

Joint Utility Task Force Committee Meeting

Anchorage Municipal Light and Power
Chugach Electric Association, Inc.
City of Seward, Light & Power Division

Golden Valley Electric Association, Inc.
Homer Electric Association, Inc.
Matanuska Electric Association, Inc.

Tuesday, May 12, 2009

Draft Minutes

I. **Welcome – Introductions – Rebecca Logan**

The meeting of the Joint Utility Task Force Committee was called to order at 10:10am by Rebecca Logan of Chugach Electric Association in the board room of the Alaska Power Association in Anchorage, Alaska. Logan thanked everyone for attending and provided a brief history of task force. The following people were present to represent the:

Railbelt Utilities:

Will Abbott	Anchorage Municipal Light &Power
Helena Hall	Anchorage Municipal Light &Power
James Posey	Anchorage Municipal Light &Power
Bradley Evans	Chugach Electric Association, Inc.
Alex Gimarc	Chugach Electric Association, Inc.
PJ Hill	Chugach Electric Association, Inc.
Rebecca Logan	Chugach Electric Association, Inc.
Jim Nordlund	Chugach Electric Association, Inc.
Lee Thibert	Chugach Electric Association, Inc.
Tom DeLong	Golden Valley Electric Association, Inc.
Rich Schikora	Golden Valley Electric Association, Inc.
Alan Bute (<i>via teleconference</i>)	Homer Electric Association, Inc.
Debbie Debnam (<i>via teleconference</i>)	Homer Electric Association, Inc.
Tim Evans (<i>via teleconference</i>)	Homer Electric Association, Inc.
Ed Oberts (<i>via teleconference</i>)	Homer Electric Association, Inc.
J. Michael Pate (<i>via teleconference</i>)	Homer Electric Association, Inc.
Janet Kincaid	Matanuska Electric Association, Inc.
Lois Lester	Matanuska Electric Association, Inc.
Willard Dunham	City of Seward, Light and Power Division
John Foutz	City of Seward, Light and Power Division

Alaska Energy Authority:

Jim Strandberg	Alaska Energy Authority
Brian Bjorkquist	Alaska State Department of Law
Kevin Harper	Black & Veatch

Alaska Legislature:

Representative Bob Buch	Alaska State House of Representatives
Representative Bryce Edgmon	Alaska State House of Representatives
Representative Charisse Millett	Alaska State House of Representatives
Senator Lesil McGuire	Alaska State Senate
Senator Bill Wielechowski	Alaska State Senate
Adam Berg	Staff for Representative Edgmon
Jeff Turner	Staff for Representative Millett

Trevor Fulton

Staff for Senator McGuire

Public:

Steve Pratt
Tim Leach

Steve Pratt Enterprises
MEA Ratepayers Alliance

Alaska Power Association staff:

Marilyn Leland
Crystal Enkvist
Mary Schonberger

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Following introductions, Logan asked the legislators to speak.

Sen. McGuire, Chair of the Senate Energy Committee and Co-chair of the Senate Resources Committee spoke to the task force expressing her appreciation to be able to keep up to date and to be able to attend this meeting so she can track conversation and be prepared in January when this legislation comes through her committees. She believes that Alaska is ready for growth and this next step and is grateful to be included in the process and for the members' time, leadership, and commitment to this process and offered herself or staff as a possible resource if needed.

Sen. Wielechowski, Co-chair of the Senate Resources Committee, remarked this is a big task and it will take all of us to work on this issue. He added the answers will not come out of the legislature, but out of the utilities, who know all the problems and can work with the legislature on the solutions.

Rep. Millett, Co-chair of the House Energy Committee remarked she looks forward to the process and learning the issues encountered by the members.

Rep. Edgmon, Co-chair of the House Energy Committee and representative for Southwest Alaska stated he hopes to apply the lessons learned here to be able to supply affordable energy elsewhere in the state, especially rural Alaska.

II. AEA Presentation/Discussion/Questions

Jim Strandberg with the Alaska Energy Authority (AEA) introduced Kevin Harper with Black & Veatch who conducted the Alaska Railbelt Electrical Grid Authority (REGA) study and is now working on the integrated resource plan (IRP) and Brian Bjorkquist with the department of law who was the primary scribe in the Greater Railbelt Energy and Transmission Corporation (GRETC) Initiative process. Strandberg characterized AEA's relationship with the process as sisters, participants, and partners with the Railbelt utilities adding the role of AEA is to be at the table facilitating new ideas and approaches that come from the task force and will seek to inform, bringing the task force up-to-date on processes and where AEA is now.

Strandberg provided the attendees with copies of his written comments and PowerPoint presentation to the Railbelt Utility board task force, the PowerPoint of the Alaska Railbelt Electrical Grid Authority (REGA) Study by Black & Veatch, a memorandum from the Legislative Research Services regarding Susitna Hydroelectric Project Documents, House Bill 182, history of contact with the Railbelt electric utilities, Railbelt Manager meeting notes of November 19, 2008, and Railbelt G&T issues.

Strandberg noted that the GRETC legislation is the result of a number of utility efforts and the REGA study with the vision to give all existing Railbelt utilities access to power at wholesale rates. The full-service G&T would be a not-for-profit organization with

solid management and financial backing enabling new, large-scale assets to be built. He added there would be no state agency representation on the board of directors and expanded by stating the option to develop a state authority was explored due to the benefit of tax exempt funding, however, it would need a state official on board and it was agreed, at the state level, that a non-profit corporation would be better. He clarified that GRETC would, by statute, apply to the interconnected Railbelt electric utilities only. Strandberg clarified that GRETC is a G&T to provide to existing utilities keeping distribution service territories fixed and no territories will be changed. He added that as a public energy corporation that mirrors G&T cooperative governance, GRETC would have access to low cost revolving loans and capital funds for immediate infrastructure needs.

Strandberg added that GRETC would not only provide a redundant transmission system, but also equal access to affordable power. GRETC would also be responsible for O&M, planning and fuel supply and participation in the new corporation would be voluntary. Utilities that join would be required to enter into a contract and be willing to sell assets to the corporation. AEA would enter into negotiations to transfer those assets, specifically the transmission lines and large hydro project, to GRETC once two other utilities have committed. He also noted that the G&T would be unable to make retail sales. Strandberg added AEA expects all utilities to continue with their individual integrated resource plans (IRPs), but noted that a regional plan would wrap around existing IRPs. Also, the corporation would be responsible for pursuing renewable opportunities and would need to conform to state policy. Strandberg noted that the RCA commissioners actively participated in meetings and the concept is to construct new RCA regulations with regard to GRETC.

Several people expressed concern that if the utilities were to join GRETC then they may lose their tax exempt status, in addition to losing their eligibility for tax exempt financing, and state and local bonds.

After a short break, Kevin Harper of Black & Veatch reviewed the results of the REGA study. It was noted that Black & Veatch suggested a state power authority which differs from GRETC as it would allow tax-free financial assistance and would be easier for an entity to raise tax exempt debt. However, Harper added it is not a simple task to be able to raise financing and still be able to sell power.

III. Governors Office Remarks

It was noted that Joe Balash and Steve Haagenon were unable to attend due to prior commitments.

V. Scope of Work

The members discussed their concerns and agreed that they need to develop a vision, then a mission. It was agreed that they cannot solve all the problems here, but can head off towards a structure and then go piece by piece, leaving some latitude, but getting the process going.

Strandberg clarified the statute as currently drafted does not mandate participation. One difficulty that has yet to be discussed is the utility that does not join in the beginning since they have a power supply, but then decides they want to join in 10-20 years. Since these projects have a long-term sustainability, they really need to join sooner if they want the benefit later on.

Logan stressed this group needs to input opinion on GRETC and lay groundwork for a transition plan and everyone must give comment and express the needs of each utility.

Lester proposed a sectional analysis of HB 182, including the amendments to the original bill. Each utility volunteered to be responsible for the following sections:

MEA and Seward –page 1 through page 8, line 13.
M L &P – page 8 line 14 through page 12, line 20
GVEA – page 12, line 29 through page 15, line 2
Chugach and HEA – page 15, line 5 through page 18

VI. Meeting Schedule/Calendar Review

Logan stated she would like to have the task force comments and recommendations complete before the Alaska Power Association annual meeting, August 5-7, in Kenai where all six Railbelt utility boards can meet. The next task force meeting was scheduled for June 4, 2009 at 10:30am in the offices of the Alaska Power Association.

IV. Task Force Leadership-Facilitated by Rebecca Logan

It was unanimously decided that Logan be retained as the Chair in an ex-officio manner.

VII. Adjourn

The meeting was adjourned at 1:48pm.