Alaska Energy Authority
BOARD MEETING MINUTES
Tuesday, July 21, 2026
Anchorage, Alaska

1. CALL TO ORDER

Chair Koplin called the meeting of the Alaska Energy Authority to order on July 21, 2026, at 9:16 am.

2. ROLL CALL BOARD MEMBERS

Members present: Clay Koplin (Public Member); Duff Mitchell (Public Member); Julie Sande (Commissioner DCCED); Ryan Williams (Commissioner DOT&PF); Ingemar Mathiasson (Public Member); Robert Siedman (Public Member); Tony Izzo (Public Member) and Ted Leonard (Public Member).

A quorum was established.

3. AGENDA APPROVAL

MOTION: A motion was made by Mr. Siedman to approve the agenda, as presented. Motion seconded by Vice Chair Mitchell.

Vice Chair Mitchell requested to modify the agenda to allow Director comments at the end of the meeting to address ongoing items with Board members. There were no objections.

A roll call was taken, and the modified agenda to allow for Director comments was approved unanimously.

4. PRIOR MINUTES – April 16, 2026

MOTION: A motion was made by Vice Chair Mitchell to approve the Minutes of April 16, 2026. Motion seconded by Mr. Izzo.

The Minutes of April 16, 2026 were approved without objection.

5. PUBLIC COMMENTS (2 minutes per person)

There were no members of the public who wished to make a public comment. Chair Koplin encouraged members of the public who want to submit public comments in writing to do so, and the comments would be included in the published Minutes.

6. OLD BUSINESS

A. Project Financing Update

Curtis Thayer, Executive Director, invited Mark Billingsley, AEA General Counsel, to join the discussion. Mr. Thayer noted that everyone has been working diligently on project financing for the Bradley Lake Expansion Project (Bradley Project). Staff has met five different times with the utilities' Chief Financial Officers (CFOs) to obtain their input and guidance. These meetings have resulted in thousands of pages of documents. The CFOs have had full access to PFM contractor representatives, AEA Counsel, and AEA staff to answer their questions.

Mr. Thayer discussed there is a resolution for the approval of the initial round of financing for the Bradley Project. He noted that Mr. Billingsley will review the processes and the status of the financing, and the purpose of the resolution. Mr. Thayer commented that if the Board desires to advance the resolution to the Bradley Lake Project Management Committee (BPMC) consisting of the participating Railbelt utilities, the resolution can be used as a working document to continue the efforts. AEA's goal is to have the BPMC's approval by August 31, 2026, in order to meet the November deadline for the initial tranche of funding.

Mr. Billingsley indicated that Thomas Toepfer, PFM, is in attendance and is available for questions. Mr. Billingsley explained that the working group members include Jim Mendenhall, Director Owned Assets, Josi Hartley, Director Federal Programs, Ryan McLaughlin, Project Lead, AEA's bond counsel, and Mr. Toepfer and his colleagues at PFM. Mr. Billingsley explained that the resolution regarding the approval of the initial round of financing is not a resolution for the AEA Board. It is a resolution that AEA could endorse and instruct Mr. Thayer to present it to the BPMC for their consideration. Mr. Billingsley suggested that details of the financing should be discussed in executive session because there are competitors that would benefit from knowing the economic analysis. Mr. Billingsley indicated that the public presentation provides a good outline of the direction of the interim financing terms.

Mr. Billingsley highlighted that the presentation today is limited to an overview of the Bradley Project costs, and does not include the SSQ Line or the CIPLink Project. The discussion will include the proposed financing mechanism, the interim financing terms, the proposed BPMC resolution, and the financial analysis, which will occur during executive session. The construction cost estimate remains at $401 million. The total project cost including predevelopment costs and owner's cost totals $435 million. The Class 4 cost estimate was received in February 2026. The Class 3 cost estimate is expected in October 2026, and the Class 2 cost estimate is expected in the fall of 2027. Mr. Billingsley discussed that the owner's cost includes AEA administration and legal, final design, environmental support, and the TBM power. The construction costs include the three-phase power upgrades, the Bradley Dam crest raise, and the tunnel and diversion.

Mr. Billingsley reviewed the sources of the secured funding, including funds appropriated by the State of Alaska, funds from AEA's Bond Series 11, funds from the Renewable Energy Fund (REF)

grant, and funds drawn from the Bradley Renewal & Contingency (R&C) Fund. The use of the funds were for predesign work and very early stages of the construction, including procuring the three-phase power materials. He explained the slide showing the funding and financing per fiscal year. The green bars indicate the funding currently secured. The blue bars indicate the proposed interim financing that would fund the project through FY28. The yellow bars indicate the final round of long-term financing of approximately $300 million for the remainder of the project.

Mr. Billingsley discussed that while long-term financing is pursued, interim financing is appropriate due to cost uncertainty, tax credit eligibility uncertainty, and interest rates and negative carry. Additional benefits of interim financing include allowing time for U.S. Department of Agriculture (USDA) and Department of Energy (DOE) to finish processing AEA's loan applications, and providing bridge financing until tax credits are received if the Bradley Lake Expansion Project is eligible for tax credits. Mr. Billinsley explained the importance of a debt structure that allows for tax credits to be applied to the debt without a penalty.

Mr. Billingsley explained that the type of interim financing that seems most appropriate is the commercial paper program. Mr. Billingsley indicated that Mr. Toepfer is the municipal advisor and is available to answer questions regarding the commercial paper program. The maturity date of the interim debt would be June 30, 2028. That is also the deadline by which the interim debt must be refinanced. Mr. Billingsley reiterated that staff is still pursuing the long-term solutions of tax exempt bonds, USDA Rural Utilities Service (RUS), and DOE Energy Dominance Financing (EDF).

Mr. Billingsley discussed that the proposed interim financing amount is $100 million. He explained that the commercial paper program provides access to up to $100 million. Funds are drawn periodically and interest is paid on the funds as they are drawn from the $100 million. Total costs include closing fees and an annual fee. Mr. Billingsley noted that the commercial paper program provides flexibility and allows each draw to be either taxable or tax exempt. He corrected the presentation, and noted that the close date is November 30, 2026, rather than December 31, 2026. The interest rate on each draw is the market rate at the time of each draw. Mr. Billingsley explained that the determination has not yet been made with the utilities whether or not to capitalize the interest.

Mr. Billingsley reviewed that the financing requires the approval of the utilities. It is AEA's debt, and the utilities pay it back through the Power Sales Agreement. The utilities have asked for milestones at which they could review their decision. He explained that the utilities could approve the interim finance package and would still have the opportunity to curtail AEA's use of the funds. There are multiple BPMC decision points and stage gates within the finance package; 1) 60% design and Class 3 cost estimate anticipated in October 2026; 2) 95% design and Class 2 cost estimate anticipated in March 2027; 3) results of the License Amendment Application currently under review by Federal Energy Regulatory Commission (FERC) anticipated in summer 2027; summary of the financial structure and total costs of the final proposals received in response to the RFP for construction of the project anticipated in fall 2027; and 4) updates regarding eligibility for IRC tax credits.

Chair Koplin asked if the BPMC approves the resolution before November, does that mean that the AEA Board would then consider the final draft at the November AEA meeting or before then. Mr. Billingsley discussed that the recommendation is for AEA to meet again in October.

Vice Chair Mitchell asked how the financing schedule affects the construction scheduling and the slippage. Vice Chair Mitchell asked what the downside is for AEA if the interim financing is pursued and then at one of the stage gate decision points, the BPMC decides not to move forward. Mr. Billingsley explained that the money that has been spent are sunk costs. Any monies that are borrowed will get paid back by the utilities through the Power Sales Agreement. Mr. Billingsley noted that the stage gates do not pose any hurdles to the construction schedule. He explained that the proposed direction is to instruct Mr. Thayer to introduce the draft resolution to the BPMC for their consideration at their next meeting. In order for the construction and financing timeline to remain on schedule, the BPMC must pass the resolution by the end of August.

Mr. Siedman agreed that short-term financing is appropriate. He asked a question regarding the cap, and if AEA borrowed $30 million and paid back $30 million, is there only $70 million available, or is there still $100 million available. Mr. Toepfer explained that the commercial paper is flexible during its period. Funds can be drawn, paid down, and redrawn. There is always $100 million of maximum capacity.

Mr. Billingsley recommended entering into executive session for PFM's presentation because of the review of confidential financial data. Mr. Thayer agreed.

MOTION: A motion was made by Vice Chair Mitchell to enter into executive session to discuss confidential financial matters, the immediate knowledge of which would have an adverse impact on the Authority. 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 these are subjects which would have an adverse effect on the finances of AEA or are protected by law due to the rules protecting personal privacy and certain business information and the deliberative process. Motion seconded by Mr. Izzo.

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

i. **EXECUTIVE SESSION 9:52 am. – To discuss confidential financial matters the immediate knowledge of which would have an adverse impact on the Authority.**

The Board reconvened its regular meeting at 10:22 am. Chair Koplin advised that the Board did not take any formal action on the matters discussed while in Executive Session.

MOTION: A motion was made by Vice Chair Mitchell to approve the proposed interim financing framework for the Bradley Lake Expansion Project, and authorize AEA

management to continue structuring, negotiating, and seeking any required BPMC concurrence for an interim financing facility, not to exceed $100 million. Final approval of the definitive financing terms, transaction documents, and closing authorization will be brought back to this Board before execution or closing. Motion seconded by Mr. Siedman.

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

7. NEW BUSINESS

A. Election of Officers

Chair Koplin discussed that the nomination process for the election of officers occurred last week. There is one nomination for Board Chair; Chair Koplin. There are two nominations for Vice Chair; Vice Chair Mitchell and Mr. Siedman. Chair Koplin indicated those nominations are reflected on the ballots provided to members. The members submitted their votes.

Jennifer Bertolini, AEA, tallied the votes and announced the results; Chair Koplin elected Chair, and Mr. Siedman elected Vice Chair. There were no comments or questions.

B. Resolution 2026-05 – Dixon Diversion Reimbursement Resolution

Mr. Billingsley noted that a representative from Orrick bond counsel is available to answer questions regarding Resolution 2026-05. He explained that the resolution does not create any obligation to spend or borrow. It allows the reimbursement of costs that are currently incurred using tax-exempt funding secured in the future. The costs that are incurred now and 60 days before now can be reimbursed using the proceeds from tax-exempt bonds issued in the future. Mr. Billingsley discussed that this is a standard form document that is approved when there is an expectation of a future tax-exempt issuance. AEA's bond counsel drafted the resolution, and it is compliant with IRS tax code.

MOTION: A motion was made by Mr. Mitchell to approve Resolution 2026-05 declaring intention to reimburse expenditures for Bradley Lake Expansion Project from the proceeds of tax-exempt obligations. Motion seconded by Mr. Izzo.

A roll call was taken, and Resolution 2026-05 was approved unanimously.

Chair Koplin thanked the Board members for reading all of the information in the Board packet that included all of the back-up documentation provided by staff. Chair Koplin expressed appreciation to staff for providing all of the information. He noted that there were no questions because all of the answers were included in the materials. There were no comments or questions.

C. Budget Update

i. FY26 Budget to Actual

Mr. Thayer explained that the FY26 management plan is shown on page 45 of the packet. It delineates what was obligated in FY26, what is remaining, and the total budget. There are four different budget components. Owned Facilities has expended 75% of its budgeted funds. Rural Energy Assistance has expended 58% of its budgeted funds. Power Cost Equalization has expended 100% of its budgeted funds. Statewide Projects has expended 12% of its budgeted funds. Mr. Thayer explained that this is a heavy spend year, and the hope is to have approximately $34 million in the CIPLink budget. He noted that Personal Services has a large vacancy factor of approximately 22 employees. Mr. Thayer discussed that there will be a fifth budget component next year of the Railbelt Transmission Organization (RTO). There were no comments or questions.

ii. **FY27 Budget**

Mr. Thayer discussed the FY27 Operating Budget shown on page 46. The Governor's request was $68 million. The Legislature authorized $79 million. Those funds come with an increase to Power Cost Equalization (PCE) endowment. Mr. Thayer discussed that the Legislature created the RTO. The Legislature reduced the requested RTO budget by $653,000. Mr. Thayer noted that the Commission has delayed the June order until September. Discussions have occurred with the Governor's Office, and they realize there will probably be a supplemental budget next year because of the Legislature's actions. Mr. Thayer explained that Rural Energy Assistance has been moved into the RTO component. The PCE Endowment expected fuel cost includes a one-time change.

Mr. Thayer reviewed the pie chart showing the FY27 operating budget and the individual restrictions on the funds. The pie chart excludes the PCE Grants of $55 million. The overall budget funded by the State Unrestricted General Funds (UGF) is 15%. Mr. Thayer discussed the information showing the capital budget requests compared to the authorized amounts. The Legislature authorized an additional $1.5 million each for the Juneau Cruise Ship Terminal Port Electrification Project and the Ketchikan Cruise Ship Terminal Port Electrification Project. He explained that these were projects that AEA was given because AEA is doing a good job in Whittier. The current funding is not enough to complete the projects. Additional funds will come from the cruise ship head tax, which is a recurring source of funding.

Mr. Thayer discussed that the Governor had not included any budgeted amount for the Round 18 Renewable Energy Projects due to the timing of notification and submission. The Legislature approved $14.6 million, which funded nine projects. The full amounts were given for both AEA Electrical Emergencies and AEA DOE State Energy Program Match. Mr. Thayer explained that the AEA Federal Tax Credits language is included in the budget. If AEA received tax credits, this language allows AEA to spend those funds on the project.

Mr. Thayer noted the FY26 supplemental requests listed in the documents were all funded. The requested RTO Receipts and Administrative Costs were authorized. The Bulk Fuel Projects EPA-DE-ANTHC Pass Thru is approximately $50 million from the Denali Commission for bulk fuel upgrades in rural Alaska. Mr. Thayer discussed that the $5 million in Bulk Fuel Projects High Energy Cost Grant was received. He gave background on this funding. He explained that AEA applied for

and qualified for a $2 million High Energy Tax Grant through the Department of Agriculture. After staff met with the program director in December to discuss the program, the representative indicated that there was an additional $5 million in discretionary funding available. AEA staff proposed the funding to be used in the Bulk Fuel Program, and received federal receipt authority. Mr. Thayer indicated that AEA recently received another call for additional funding of approximately $200,000. Mr. Thayer explained that the supplemental request of $150,000 for Electrical Emergencies Program was due to the high cost of responding to rural emergencies. Mr. Thayer explained that the pie chart on page 50 shows the capital and supplemental budget, but does not include the projects with federal dollars. There were no comments or questions.

iii. **FY27 Budget Process**

Mr. Thayer reviewed the draft budget deliverables and timeline shown on page 51. He noted that staff will share the draft operating and capital budget with Board members as soon as it is developed. There will be a new Administration next year who will ultimately submit their own budget in February. There were no comments or questions.

iv. **FY28 Budget Requests – Executive Session – None.**

D. Audit Update

Mr. Thayer discussed that the FY26 annual audit is in progress. The information provided is as of June 30, 2026. The audit is to be completed in October. Staff will coordinate with the Board regarding when the audit needs to be accepted. Mr. Thayer noted that per statute, PCE has 90 days after January 1, 2027 to submit. There were no comments or questions.

E. Old Harbor Hydroelectric Project Power Project Fund (PPF) Loan

Mr. Thayer explained that a loan application was received from Old Harbor for a hydroelectric project. If a request is up to $2 million, the Loan Committee can approve the loan. If the request is over $2 million and up to $5 million, then the Loan Committee has to approve the loan and present it to the Board of Directors. Any request over $5 million has to be approved by the Legislature. Mr. Thayer explained that Old Harbor's application is pending for approximately $4.9 million. There are documents outstanding that Old Harbor must submit before the packet is completed and can be presented to the Board. The hope is to include the presentation on the November 5, 2026 meeting agenda. There were no comments or questions.

F. AEA Travel Plan

Mr. Thayer discussed that memorandum regarding travel planning, travel requests, and travel authorizations is included in the packet. The authorization guidance is primarily the same as last year, with only minor changes. Mr. Thayer requested that the Board conduct a vote adopting the proposed travel plan, which includes travel plan considerations, travel adjustments and waivers, travel planning and processing, and the travel budget. Mr. Thayer explained that the provided

memorandum is very similar to the State's policy. Any out-of-country travel must be approved by the Governor's Office.

Mr. Thayer reviewed the included section of the Department of Commerce, Community, and Economic Development – FY27 Travel Plan. The categories identified list the component, the employee, job title, trip purpose, trip justification, begin date, end date, travel state, and approximate budget for the trip. AEA has been underbudget for the last seven years. AEA suggested a reduction to the travel budget this year. Mr. Thayer discussed that there are five trips that are included in the proposed travel plan that were red-lined in the previous travel plan. He explained that he left these on the proposal because there will be a different governor. Additionally, Mr. Thayer noted that one of the trips red-lined was travel for Mr. Thayer to accompany the Governor. Mr. Thayer indicated that the current Governor recently requested Mr. Thayer to accompany him on a trip; however, the funding is not included on the travel plan. Mr. Thayer requested that the Board approve a motion to accept the travel memorandum and travel plan.

Mr. Mitchell noted that he is in favor of AEA's membership in the National Hydropower Association and the Water Power Week that promotes and encourages legislation, and AEA's membership in the National Association of State Energy Officials (NASEO). He asked how the Board is to help with the travel budget if the opportunity arose and AEA is supportive of a representative attending Data World to understand how the data centers are affecting energy pictures in Alaska and nationwide, and how to promote hydropower, hydrokinetic, and tidal since Alaska is the largest state that has the future in those areas.

Mr. Thayer explained that the travel plan is flexible because it is developed for the next year. He noted that the Travel City listed as Hamilton is a code word for not knowing the location of the travel, but knowing that travel should occur. Mr. Thayer discussed that AEA is allowed to substitute line items. He gave the example that a line item for a trip to a hydro conference can be swapped with a trip for Data World if it is within the budgeted amount.

Mr. Mitchell noted that his concern is to ensure there is enough travel budget for the contingency efforts discussed. Mr. Thayer noted that staff will continue to give the Board quarterly updates on the travel budget. Mr. Thayer indicated that he serves on the NASEO Board, and they pay for his trips. The trip is shown on the travel plan, even though a third-party is paying for the trip. He commented that it is odd that the five red-lined trips were identified because AEA routinely attends these trips each year. Mr. Thayer believes that the new Governor might change the policy. There were no other comments or questions.

MOTION: A motion was made by Mr. Mitchell to approve the Fiscal Year 2027 Travel Plan and Memorandum regarding travel planning, travel requests, and travel authorizations, as presented. Motion seconded by Mr. Izzo.

A roll call was taken, and the motion was approved unanimously, with Mr. Leonard absent.

8. DIRECTOR COMMENTS

A. Owned Assets Update

Mr. Thayer requested Jim Mendenhall, AEA, to provide the Owned Assets Update, including the CIPLink update. Mr. Mendenhall discussed the memorandum regarding the CIPLink Project included in the packet. Work continues with HDR and Stantec to conduct the marine survey work this fall, including geotechnical work on the marine corridor and 35 miles' of submarine cable. The data processing, mapping, and deliverables are expected to be completed the end of 2026 or early 2027. Mr. Mendenhall noted that work continues on the procurement documents for the HVDC equipment. The first issuance is a prequalification request for interested bidders for the supply and installation of the HVDC cable, and technical and budget information. The requests will be reviewed, and the process will continue to select a bidder.

Mr. Mendenhall discussed that work is ongoing with Stantec on a request for proposal (RFP) to be issued for the converter stations. Stantec has completed the preliminary design report for the CIPLink. Landing locations are still being considered for the Kenai side. The landing on the northern end will be at Beluga. The transfer capability remains at 100 MW initially, and increases to 200 MW eventually. Mr. Mendenhall discussed that approval of spending is through June 30, 2027. There is $65 million from AEA and a matching amount to spend, totaling approximately $120 million. There were no comments or questions.

Mr. Thayer introduced Ryan McLaughlin, Bradley Lake Manager and Chief Dam Safety Engineer, and requested he provide an update on Bradley Lake. Mr. McLaughlin stated that the final amendment application totals 5,666 pages, and was filed with FERC on June 30, 2026 for the Bradley Lake Expansion Project. He noted that the licensing contractor commented that it is one of the largest amendments that they have ever submitted. The document included years of environmental studies supporting design reports and an applicant prepared environmental analysis. The hope is to accelerate the FERC review process. The project will increase the amount of energy from Bradley Lake by approximately 167,000 MWH per year. This represents a 38% energy increase.

Mr. McLaughlin discussed notable items within the final amendment application. The variable minimum instream flow release for the Martin River is increased during the Sockeye and Coho migrations and decreased during the middle of summer when there is no upstream migration. The total amount of water released is approximately the same. A 16-foot pool raise is accomplished through raising the existing concrete spillway crest and adding spillway crests on top of those. The dam embankment crest will be raised. The increase in head is expected to increase the generating capacity by 0.9 MW, and will add 62,000 acre-feet of storage per year.

Mr. McLaughlin noted there will be an installation of a 0.3 MW microhydro turbine at the fishwater release valves at the base of Bradely Dam. The 16-foot drilled diameter tunnel with a one-foot-thick concrete cast segmental liner will be 4.6 miles from the Dixon Diversion Dam to Bradley Lake.

It will have a capacity of 1,650 cfs. The diversion dam at the base of the Dixon Glacier will include two 30-foot wide by 20-foot tall overshot crest gates that can be fully dropped during high flows to sluice coarse sediment that has deposited in the diversion pool. The sediment load has been a major focus and a major challenge in the design. Mr. McLaughlin discussed the extensive pre and post diversion monitoring programs to document fish use, riparian habitat, and geomorphological changes in the highly dynamic system. Monitoring will continue, and the management will be adapted appropriately.

Mr. McLaughlin reviewed that the third Board of Consultants meeting occurred in-person in Homer, Alaska during the last week of June. Discussions included the Probable Maximum Precipitation (PMP) and Probable Maximum Flood (PMF) studies, tunnel design, and other design components. Site visits for a total of 15 people to Dixon Diversion and some of the tunnel boring drilling locations occurred at that time. The Board of Consultants have not yet released their report from that trip. Their report should help inform some of the design decisions that need to be made.

Mr. McLaughlin indicated that the geotechnical campaign is underway. This is the third year of conducting geotechnical investigations at the site. The crew was mobilized in mid-May. Holes have been drilled in front of the spillway, at the toe of the dam, and at potential boring sites. The current effort is focused on two deep boreholes along the tunnel alignment. As of this morning, the first borehole is at 450 feet. These sites are helicopter-access sites, and weather delays occurred last week.

Mr. McLaughlin described the pictures included in the presentation of one of the deep boring drill pads and of the crew in front of the spillway. The work to procure cable for the three-phase power installation next summer is ongoing. He noted that the preliminary project schedule and geological mapping diagrams are included in the information.

Mr. Thayer added that AEA traveled to Bradley Lake with staff from Senator Murkowski and Senator Sullivan, and the RCA. Another trip is scheduled in the middle of August with a FERC Commissioner. Mr. Thayer noted that legislators have been invited to travel to Bradley Lake, but they have been occupied in Juneau and unable to attend.

Chair Koplin expressed appreciation for the written reports. He emphasized that the rebuild and expansion of Bradley Lake displaces work that would have been required for the higher flood rates. Mr. McLaughlin noted that the PMF study has been updated as part of the engineering for the new dam raise. The PMF is likely much higher than the Bradley Lake Dam's original design. It is possible that FERC would require modifications even if the expansion project was not ongoing.

Mr. Mendhall discussed the Soldotna-Sterling-Quartz Creek (SSQ) update. Homer Electric Association (HEA) owns the Soldotna to Sterling (SS) portion and AEA acquired the Sterling to Quartz Creek (SQ) portion after the Swan Lake Fire. The upgrade project is ongoing to replace the old wood poles and to build the new lines to 230Kv standards. Phase 1 is completed. Chugach Electric Association (CEA) is the project manager. Phase 2 is expected to begin this winter with an

expected budget of approximately $35 million. Bids have been submitted and the poles have been purchased. In the following winter of 2027-2028, the final Phase 3 is anticipated to occur with an expected budget of approximately $36 million. Mr. Mendenhall reviewed that HEA is looking to upgrade the SS Line in the winter of 2028-2029. AEA has capacity rights on the line. HEA provided AEA with a project charter on working together to upgrade the lines.

Mr. Mendenhall discussed that after the lines are upgraded, the transmission substation upgrades will occur. The proposed budget amount is approximately $55 million. Permitting work for the transmission substation upgrades has begun. Discussions with HEA will proceed regarding the transmission substation upgrades.

Mr. Mitchell asked if the substations are focused on gas insulated substations. There was no information at this point and will probably be included in the design at a later point. There were no other comments or questions.

B. PCE Endowment Fund

Mr. Thayer reviewed the PCE Endowment Fund chart that is managed by the Permanent Fund Corporation. He noted that AEA receives monthly updates. The fund is at its highest level since July of last year, with investment gains and earnings. He noted that discussions regarding using the earnings for the PCE will occur. There were no comments or questions.

C. Planning Update / PPF Loan Dashboard

Mr. Thayer discussed that a new Planning Manager has been employed and will work on Round 19 of the REF. It is open now, and will close in September. The list will be ready for the inclusion in the Governor's budget. Mr. Thayer reiterated that the Legislature funded $14.6 million for nine projects in Round 18. He explained that Round 19 will begin with the new Legislature and assume its two-year cycle. The same request will be provided in two legislative cycles in the same legislative sessions. This creates alignment for AEA and for the Legislature.

Mr. Thayer reviewed the Power Project Fund (PPF) Loan Program. There are 17 outstanding loans, totaling approximately $30 million. The uncommitted loan balance is $13 million. The new loan to Old Harbor for $4.9 million would decrease the uncommitted loan balance. Mr. Thayer noted there is still much interest in the program. Mr. Thayer reviewed that as of July 2026, the 40101(d) Grid Resilience Formula Grant Program ad awarded $20.9 million on different projects, including applications by Golden Valley Electric Association (GVEA), Matanuska Electric Association (MEA), and Southeast Alaska Power Agency (SEAPA). These are competitive projects with a 5% State match, and federal funding. AEA conducts the analysis and makes recommendations, but the final approval and award is made by DOE. This is the second phase of possibly three phases total. This program is from the Infrastructure Investment and Jobs Act (IIJA).

Mr. Thayer discussed the Energy Efficiency Revolving Loan Fund (EERLF) was established with the

receipt of $4.7 million. Work is coordinated with Alaska Housing Finance Corporation (AHFC) and their energy efficiency program. AEA maintains an Memorandum of Understanding (MOU) with AHFC and its subsidiary, Alaska Sustainable Energy Corporation (ASEC).

Mr. Thayer reviewed that the concept paper submitted for the Notice of Funding Opportunity (NOFO) for the Speed to Power through Accelerated Reconductoring and Other Key Advanced Transmission Technology Upgrades (SPARK) program was unsuccessful. DOE returned a letter of discouragement to AEA for future applications.

Mr. Thayer discussed the loan dashboard. Of the 17 loans, there is one loan that is delinquent. The default rate is .49. Staff is in contact with that borrower. There is not a concern, as they have been late before and have caught up.

Mr. Thayer noted that the Power Project Fund loans by energy region are listed on page 3. The information includes the name of the project, the current outstanding balance, and the terms of the loan. The majority of those loans were at 3% and 4%. The current interest rate is calculated at a 52-month trailing average, and has increased over time. Mr. Thayer reviewed the uncommitted cash balance in the outstanding loans. There were no comments or questions.

D. Rural and Alternative Energy Update

Mr. Thayer provided the Rural And Alternative Energy Update, as Tim Sandstrom, COO, lost his voice. Nine Circuit Rider trips in Rural Alaska have occurred. These are accounted and budgeted for in the travel plan. There were 65 Circuit Rider calls, three Bulk Fuel trips, and seven training trips. Additionally, Alaska Vocational Technical Center (AVTEC) continues to train students to help operate the bulk fuel and the powerhouses.

Mr. Thayer discussed that a new Assistant Project Manager began with the Rural Energy Group. Grant documents are being prepared for the $2 million Bulk Fuel M&I Award. Work is ongoing with Bering Straits Regional Energy Summit in Nome. He reviewed the listed Alaska Bulk Fuel Infrastructure Partnership projects, including Shageluk Bulk Fuel Upgrade, Tuluksak Bulk Fuel Upgrade, Eek project, Russian Mission Bulk Fuel Upgrade, and Aniak Bulk Fuel Upgrade Conceptual Design Review.

Mr. Thayer noted that the Legislature did not fund any powerhouses or bulk fuel in this last budget cycle. AEA is operating on other funding, including federal government funding. He discussed the ongoing Bulk Fuel Upgrade projects. Mr. Thayer indicated that AEA continues electric vehicle work in Southeast Alaska. The National Electric Vehicle Infrastructure (NEVI) Program has $37 million remaining in the Federal Highway Administration budget. Work is ongoing with Department of Transportation (DOT) on implementation and planning.

The Hydro REC Survey has been completed. This was at the request of the Board. AEA received little to no interest. The determination was made that the little interest of less than $80,000 was

not cost effective. If requested, Mr. Thayer could provide detailed information of the communities contacted. Mr. Thayer reviewed that the Fivemile Hydroelectric Project has a budget of $11 million, and the funding agency is Denali Commission. The run-of-river project is moving forward. Mr. Thayer indicated that the Energy Efficiency and State Energy Program (SEP) continues work with Alaska Housing Finance Corporation (AHFC) and Department of Energy. Additionally, AEA has other SEP projects.

Mr. Thayer discussed AEA is working with the congressional delegation and AHFC on two rebate programs each in the amount of $37 million funded by DOE; Home Efficiency Rebates and Home Electrification and Appliances Rebates. He reviewed the program for residential training for energy contractors and the ongoing biomass programs.

Mr. Thayer discussed the summary information provided for the Renewable Energy Fund (REF) grant program. Nine projects have been added to the summary list. According to the analysis completed by Northern Economic, the REF Program saves about $13 million gallons of diesel fuel a year. For the entirety of the program, this equals approximately 150 million gallons of diesel fuel saved. There were no comments or questions.

E. Railbelt Transmission Organization (RTO) Update

Mr. Thayer requested Karen Bell, RTO Program Manager, to provide the RTO Update. Ms. Bell indicated that the RCA extended the deadline for a final order in Docket U-25-028 from June 4, 2026 to September 2, 2026. This is regarding the investigation into the RTO's initial tariff filing. The RTO Governance Committee continues to meet on a monthly basis. RTO Subcommittees continue to meet multiple times monthly to prepare recommendations for the Governance Committee for business practices and processes to implement the RTO's tariff. Six of those business practices have been approved by the Governance Committee. Based on the final order, it may be necessary to adjust those business practices. Ms. Bell discussed that the FY27 budget request for the RTO was reduced through the legislative process. Work is ongoing for a possible supplemental request for FY27. There were no comments or questions.

F. HR Update

Mr. Thayer noted that Karen Turner, Director HR, is in attendance today. Mr. Thayer discussed that AEA is currently running at a 28% vacancy factor. The biggest reason is because of the acquired new positions for IIJA and the CIPLink project. AEA has a Request to Recruit. Mr. Thayer explained that the difficulty is that the timeline for approvals takes months, and qualified applicants have been lost due to the length of time that the onboarding process takes. Mr. Thayer indicated that AEA did not have the lengthy process before. It came when the Governor issued the hiring and travel freeze Administrative Order (AO). Even though the Governor's budget includes additional positions, and the Legislature approved the budget, AEA still has to submit a Request to Recruit, which is a seven-signature process. Once the Request to Recruit is complete, then the applicant is sought, and the same seven-signature process must occur again for hiring. Mr. Thayer expressed

his understanding of the reasons for the policy, but noted that it is hampering AEA's efforts to hire good, qualified people and to be reactive to keeping good, qualified people. This is an ongoing issue.

Mr. Thayer indicated that he was blunt with the Governor recently, and will contact the Governor to provide ways to improve the process. He noted that none of the candidates have been rejected in the process, but the length of time to go through the process is why candidates have been lost. Mr. Thayer explained that one specific person must sign off on the process for 16,000 employees. He noted that if the hire rate is 5%, that single person has that many requests across their desk. If that person does not get to the requests daily or if a special session occurs in Juneau, then the requests get pushed out for another month, resulting in the loss of qualified candidates.

Mr. Thayer commented that the Board gives him the approval to sign contracts worth tens of millions of dollars, but as of two years ago, Mr. Thayer is no longer able to hire an employee without the cumbersome process. He noted that AEA is not the only one affected by this process. Every State agency and State corporation is having the same issue. There were no comments or questions.

G. IT Update

Mr. Thayer discussed that the new phone system was deployed in June. The phone numbers have changed. Also, a new security and asset management system is being implemented with the same vendor that AIDEA uses. Work is ongoing with the new finance platform as it enters the user training phase. There were no comments or questions.

H. IIJA Update – Federal Spending Tracker

Mr. Thayer reported that the Federal Awards Tracker is included in the Board packet. It tracks all of AEA's active federal grants, and includes information such as the status, source, program name, award amount, required match percentage, requirement match amount, remaining match amount needed, conditional awards, pending review, application progress, paused programs, and non-selected programs. The highlighted color green means awarded, yellow means application submitted, blue means under consideration, grey means program paused, and red means application not selected. There were no comments or questions.

I. Community Outreach

Mr. Thayer discussed that the community outreach information is included in the Board packet. Efforts are ongoing to conduct outreach regarding the Bradley Project. There were no comments or questions.

J. Articles of Interest

The pertinent articles of interest are included in the Board packet.

Mr. Thayer brought to the Board's attention the budgetary issue of the building. Alaska Industrial Development and Export Authority (AIDEA) owns the current facility and pays all of the expenses. AIDEA is actively considering moving out of the building and leasing office space in midtown. Conversations have occurred with Randy Ruaro, AIDEA Executive Director, regarding AIDEA moving out of the building by the end of the year. It is anticipated AIDEA will continue to pay for the expenses of the building through the fiscal year, ending July 1, 2027. Part of AEA's budget request is determining the cost to move out of the building or the cost to remain in the building. AEA would have to go to the Legislature and ask for funding to move locations. Mr. Thayer noted that the building is 50 years old, is not energy efficient, and has high operations and maintenance (O&M) costs. The estimate to repair the parking lot totaled $1.8 million. Another challenge is the need for security of the building 11 hours a day for employee safety. If AIDEA moves out of the building, AEA will need to make decisions regarding its next steps.

Mr. Thayer discussed that AEA previously had a warehouse owned by DNR that was located on Commercial Drive. The property experienced a host of vandalism and theft. AEA was able to find a different warehouse property on Arctic Boulevard in a better part of town that has a secure yard. The Legislature allotted $100,000 for AEA to conduct renovations to the building during the move. Mr. Thayer noted that the move has provided a deep cleaning of the warehouse. Some items are being sold in order to have a more focused inventory to ensure the equipment and generators are in place for an electrical emergency. There were no other comments or questions.

K. Next Regularly Scheduled AEA Board Meeting – Thursday, November 5, 2026.

Mr. Thayer reported that the next regularly scheduled meeting is Thursday, November 5, 2026. This is two days after the Governor's election. A special meeting will most likely need to occur to address the financing on the Bradley Project, possibly the loan application for Old Harbor, and possibly a budget request for the cost of office space. There were no comments or questions.

9. BOARD COMMENTS

Chair Koplin expressed appreciation to members and to staff for attending today and for being available for questions. He thanked staff for their comprehensive and succinctly written reports, and noted that having this level of information contributes to an effective meeting.

Chair Koplin noted that Mr. Mitchell previously shared an agenda item discussion point with him and with Mr. Thayer for today's meeting. Since today's meeting was timely and efficient, Chair Koplin invited Mr. Mitchell to use his comment time to discuss the item with the Board.

Mr. Mitchell congratulated Chair Koplin on his reelection for another term, and congratulated Vice Chair Siedman on his new term as Vice Chair. Mr. Mitchell noted that International Brotherhood of Electrical Workers (IBEW) 1547 in Juneau will have an electric vehicle (EV) roundup on

September 12, 2026. He stated that Juneau has the highest per capita EVs, and continues to grow despite the issues thereof. Mr. Mitchell discussed that he has been working on a project that triggers with the number of pages in the FERC license application. FERC is a very tedious agency. The rules were established before National Environmental Policy Act (NEPA) and it is very difficult to move projects forward. This impacts Alaska because small communities of 100, 200, or 300 people cannot afford to bring out hydrokinetic and tidal projects on a fast-paced basis. That dynamic is also intersected with the phase out of the 48E tax credits in 2032.

Mr. Mitchell stated that many communities are looking at the tidal and hydrokinetic projects and they get 50% off if they can move fast. Ironically, in 2000, when Senator Lisa Murkowski was Senator and Chair of the Energy Resources Committee, a law was passed to allow Alaska to complete its FERC licensing on small projects under 5MW. In 2002, Alaska's Legislature passed receiving that authority. This went before the RCA, and the RCA has completed two dockets, which were cumbersome and more complex than the FERC process. However, there is an opportunity to streamline with the RCA to advance quicker, faster, and need for speed without short-circuiting any of the NEPA processes. Mr. Mitchell indicated that he is actively working on this opportunity and has developed a concept paper that he can share with the Board. More people are coming into the fold to provide their points of view. The hydrokinetic business is ready to invest hundreds of millions of dollars in Alaska, if there was a way to secure site control, as well as a faster process.

Chair Koplin commented that there is a State Dam Safety Division housed in Department of Natural Resources (DNR) and the RCA has been granted the authority. He noted that hydroelectric processes could be licensed within the State if Alaska chooses to do so. Resources are always a constraint. He believes Mr. Mitchell's goal is for AEA to have an advocacy role for federal funding, rather than an active role. Chair Koplin does not believe that licensing the very small and low hazard projects in Rural Alaska is the best fit for FERC. He believes the opportunity has merit and looks forward to progress.

Chair Koplin expressed appreciation to staff for providing the articles of interest. He believes it shows a great view of what is happening around the state. He noted that the Board has had many questions from the Legislature and from the Governor's Office regarding the status on the Susitna Watana Hydroelectric Project. He commented that Alaska is facing rapidly rising costs of energy. The May 8, 2026 "Alaska Beacon" article included in the package relates that it is time for Alaska to reconsider the Susitna Watana Hydroelectric Project. With the investment tax credits, there is an opportunity to build the project for half of the cost. There are also new industries, Department of War installations, and other needs growing in the Railbelt that changes the calculus on the project.

Chair Koplin discussed that AEA will not be the ultimate decision-maker, rather it will be for the Governor, the Legislature, and stakeholders to make. AEA is managing the project. It is important to review the remaining steps to advance the project by developing a current cost and benefit analysis, and ultimately, providing advice to the Governor and the Legislature. Chair Koplin suggested that the Board consider some type of resolution at the November meeting to move the project forward. He encouraged Board member comments.

Mr. Siedman expressed his full support of the Susitna Watana Project. He commented that it is good to see legislators reengaged with the discussion. The Department of Energy was hosted in Southeast. He believes it is important for the State to invest in the energy future. Mr. Siedman commented on the well-run meeting. He thanked Mr. Thayer and his team for their extraordinary efforts.

Mr. Mathiasson expressed appreciation for the good meeting and for the comprehensive data package that staff provides. He looks forward to additional hydro discussions, including the possible small hydro project in Northwest Alaska.

Commissioner Sande expressed appreciation to staff for their diligent work and to Mr. Thayer for his leadership direction.

Commissioner Williams commented on the thoughtful compilation of the material provided. He expressed appreciation to staff for including the articles of interest in the packet.

Mr. Izzo congratulated Chair Koplin and Vice Chair Siedman on their new positions. He echoed the comments of appreciation to Mr. Thayer and to staff. Mr. Izzo noted that a number of members have served previously on the Governor's Security Energy Task Force, and the Task Force's recommendation is in alignment with Chair Koplin's way of moving forward to update the numbers to determine the next steps and opportunities.

Mr. Mitchell expressed his support for moving forward with the Susitna Watana Project now. He believes that if the ITC opportunity is applied to the current cost estimate, the total cost could be less than the 2014 cost estimate. Mr. Mitchell thanked the staff for their comprehensive and productive work for Board members, for the public, and for the State.

Chair Koplin commented that the framework for advancing the Susitna Watana Project to the next step was a focus of the year's work of the Task Force. He thanked Mr. Mitchell for his previous service as Vice Chair, for his helpful contributions to the Board, and for the work on streamlining hydro in Alaska.

10. ADJOURNMENT

There being no further business of the Board, the AEA meeting adjourned at 11:50 am.

Clay Koplin, Chair

Curtis W. Thayer, Secretary

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