He understands that there were concerns about capacity. He noted that the balance of the capacity is split between the participants based on the project shares. There were no other comments or questions.

MOTION: A motion was made by Mr. Thayer to move forward with Resolution 26-02, authorizing Homer Electric Association to conduct additional competitive procurement on behalf of the Project. Motion seconded by Mr. Izzo.

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

Mr. Thayer commented that since AEA is having financing discussions with other parties such as the USDA, and Energy Office, AEA would be more than happy to bring financing options back to the BPMC. Mr. Thayer indicated that the signature line on the Charter will be updated.

Chair Miller agreed, and there were no objections.

9. OPERATORS REPORT

Chair Miller requested Martin Law, HEA, to provide the Operator's Report. Mr. Law noted that the Operator's Report is included in the packet. There were no comments or questions.

10. COMMITTEE REPORTS

A. Budget vs. Actuals

Chair Million requested Mark Ziesmer, AEA, to provide the Budget to Actuals report through May 31, 2026. Mr. Ziesmer reviewed that Schedule A actuals are at \$239,000, which leaves a budget of \$272,000. The total expenses for Schedule B are currently \$6.2 million, which is approximately \$835,000 under budget. Most FERC categories are tracking at or near budget, with a few notable variances. FERC 539, Miscellaneous Hydraulic Power Generation, is approximately \$179,000 under budget, which is primarily due to less work completed during the outage than originally planned. FERC 544, Maintenance of Electric Plant, is approximately \$156,00 under budget, which is primarily due to lower than anticipated maintenance activity during the year. FERC 571, Maintenance of Overhead Lines, is approximately \$122,000 under budget, which is primarily due to lower-than-expected activity. The June invoice should include charges for work that has been completed and should reduce the variance.

Mr. Ziesmer explained that the Administrative Expenses under FERC 920 and FERC 930 are approximately \$410,000 over budget. Payroll is approximately \$137,000 over budget, which is primarily due to higher labor costs and increased fringe benefits. He noted that indirect and administrative cost allocation is approximately \$242,000 over budget, largely because indirect cost allocations are driven by payroll levels. The legal expenses are approximately \$66,000 over budget, which is primarily related to RCA response activity.

Mr. Ziesmer discussed that FERC 923, Outside Services Employed, is approximately \$123,000 under budget. FERC 928, Regulatory Commission Expense, is approximately \$525,000 under budget. A portion of that variance is expected to be recognized in June, and the remaining balance is primarily related to deferral of the FERC Part 12 Inspection effort to FY27. Mr. Ziesmer reviewed

Schedule D for Renewal and Contingency (R&C) purchases that total \$527,000. The cumulative costs for the Bradley Expansion since inception are approximately \$12.6 million. Schedule E, Battle Creek Non-R&C, has not had any activity through May 31, 2026.

Mr. Ziesmer reviewed that the Schedule F total expenses were \$605,000, which is approximately \$68,000 under budget. Most of the costs are driven by the standard 4% allocation from Bradley Lake. The total expenses for Schedule I, SSQ Line Operations and Maintenance, were \$25,000, which is about \$226,000 under budget. The costs to-date have been primarily related to budgeting, overhead line maintenance and administrative expenses. Appendix A summarizes Bond Series 11 funding through May 31, 2026. Most spending continues to be associated with the SQ Line and SS Line Upgrades, and the Bradley Expansion Project. The total cumulative spending for all projects to-date is approximately \$20.5 million. The Oscillation Dampening Service (ODS) totals approximately \$2.5 million. There were no comments or questions.

B. O&D Report

Chair Miller requested Josh Crowell, CEA, to provide the O&D Report. Mr. Crowell noted that the written report is included in the Committee packet. He said that Committee made it to Homer but did not make it out to the project for last month's meeting.

Chair Miller requested that Mr. Crowell and Mr. McLaughlin work together with PFM Financial Advisors and the utilities to conduct an O&D meeting to review the Bradley Lake Expansion Project. Mr. Crowell agreed to work with Mr. McLaughlin to schedule that work session. There were no other comments or questions.

11. MEMBER COMMENTS

Mr. Crocker expressed appreciation for today's discussion.

Mr. Million expressed appreciation for today's discussion, particularly regarding the financing. He looks forward to the Finance Subcommittee expounding on the details and providing the Committee with a recommendation to go forward, if appropriate.

Mr. Janorschke thanked Mr. Izzo for Chairing the BPMC for the last year and thanked Mr. Ziesmer for his work on the BPMC Finance Subcommittee.

Mr. Thayer thanked the staff for their efforts in filing the amendment for the Bradley Expansion Project. He expressed appreciation for today's meeting in providing clarification on the status of the timeline for the project. Mr. Thayer specifically thanked Mr. Ziesmer, Mr. Mendenhall, Ms. Hartley, Mr. McLaughlin, and Jennifer Bertolini, AEA, for their course of action.

Mr. Izzo echoed Mr. Thayer's comments. He congratulated Chair Miller on the good meeting.

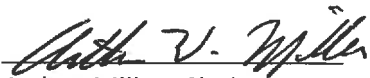
Chair Miller echoed the previous comments. He reiterated the appreciation to Mr. Izzo for Chairing the BPMC last year. Chair Miller noted that he is looking forward to hearing the BPMC Finance Subcommittee's recommendations on the Bradley Lake Expansion Project interim and long-term financing.

12. NEXT MEETING DATE – September 25, 2026

Chair Miller noted that the next meeting date is September 25, 2026.

14. ADJOURNMENT

There being no further business for the committee, the meeting adjourned at 12:40 p.m.


Arthur Miller, Chair


Curtis Thayer, Secretary