

Alaska Energy Authority  
BOARD MEETING MINUTES  
Friday, January 30, 2026  
Anchorage, Alaska

**1. CALL TO ORDER**

Chair Koplin called the meeting of the Alaska Energy Authority to order on January 30, 2026, at 9:02 am.

**2. ROLL CALL BOARD MEMBERS**

Members present: Clay Koplin (Public Member); Duff Mitchell (Public Member); Julie Sande (Commissioner DCCED) (arrived late 9:36 a.m.); Llewellyn Smyth (DOR); Ingemar Mathiasson (Public Member); Tony Izzo (Public Member); and Robert Siedman (Public Member). Members absent and excused: None.  
A quorum was established.

**3. AGENDA APPROVAL**

**MOTION: A motion was made by Vice Chair Mitchell to approve the agenda. Motion seconded by Mr. Izzo.**

**A roll call was taken, and the agenda was approved unanimously, with Commissioner Sande absent.**

**4. PRIOR MINUTES – October 30, 2025**

**MOTION: A motion was made by Mr. Smyth to approve the Minutes of October 30, 2025. Motion seconded by Mr. Mathiasson.**

**A roll call was taken, and the Minutes of October 30, 2025, were approved unanimously, with Commissioner Sande absent.**

**5. PUBLIC COMMENTS (2 minutes per person)**

There were no members of the public online or in-person who requested to comment at this time.

**6. OLD BUSINESS – NONE**

**7. NEW BUSINESS**

**A. Resolution 2026-01 FY 27 Operating and Capital Budget Submissions Ratification**

**MOTION: A motion was made by Mr. Izzo to approve Resolution 2026-01 ratifying the Governor's Fiscal Year 2027 Operating and Capital Budget submissions, as presented. Motion seconded by Vice Chair Mitchell.**

Vice Chair Mitchell requested an overview of the resolution and asked staff if they had any commentary. Executive Director Curtis Thayer explained that after the Governor submits his budget to the Legislature, there is a ratification. The Board then approves the spending levels for that particular agency. Mr. Thayer highlighted that there is funding for electrical emergencies in the Governor's budget, and the federal tax credit language is already included. Additionally, there are \$15.3 million in OCN Ranger funds to be used for the cruise ship terminal port electrification project. The Governor's Office is asking AEA to develop a program and procedure to electrify docks, including Ketchikan, Sitka, Juneau, and others. Mr. Thayer explained that funding was provided several years ago for the Whittier dock. The partners for that project were Holland America, Princess, and Chugach Electric Association (CEA).

Mr. Thayer discussed the Governor's supplemental budget notes. There is currently \$31 million in federal receipt authority for bulk fuel. AEA requested an additional \$25 million in federal receipt authority because there is approximately \$50 million coming from the Denali Commission to help with projects in rural Alaska. Secondly, AEA asked for a State match for the indirect cost of \$650,000 for reappropriation to offset funding from the federal government. Lastly, AEA received a bulk fuel high cost of energy grant of \$5 million and is asking for receipt authority.

Mr. Thayer reviewed that the Governor's budget closely mirrors AEA's requested operating budget. However, the Governor removed the requested \$650,000 for a building lease for AEA to either move to a different location or remain at the current location. Additionally, the Governor adjusted the amount required to fund the Power Cost Equalization (PCE) through the statutory calculation. Mr. Thayer explained that the set-aside required by statute is a five-year PCE average of about \$44 million. The cost of the program will likely be more than \$44 million. The Legislature and the Governor will have to determine next steps. Mr. Thayer noted that one option is to offer a pro rata share. Another option is for the Legislature to provide additional funding. Another option is if there is a warm winter and fuel oil prices are down, and cost adjustments make up the difference. Mr. Thayer discussed that several years ago, the Legislature raised the amount of coverage from 500 kW to 750 kW without increasing the funding. The program cost of approximately \$33 million increased to a range of \$45 million to \$50 million with no additional funding.

Mr. Thayer noted that the Governor's budget includes the normal salary adjustments and Alaska Care adjustments for employees. He noted that the management plan asks for a budget of \$70.5 million. The Governor's budget is \$68.8 million.

Mr. Siedman asked if the Cruise Ship Terminal Port Electrification amount of \$15.3 million is

earmarked for a specific project or if there is an application in progress. Mr. Thayer explained that the \$15.3 million is for cruise ship dock electrification and is specific. AEA has been asked to develop the criteria to be used for communities to apply for that funding. He highlighted that in Whittier, AEA is already working with CEA and the cruise ships for their dock electrification. Seward has funding in a federal grant for dock electrification. The line item is primarily focused on Juneau, Sitka, Ketchikan, and possibly Skagway for adding dock electrification for a public dock with available power. Mr. Thayer anticipates that the funding will be ongoing until all of the dock electrifications for cruise ships are completed.

Mr. Siedman commented that the budget shows \$1.4 million for the Renewable Energy Fund (REF). However, he does not see any money in the actual fund. He understands that the REFAC Committee did not meet until January, and if the Legislature does not appropriate any new dollars this year, he asked what the point is of including \$1.4 million to operate a program with no money. Mr. Thayer explained that AEA is required by statute to give the Legislature the list of the projects by the 10<sup>th</sup> day of the legislative session. AEA has met this statutory obligation. It is not the responsibility of the Governor to include this in his budget. The line has been used as a placeholder for the Legislature to decide the amount they want to include in the budget.

Mr. Thayer reported that there are currently over 100 active projects that AEA is managing from previous years. The \$1.4 million is to pay for the staff time and the staff to continue to operate the active REF projects in the program that were approved in the past. A normal window for a project is up to five years. There were no other comments or questions.

**A roll call was taken, and the motion to approve Resolution 2026-01 passed unanimously, with Commissioner Sande absent.**

**B. Resolution 2026-02 Amending the Bylaws – Chair and Vice Chair Serve Two Consecutive Terms**

**MOTION: A motion was made by Mr. Izzo to approve Resolution 2026-02 amending the Bylaws to permit the Chair and Vice Chair to serve up to two consecutive terms. Motion seconded by Mr. Smyth.**

Mr. Siedman asked if the passage of this resolution requires a supermajority vote. Chair Koplin requested Mark Billingsley, AEA General Counsel, comment on the resolution.

Mr. Izzo requested noted that the offices are currently two-year terms. He believes that two years is a reasonable period of time, and for the sake of continuity, he will support the motion.

Chair Koplin agreed that the resolution would provide an element of continuity, especially with the potential of an administrative change. He expressed support for the motion.

Mr. Izzo asked if he is correct that the resolution does not change the election process or the timing of the election process, as listed in the Bylaws. Mr. Koplin agreed.

Mr. Siedman expressed support for the motion. He believes continuity is important, especially for AEA.

Mr. Billingsley noted that the bylaws specifically address amendments to the bylaws. A supermajority is not called for. The bylaws of the Authority may be amended at a regular or special meeting, but no such amendment may be adopted at a special meeting unless all of the directors are present or at least seven days' written or electronic notice of the proposed amendment and of the meeting has been previously given to all the directors. Mr. Billingsley indicated that the bylaws can be amended with a typical manner of voting, which requires when a quorum is in attendance and by an affirmative vote of at least five directors. He noted that the voting on all questions coming before the Authority shall be by roll call, with "Yeas" and "Nays." There were no additional comments or questions.

**A roll call was taken, and the motion to approve Resolution 2026-02 passed unanimously, with Commissioner Sande absent.**

## **8. DIRECTOR COMMENTS**

### **A. FY2025 Budget to Actuals**

Mr. Thayer noted that the Budget to Actuals through September 30, 2025, is shown under Tab 8A., and consists of the FY26 Management Plan, FY26 Actuals, FY26 Obligations, Projected Remaining, and the estimate going forward. The Owned Asset category is anticipated to be at 82% of the target at the year end. The Rural Energy Assistance category is expected to be at 57% of the target at the year end. These numbers can change as the new AEA personnel come onboard. The Power Cost Equalization category is predicted to be 99% of the target at the year end. Mr. Thayer noted that staff has discussed this issue with the Legislature and the Governor's Office. The Statewide Projects category is currently at 14% of the target because of the process with the Department of Energy (DOE) regarding the Cook Inlet Power Link (CIPLink). Mr. Thayer discussed that the process is now moving forward and the next two years' expenditure on capital will be approximately \$60 million on CIPLink. The total of all components listed is anticipated at 83% of budget. Mr. Thayer believes that the next report will provide a better idea of the budget projections. There were no comments or questions.

### **B. Project Financing Update**

Mr. Thayer discussed that the included presentation entitled Financing AEA's Large Capital Projects was presented at a special Board meeting. The large capital projects to be funded are the Dixon Diversion and the CIPLink. Included in the slide deck are the project cost estimates. The Dixon Diversion costs have risen to total approximately \$400 million, including contingency funding. Mr. Thayer explained that part of the cost increase is due to approximately \$21 million of additional work that Federal Energy Regulatory Commission (FERC) requires to be completed at Bradley Lake in five years. Mr. Thayer noted that the CIPLink costs remain at \$413 million, with approximately \$142 million still needed.

Mr. Thayer reviewed the construction cost timeline for both Dixon Diversion and CIPLink. There is funding for CIPLink through 2027. Work is ongoing to obtain funding for Dixon Diversion. Staff have been reviewing different opportunities for funding the Bradley expansion, including federal loan programs with DOE and Department of Agriculture. Meetings have occurred and applications are pending. Staff have also met with the bank that currently holds notes. Additionally, staff has secured \$342 million of tax-exempt bonds from the State Bonding Committee for Bradley Lake. Mr. Thayer indicated that staff will go to National Association of State Energy Officials (NASEO) next week and will meet in Washington, D.C. with the Department of Treasury to determine the type of investment tax credits to utilize.

Mr. Thayer discussed that there are fewer funding opportunities for the CIPLink project because it does not qualify for tax credits and it does not qualify for funding through DOE. However, there are bonding opportunities. He noted that the funding stack will be very different for both projects. Mr. Thayer will provide a list to the Board of the upcoming meetings and the meetings held in December. Ultimately, staff will meet with all five of the Commissioners regarding the FERC licensing. The goal is for the Board to consider the capital stack this summer, and possibly close on funding by the end of the year for the Bradley project. The focus would then shift immediately to the CIPLink project.

Vice Chair Mitchell asked Mr. Thayer to discuss the timing for the FERC licensing with regard to the estimated \$21 million for repairs. Mr. Thayer indicated that the work needs to be completed for relicensing. Since the equipment will already be onsite, the intent is to proactively align that work with the work needed for the amendment. Mr. Thayer invited Jim Mendenhall, AEA Director Owned Assets, to comment further. Mr. Mendenhall explained that the Board of Consultants have reviewed the Dixon portion of the project and determined that the Probable Maximum Flood (PMF) is more than what was originally calculated in 1991. This could overspill the project by about three feet. The dam has to be raised at least three or four feet, regardless of any other work that will occur.

Mr. Siedman asked if the PMF results were a current configuration or were due to the Dixon Diversion. Ryan McLaughlin, AEA Infrastructure Engineer, requested to comment. There was no objection. Mr. McLaughlin explained that the PMF study is in progress and ongoing. The results are preliminary. The increase in PMF is due to a miscalculation in the 1982 study of the drainage area, which will be approximately 44% bigger than the original design. Mr. McLaughlin noted that the study has not yet been finalized. It is also unknown if FERC will require modifications to be completed during relicensing or earlier. He anticipates that it is highly likely that FERC will require modification to the Bradley dam to pass the updated PMF.

Mr. Siedman asked if the earthen part is tall enough to meet the criteria so that the anticipated work would be on the spillway or if the work is for a complete dam raise. Mr. McLaughlin explained that to pass the new PMF, the embankment dam would be raised, and the spillway configuration would remain the same.

Chair Koplín noted for the record that Commissioner Sande joined the meeting.

Mr. Izzo commented that the Dixon Diversion will offset approximately 1.5 bcf of natural gas. He asked if that number has been adjusted to reflect raising the dam. Mr. Thayer asked Mr. McLaughlin if an adjustment has been discussed. Mr. McLaughlin explained that the 1.5 bcf was calculated based on the anticipated Dixon Diversion average inflows and includes a 16-foot dam raise. Mr. Izzo commented that the linkage to CIPLink is necessary for being able to use the power when it is the most efficient.

Mr. Siedman asked if Bradley Lake spills every year. Mr. Thayer noted that the only time Bradley Lake spilled recently was during the Swan Lake Fire when the transmission line was cut off from the northern utilities and only Homer Electric Association (HEA) was using Bradley Lake. Mr. Thayer explained that had the upgrades to CIPLink been instituted, there would not have been any spill because the power would have been moved through a different route.

Mr. Siedman commented that by raising the project 16 feet, the turbines could potentially be changed to improve efficiency at the generator level. This could be a 50% cost reduction through the ICC program from the U.S. Treasury. He asked if this option is being considered. Mr. Thayer explained that the turbines were from 1989, which is not that old. He noted there are no plans to replace the turbines. Mr. Thayer discussed that staff are focusing on the investment tax credit options that do not require replacing the turbines. The option has been reviewed by an accounting firm and a law firm. Staff are confident that option is available. There were no other comments or questions.

### **C. Owned Assets Update**

Mr. Mendenhall reviewed the memorandum included in the Board packet. The CIPLink project is conducting the environmental review and 2026 survey planning. He noted that Josie Hartley, AEA, is overseeing those work components. A Task Order has been issued to an engineering firm. HDR and Stantec are coordinating that work to ensure the information will be sufficient to determine a route, to reduce technical uncertainty for the cable suppliers, and to obtain OEM pricing and installation costs. Additionally, the scope of the work includes high resolution geophysical surveys, minor grab samples for the seafloor conditions, and surveys of the corridor. The National Environmental Policy Act (NEPA) permits for the work have been acquired.

Mr. Mendenhall discussed that Stantec has finalized specifications and is working closely with HVDC converter and cable suppliers to provide firm pricing. The expectation is to enter into contracts to engage the companies to buy the materials. Mr. Mendenhall noted that meetings have occurred with Stantec, EPS, and some of the utilities to discuss the system configuration and the constraints on both sides. The plan is to have the 200 MW transfer capability. Initially, the capability will be 100 MW. The northern terminus will be in Beluga, and the southern terminus will probably be in Soldotna.

Mr. Mendenhall reviewed the financial status of the program. AEA has secured \$64.2 million in State funds and the additional funding requirements total approximately \$142 million. He noted

that AEA recently submitted a budget for Budget Period 2 for July 1, 2025, through June 30, 2027. The DOE has provided favorable comments regarding the budget.

Mr. Mendenhall discussed the Bradley Lake Expansion Project. The design and licensing efforts are ongoing. The plan is to submit the FERC application for the Bradley Lake Expansion Project by February 9, 2026. There will be meetings with FERC next week. Staff is not allowed to discuss anything that is under FERC review. Staff have decided to wait until after the meetings to submit the application. Mr. Mendenhall informed that Mr. McLaughlin convened two workshop meetings. The first meeting reviewed the dam raise and the second meeting reviewed the constructability, spending, and sequencing for the project. Updates are forthcoming regarding the results of those workshop meetings.

Mr. Mendenhall reviewed that discussions occurred regarding the comments from the Board of Consultants (BOC) and the PMF. A purchase order for a 3-phase transformer was submitted. It has a two-year lead time and is expected to cost about \$500,000. This will be used to power the tunnel boring machine with Bradley power, rather than diesel. Mr. Mendenhall noted that staff are reviewing the cost estimate with current pricing and with the cost estimate that may be needed with the PMF dam raise. Mr. Mendenhall announced the good news that Mr. McLaughlin was approved by FERC as the designated dam safety engineer.

Mr. Mendenhall reviewed the transmission upgrades of the Sterling to Quartz Creek Line (SQ Line) and the Soldotna to Sterling Line (SS Line). Phase 1 of the SQ Line is complete. Phase 2 is ongoing, with 90% of the design package completed. It is scheduled to be bid out in 2026. The permitting is underway and materials have been ordered. Phase 3 is expected to be constructed in the winter of 2028-2029. The geotechnical work and permitting for that phase is being undertaken now.

Mr. Mendenhall discussed the SS Line section is owned by HEA. The project was planned to be constructed this winter, but due to budget and steel issues, the project has been postponed. The new cost amount is approximately \$36 million. Work is ongoing with the utilities to get the project back into the schedule. Mr. Mendenhall noted Pat Domitrovich, AEA, is overseeing the transmission work focused on the SS and SQ Lines, and Bill Price, AEA, is overseeing the Intertie and the Railbelt transmission strategic plan, the RTO, the RRC, and the IRP. There were no comments or questions.

#### **D. Planning Update**

Conner Erickson, AEA Director of Planning, provided the update on Round 18 of the Renewable Energy Fund (REF). The Board was emailed all of the information that was submitted to the Legislature regarding Round 18. Mr. Erickson reviewed that there is one final distribution remaining for Round 17. Terms are being negotiated with the grantee. The Renewable Energy Fund Advisory Committee (REFAC) meeting was held in January regarding Round 18. Mr. Erickson noted that some of the Board members attended that meeting. The recommendation was for 29 projects, totaling \$41.1 million, to be appropriated in the FY27 budget. There is no current placeholder in that budget. However, the appropriation is clearly at the discretion of the

Legislature. The Renewable Energy Fund Round 18 Status Report is included in the Board packet after Legislative Update and Legislative Submittals. There were no comments or questions.

Mr. Erickson discussed the Power Project Fund (PPF) update and noted the recent active participation, including two loans that were given out in support of Western Alaska and the impacts from Typhoon Halong. He reported that some of the utilities were proactive in contacting AEA to utilize the loan proceeds to conduct repairs and get the utilities back in order to ensure continued operations. Mr. Erickson noted the two loans that were recently fully paid were the Delta Wind Project and the Chuniisax Creek Hydroelectric Facility. There are 15 outstanding loans, totaling approximately \$28.9 million.

Mr. Erickson indicated that there are three preliminary project selections for the 40101(d) Grid Resilience Formula Grant Program that have been forwarded to the DOE for the second solicitation. The projects are continuing to clear through the NEPA process to ensure the projects align with the funding intent. The process has encountered additional lag time regarding the federal review. Staff are in active communication with the federal project officers, so additional delays are not anticipated. Mr. Erickson explained the ongoing process. The total program awards could ultimately reach \$60 million.

Mr. Erickson discussed the Energy Efficiency Loan Program was initially partnered with Alaska Housing Finance Corporation (AHFC) to offer interest rate buy-downs on their energy efficiency revolving loan program. He explained that the Alaska Sustainable Energy Corporation (ASEC) was created as part of a legislative effort. It is governed by the AHFC Board but is independent from AHFC. There is anticipation that federal funding will be received to help bolster the programs. The programmatic changes were approved on the federal side, and a new Memorandum of Agreement (MOA) was entered into with ASEC. Details are being resolved to be in compliance with the federal requirements of the program.

Mr. Thayer highlighted the loan dashboard showing 15 loans with no delinquencies.

Vice Chair Duff expressed appreciation to Mr. Erickson for his high-level explanations of the programs. He commented that historically, the Legislature has asked how many projects on the list would a certain amount of funding cover for the REF program. He noted that in Round 18, there are 34 projects totaling \$54 million. He asked what the prioritization is for Round 18. Mr. Erickson discussed that regional balancing of the opportunities is a consideration in the review. However, there are clearly regions that do not submit applications to the program. The robust analysis process for ranking the projects remains the same.

Vice Chair Duff believes that the integrity of the prioritization system is stellar. He asked how many of the current projects would be available for funding with \$5 million. Mr. Thayer noted that the Legislature has traditionally funded complete projects. He gave the example that if the first three projects are \$2 million each, the Legislature does not usually give \$5 million and cut the last project in half. Typically, the Legislature decides the funding cutoff line for the projects. Mr. Erickson noted

that he will follow up with the list. The transmittal to the Legislature includes the list of the projects based on priority that shows the funding amounts.

Mr. Siedman asked if the potential shutdown today or tomorrow will impact the timing on the 40101(d) program. Mr. Erickson noted that discussions with the federal officer did not reveal any concerns regarding the shutdown. The funding is available for the program. The timing for releasing the funds is still unknown. Mr. Siedman explained that he asked this question because of the Section 247 program to enhance hydro and a notice of award was sent in 2024, but due to the shutdowns and administrative changes, the funds have not been released. Mr. Erickson noted that AEA has the funds for the second round. The money was awarded and he does not believe it can be clawed back.

### **E. Renewable Energy and Energy Efficiency Update**

Audrey Alstrom, Director of Renewable Energy and Energy Efficiency (REEE), gave an update on the National Electric Vehicle Infrastructure (NEVI) Program. She noted that the NEVI Program was moved under Josi Hartley, Federal Programs Director, but the EV Program remains with REEE. Ms. Alstrom discussed that the EV Program continues to make strides and continues to host the outreach side of the Program through the Alaska Electric Vehicle Working Group and the newsletter. There seems to be much interest from the public on safety and shipping. Ms. Alstrom noted that the first federal funding source is the Alaska Rural Electric Vehicle Deployment Project through the DOE. Two new sites for grant negotiations have been selected in Valdez and Cordova. Construction of new Level III charging has been completed in Glenallen. There is ongoing construction of new Level III charging in Delta Junction for public charging. Additionally, current engagement is occurring with Tok, Bethel, Galena, Kotzebue, Sitka, and Skagway to receive grant funds. There is interest in the program.

Ms. Alstrom explained the background that the Trump Administration initially suspended the NEVI program but then restarted the program following the approval of the new NEVI plan by Federal Highways. Work continues with the federal partners and with Department of Transportation (DOT) to finalize the approach to right-of-way and other compliances. She discussed that congress has redirected approximately 10% of the unobligated NEVI formula funds, and congress will redirect approximately 12% of the NEVI discretionary funds. This was applied proportionately across the states and represents a decrease of about \$5 million in the formula allocation from \$52 million to \$47 million. Ms. Alstrom noted that staff have been monitoring the redirections and it is still unclear how the redirections will unfurl. She commented that the initial allocation for program funding was very generous, and the 10% reduction should not impact the program substantially.

Ms. Alstrom discussed that there are five NEVI sites along the alternative fuel corridor between Anchorage and Fairbanks that are still being developed and would still like to move forward with their original proposals. However, there have been some changes in the OEM market, and it is possible that Alaska is no longer within their portfolio reach. AEA is planning to host a roundtable discussion with the Working Group and a number of OEMs on February 12, 2026, to discuss the Alaska strategy and to get updates on their business models going forward.

Mr. Izzo understands that the OEM acronym stands for original equipment manufacturer. He requested clarification on what is meant by OEM in the NEVI context. Ms. Alstrom explained that the OEMs are for the Electric Vehicle Service Providers (EVSP), including Tesla and FLO charging networks.

Mr. Siedman commented that he was glad to hear about the discussions regarding EV battery safety and shipping. He gave an anecdote that he bought an EV that was shipped to Alaska, but then it was denied shipping back down to be repaired. Mr. Siedman asked if there is the potential to engage with Alaska Marine Highway Systems (AMHS) on filling the gap in shipping capability. Ms. Alstrom indicated that Vice Chair Mitchell raised his hand to respond. Vice Chair Mitchell noted that he will moderate an upcoming panel discussion with AML and AMHS' Craig Tornga regarding EV transportation solutions. The intent is to try to develop solutions to these issues. He believes this will be a process. He encouraged AEA to help sponsor the panel discussion or at least to be a participant. Vice Chair Mitchell explained that Mr. Tornga expressed valid safety concerns, including fire training. He believes Ms. Hartley is doing a great job in conducting the workshops and creating the newsletters. He noted there is a lot of public support.

Mr. Siedman commented that his understanding is that Battery Energy Storage Systems (BESS) are treated separately and apart from EVs. He believes that further conversations should be discussed at the February 11<sup>th</sup> meeting.

Vice Chair Mitchell agreed that the BESS issues are front and center and need to be resolved. He noted this is a bigger issue because of the lithium battery back-ups that are needed in remote areas. Vice Chair Mitchell noted that Mr. Tornga discussed that they like to have a 20% to 70% charge in the battery when it is being shipped because it goes out the safe zone when it is overcharged. Vice Chair Mitchell told Mr. Tornga that the hope is to have chargers in the NEVI Program that correspond to every ferry terminal for the battery vehicles. He noted that Mr. Tornga believes that would be helpful, so that the ferry employee could check the battery energy storage that is safe for shipping.

Ms. Hartley agreed with Vice Chair Mitchell's comments. She explained that the program is still operating under Phase I. The designation of fully built-out will be easier to achieve under this Administration, then the program will move to Phase II, which includes the remainder of the highways and the marine highway system. She believes the ability to monitor the battery's state of charge of the vehicles boarding the vessels should be communicated to DOT and Federal Highways. She will advise them of this safety issue.

Chair Koplín requested Vice Chair Mitchell to provide the upcoming meeting times and dates to the Board and to staff. Vice Chair Mitchell agreed.

Ms. Alstrom continued the presentation discussing the hydroelectric section. She explained that AEA conducted a survey of 14 small hydro utilities around the state to determine whether they are selling renewable energy credits (RECs). Only four utilities responded, and none of those four

are selling RECs. Ms. Alstrom reviewed the AEA-managed grant for the Fivemile Creek Hydroelectric Project. The funding agencies include Denali Commissioner, DOE, and AEA REF. Chitina Electric received the grant directly from the DOE. Procurement activities are moving forward focused on clearing of the project site and purchasing long lead items. The hope is that the construction will begin soon. This is pending NEPA approval.

Ms. Alstrom discussed the Energy Efficiency and State Energy Program (SEP). She noted that the program is open to more types of grantees. \$1 million of SEP-BIL funds have been set aside for RE-VEEP projects. The response to the Request for Applications (RFA) has been positive, and the RFA will remain open until the end of the month.

Ms. Alstrom reviewed that the EECBG funded projects are ongoing. The first project to be completed was the City of Whittier. Staff conducted a site visit to close out the project. Ms. Alstrom discussed that there is no new information regarding the Home Efficiency Rebates. DOE is still reviewing the updated guidance for the Home Efficiency Rebates. That update has been ongoing for well over a year. She explained that the early administrative budget was fully awarded, and then staff had to submit another application to remove conditions on the original award. AEA submitted a letter of support to DOE requesting the rollout of these programs. Staff have been making as much progress as possible, including developing the foundation for an online rebate application and administrative portal, and drafting the Consumer Protection and Market Transformation Plans. Ms. Alstrom indicated that the administrative funds are getting low, and if the program does not progress further soon, AEA will have to consider shelving the program until DOE provides the new guidance.

Ms. Alstrom discussed that the Training Residential Energy Contractors (TREC) program is active and additional information is in the packet. Regarding the Biomass Program, staff is planning for a wood conference later this spring using one of the US Forest Service grants. The design for the four communities is advancing. Ms. Alstrom mentioned that the Solar for All program nationwide was terminated by the Environmental Protection Agency (EPA). Staff completed the closeout process.

## **F. Rural Programs Update**

Tim Sandstrom, Chief Operating Officer, provided the Rural Programs update. Mr. Sandstrom commented that significant winter storms impacted most of Western Alaska, specifically Napaskiak and Akiak, which suffered extensive damage to their distribution systems. Fortunately, the federal government stepped in with a \$25 million emergency declaration, and the State did as well. He reported that Department of Transportation (DOT) led the effort of repairing the distribution system. The effort is still ongoing.

Mr. Sandstrom reviewed that this is the first time in 20 years that the Alaska Bulk Fuel Infrastructure Project has put \$100 million into bulk fuel in rural Alaska. The Denali Commission was successful in obtaining the funds and given to the intermediary Alaska Native Tribal Health Consortium (ANTHC) because the funds could not go directly to the State. ANTHC awarded \$50 million to AEA

and \$50 million to Alaska Village Electric Cooperative (AVEC). There is indication that there may be two more tranches of \$100 million in the coming years. Those funds would assist in focusing on the billion dollars in deferred maintenance that exists in rural Alaska.

Mr. Sandstrom discussed that AEA was fortunate to hire a highly qualified diesel mechanic for a position in the Circuit Rider Program. The new hire will assist in mitigating future emergencies and will increase the level of service that can be provided in rural Alaska.

Mr. Sandstrom reviewed the slide showing the funding levels of the PCE Fund. That balance has recently exceeded \$1 billion. However, AEA is projecting a shortfall between the level of funding and the amount of money to make full PCE payments, which may require a prorated amount. He gave the example that if there is 95% of the funding, then the payment will be 95% of the applicant's program. He is waiting to see the Legislature's response to this scenario.

Vice Chair Mitchell asked if there is a projection for long-term planning going out one year, two years, and three years for the PCE Fund if this trend continues. He commented on the possibility of needing to modify programs or just living with cuts. Mr. Sandstrom commented that projections go out to 2027, because it would be too much of a guess beyond that time period. Mr. Thayer reiterated that the kilowatts were increased by 50%, but there was no increase in funding.

Vice Chair Mitchell noted there will clearly be significant data points in the coming months that will begin to give line of sight to the increase in the cost of Cook Inlet gas. The LNG import costs are not available yet, but those costs should be known within 12 to 24 months. This will have a significant impact on top of any shortfall. Mr. Sandstrom indicated that staff will be watching the base rate closely. He noted that what happens on the Railbelt impacts rural Alaska as well.

### **G. Railbelt Transmission Organization (RTO) Update**

Karen Bell, RTO Program Manager, reviewed that the RTO submitted its Open Access Transmission Tarriff (OATT) filing to the Regulatory Commission of Alaska (RCA) on July 1, 2025. The matter is still pending. Reply testimony and reply orders have been provided. A three-week hearing is scheduled to begin on February 17, 2026. The final order is due from the RCA on June 4, 2026.

Mr. Izzo expressed his appreciation to Ms. Bell for her leadership in these endeavors. He commented on RCA's Order 9 in this proceeding that advised the utilities to terminate a grandfathered contractual agreement that provides for capacity. Mr. Izzo indicated that his utility needs that agreement to ensure they can honor the Certificate of Public Convenience and Necessity (CPCN) to serve members on the northern Intertie segment. He commented that RCA's Order 9 is one of the most unconventional actions that he has seen regulatory commissions take, in terms of legislating from the bench or expanding the scope. Mr. Izzo expressed that Order 9 is unsettling because if it is enacted, he does not know who will enter into a contract that requires regulatory approval. He discussed that grandfathered agreements in the Lower 48 when RTOs have been formed have always been honored. Over time, when the system warrants, those

agreements can be unbundled or terminated based on the users. Mr. Izzo commented that as a participant in the particular grandfathered agreement, if his participating organization is forced to terminate an agreement, it sets a precedent that the RCA could just change their mind later and terminate any agreement approved by the RCA. Mr. Izzo does not believe the legislation anticipated that level of an alarming event.

Ms. Bell advised that AEA responded to Order 9 and filed comments specifically addressing AEA's exemption to RCA jurisdiction, and how those provisions, if they become decisions, would negatively impact AEA.

Mr. Izzo complimented Ms. Bell on AEA's response and her efforts.

Mr. Thayer commented on Order 9 and noted that AEA has the Intertie agreement that has been in force over 30 years. The agreement works. It is managed successfully by a committee, which relies on the utilities to help with guidance. Mr. Thayer noted that what the RCA is contemplating doing puts the utilities relationship at risk and would result in the need to hire staff and the need to have a different budget mechanism to respond to the 170-mile segment that is currently operating well. Mr. Thayer noted his concern, and expressed for the record that not only is the RCA saying the agreements can be terminated, but also that the RCA will increase costs to the rate payers through AEA and the through the Legislature for requiring to pay for some of the costs that currently have a payment arrangement with the utilities. Mr. Thayer discussed that it is much easier to use the engineers that the utilities have on staff to help manage and operate that segment, rather than the need for AEA to hire additional staff for activity that is included in the current arrangement. Mr. Thayer said that Order 9 is a concern in a few different ways, and AEA has raised those issues with RCA.

Chair Koplin commented that scenario runs counter to AEA's mission to reduce energy cost to rate payers.

Mr. Izzo noted for the record that there is open access on the line for others. The issue is not a matter of keeping control within a utility. It is an indication of the fragility of the Railbelt system. The Railbelt system does not have the same redundancy and is not under Federal Energy Regulatory Commission (FERC) jurisdiction as a first world country like in the Lower 48. The agreements are in place because of the limitations on capacity. Mr. Izzo believes that if there were a second line, then the agreement would not be necessary. However, the capacity and the ability to honor the CPCN to provide power to thousands of members is put at risk if the agreement no longer exists. The line is undersized. The priority capacity is necessary. Any remaining capacity is open to the market. Mr. Izzo does not believe that the process should be that RCA adjudicates without considering evidence.

## **H. IT update**

Mr. Thayer reviewed the memorandum from the Chief Information Officer included in the packet. The phone system is being updated and modernized to Zoom Phones. The phone numbers will

be changed since the current phone numbers are co-mingled with Alaska Industrial Development and Export Authority (AIDEA) and even share the same main number. Mr. Thayer discussed the SharePoint and OneDrive migration continues to advance. This will improve accessibility, searchability, and data security. He noted that AEA is transitioning to the new Adobe Enterprise platform with a single sign-on (SSO). Also, the Sylogist upgrade for the new finance and accounting platform is almost complete. This platform is in conjunction with AIDEA. However, there will be two separate companies and nothing comingled.

### **I. IJJA Update – Federal Spending Tracker**

Mr. Thayer reported that the Federal Awards Tracker tracks all of AEA's active federal grants, and includes information such as status, source, program name, award amount, required match percentage, requirement match amount, and remaining match amount needed. This information is helpful while working with the Legislature on required match. The total award / request amount is \$534 million. The match component amount totals \$148 million. However, \$142 million of that total is for the CIPLink project. Mr. Thayer discussed the meaning of the status column marked awarded, conditional award, pending review, suspended programs, and terminated programs. He noted that four programs have been suspended or cancelled. Mr. Thayer indicated that this format will be updated and provided to the members within their Board packets. There is a longer version on the Federal Awards Tracker with additional notes and further information that is available for the Board's review.

### **J. Legislative Update and Legislative Submittals**

Mr. Thayer discussed the chart showing the statutory deadlines for legislative report submittals. He advised that he includes AEA Board members on emails to the Legislature when the reports are submitted. Four reports have been completed this year: the Capital Reserve Fund shortfall, the Susitna River Power Project Annual Report, the Renewable Energy Fund recommendations, and the revised estimate of need to withdraw from Capital Reserve Fund. The Project Status Report is complete and is currently in the Governor's Office for review. The Annual Report and the PCE Report are due on March 1, 2026. These two are not statutorily required, but it is greatly beneficial to provide them to Juneau in a timely fashion. Mr. Thayer complemented Brady Dixon, Communications Director, for her efforts in preparing the annual report.

### **K. Community Outreach**

Mr. Thayer discussed that the community outreach information is in the Board packet.

### **L. Articles of Interest**

Mr. Thayer highlighted that the articles of interest are in the Board packet and articles that specifically name AEA are usually emailed to Board members within a day or two of their release.

Chair Koplin asked if there were any questions for Mr. Thayer. Mr. Izzo asked a question of interest on a topic that has not yet been discussed regarding the Susitna-Watana letter the AEA sent to

the Speaker and to the President. He asked if a reply or any feedback has been received. Mr. Thayer indicated no reply or feedback has been received. He commented that the letter was a generic letter that is sent each year to highlight the status of what is happening. There has not been a hard dollar amount put forward on that effort. Mr. Thayer believes that would trigger interest in other people in the community.

Mr. Smyth requested that Mr. Thayer provide him with the more detailed Federal Awards Tracker. Mr. Thayer agreed.

**M. Next Regularly Scheduled AEA Board Meeting – Thursday, April 16, 2026, 9:00 am.**

Mr. Thayer confirmed that the next regularly scheduled meeting is scheduled for April 16, 2026.

**MOTION: A motion was made by Vice Chair Mitchell to enter into executive session to discuss confidential information related to the AEA strategic planning. This is supported by the Open Meetings Act, AS 44.62.310, which allows a Board to consider confidential matters in executive session. In this case, the Board believes that there are subjects which would have an adverse effect on the finances of AEA or are protected by law to rules protecting personal privacy, certain business information, and deliberative process. Motion seconded by Mr. Izzo.**

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

**9. EXECUTIVE SESSION – 10:48 am. Discuss confidential:**

**A. AEA Strategic Planning**

The Board reconvened its regular meeting at 3:56 pm. Chair Koplín advised that the Board did not take any formal action on the matters discussed while in Executive Session.

**10. BOARD COMMENTS**

Mr. Siedman commented on the great meeting today, including the action in regular session and the discussion in executive session. He plans to attend in-person for the next meeting. He is excited for the future and is excited about the staff and the leadership of AEA.

Mr. Izzo echoed Mr. Siedman's comments.

Mr. Smyth echoed the same support for the staff and for their focus that is needed in the years to come.

Vice Chair Mitchell expressed appreciation for the great job today. He believes this was a very good use of his time.

Chair Koplín echoed Vice Chair Mitchell's comments. He feels that the Board is doing the work that is important for the State. He is proud to be a part of this narrative. Chair Koplín complemented the great staff.

## 11. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 3:59 pm.

  
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Clay Koplín, Chair

  
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Curtis W. Thayer, Secretary

