



c/o Matanuska Electric Association, Inc. Post Office Box 2929 Palmer, Alaska 99645 (907) 761-9212

MINUTES OF THE BOARD OF DIRECTORS MEETING
Alaska Power Association Conference Room
703 W. Tudor Road, Anchorage, Alaska
Tuesday, December 17, 2013, 10:00 a.m.

CALL TO ORDER 10:04 a.m. (Chair Dunham)

ROLL CALL MEMBERS PRESENT Willard Dunham (Seward); Joe Griffith and Janet Kincaid (MEA); Brad Evans, and Janet Reiser (Chugach); Cory Borgeson and Rick Schikora (GVEA) and joined the meeting in progress.

TELEPHONICALLY PRESENT John Foutz (Seward).

OTHERS PRESENT Dave Gillespie (Chugach); Cassi Campbell (MEA); Crystal Enkvist (APA); Jim Posey (ML&P); Kirk Warren (AEA); Phil Steyer and Gene Therriault (AEA) joined the meeting in progress.

SAFETY MOMENT (Griffith) Asked that everyone have a safety kit in their vehicles with this cold weather. It's slick outside and he would provide people ice cleats if needed.

ACCEPTANCE OF AGENDA (Kincaid/Reiser) Motion to accept amended agenda CARRIED, none opposed.

Amendments to include: (Kincaid) after approval of minutes to allow ML&P a presentation of a contribution to ARCTEC, and (Evans) to move CEO Search discussion to executive session.

APPROVAL OF MINUTES- (Griffith/Kincaid) Motion to accept November 12, 2013 minutes CARRIED, none opposed.

PRESENTATION FROM ML&P TO ARCTEC- ML&P supports activities of ARCTEC and presented the group with a \$10,000 check in support. Griffith proposed that a letter of appreciation be drafted to ML&P for their large support in ARCTEC although they're not a member. Griffith agreed to draft letter.

REPORTS

Chairman's Report (Dunham)

- Gone for 2 months. Reiser added that there were a few outstanding items from the previous meeting to discuss further in the agenda.

CEO's Activity Report (Griffith)

- Docket R-13-002 – Petition by IPPs to “Encourage Renewable Energy Development”
 - Session called by Senator McGuire where IPPs presented their point of views. No utilities were invited but it was noted that Enkvist (APA), Borgeson (GVEA) and Reiser (CEA) attended. After the session Representative Isaacson from North Pole held a session with utilities and IPPs explaining his direction/plan to address some of the energy problems. Griffith had a conversation with Senator McGuire and she asked when a session would take place. Enkvist added that dates are being finalized on either 1/6 or 1/7. Content will be put together by working group of utilities. Reiser added that during initial session called by McGuire she had said that she was planning on having this similar session with utilities. (Reiser) REAP did not submit a response to the docket. Griffith is unaware of their strategic policy statement.
- 1. R-12-006 – Renewable Energy Cogen and Demand Ratchet Policy (Evans) stated that it was settled.
- 2. FY 2015 Budget-
 - (Griffith) was only aware of \$10 million in the budget for Watana. Therriault confirmed that there was only \$10 million in the budget. The governor made comments on the land-access issues. It's believed that headway is being made and that that issue can be resolved. Therriault felt that once that issue was resolved additional money toward to project and additional money that could be secured through the legislative process for other projects as well. Evans asked for clarification on what the land use issue was. Therriault explained issues with regards to access of lands for the ongoing studies of scientific field work that needs to go on and in the long term there are roads and access issues that would be impacted by the dam infrastructure. Evans asked if ARCTEC should quit supporting the project since it appears fatal, Therriault answered “no”, feeling that it will hopefully be resolved. He also clarified that the state does not feel that condemning the land will lead to victory. Dunham wondered if the dam was gaining any leverage? Therriault feels that there is still a strong support from the public and that the majority of citizens in the Railbelt believe it will be good reliable source of power.
 - (Griffith) stated that within the budget there was no money set aside for the Battle Creek Diversion. He emphasized his concern and the need for their membership to decide on where they are with that project in fear that it might get forgotten about.
 - (Griffith) still submitting the request of projects and have planned to have it in CAPSIS within the next 10 days. Awaiting the final decision on who's going to sponsor it.
- 3. ATC Briefing- Griffith- Powerlink Transmission Company, finance through them is possibility. Interesting discussion but didn't reveal anything new.
-Evans, Working Transco model with 10+ years success in Wisconsin/Michigan area. Private equity as source of funding. They're a good example of a working TRANSCO. He explained that one of the important things to decide that if this is the direction they move toward, what's the fastest way to implement it. He suggested having someone like ATC to be the TRANSCO might jump start the process. He suggested that it's something that's considered.
 - (Kincaid) did not get a copy of the presentation and Evans said he'd get it sent

- out to her. Discussion between Kincaid and Evans took place asking for clarification on if ATC understood the size of our area. After Kincaid asked, Therriault stated that he felt this was a model that could be applied to the State of Alaska, but it would be interesting to see how they could get to that point.
- (Evans) said he feels ARCTEC is the best organization to offer an opinion regarding unification. Feels there is new optimism for doing things right. The ISO/RTO overlay is important to keep in mind through this process.
 - (Reiser) proposed that ARCTEC form a working group to gain more knowledge and to see if this was something they wanted to do.
 - (Dunham) felt there were more things to be figured out regarding this topic but that it was a good discussion.
 - (Griffith) offered to get something sent out within the group through email to try and work something up.
 - (Evans) suggested that the business planning committee be the working group on this.

Committee Reports

Business Planning

- (Reiser) Nothing new to report

Transmission/Hydro

- (Evans) issue in Hydro/Hydro Access/Transmission. Homer has submitted a tariff for transmission access for the balance of participants on the Bradley Lake Hydro Electric Project which is a 10 fold increase over the current cost. He's trying to understand what would have been done to cause the cost to go up by over 10 when the system will not be operating any differently. It's unclear how so much money was spent to make the process so much more expensive and difficult.
- Griffith added that he remembers it being said in a hearing in the 90's that "this is a deal forever and it will never change".

UNFINISHED BUSINESS

- A. YTD Financials- (Griffith) stated the financials are listed in the packet with the additional \$10,000 given to them today, they're up to \$64,668.
- B. ARCTEC 2014 Budget (Griffith) reminded everyone what was the budget. It too was listed in the packet including \$60,000 for lobbyist, \$50,000 for a consultant, and nothing for a CEO.
- C. Update on FY2011 Projects (Warren) updated with no real significant changes. Request in for \$1.75 million of transmission line. Anticipate no problems getting it back. Waiting to do one amendment instead of two so that the Seward Power plant gets everything in one shot.
 - Foutz- Thanked AEA, Homer and MEA for working on that and helping out Seward.
- D. FY2015 Legislative Strategy, Grant Request (Griffith) just wanted to remind everyone what was approved prior. He then listed amounts on resolution No. 13-007.
 - a. Kent Dawson Contract- Dawson willing to accept role and compensation of \$60,000. Griffith described details in Dawson's contract. Needed clarification if the contract was to be for 6 months or a year. He said that expenses would be covered and terminable if ARCTEC wanted to for any reason.
 - Reiser- Asked how we'd give direction to what he works on and bring him up

to speed on transmission since ARCTEC isn't sure of their final decision on transmission. Griffith answered saying we'd have him get ARCTEC what they want in terms of projects and that Dawson has been given no direction on ISO/TRANSCO. He was told there'd be some form of legislation coming out. Griffith unsure if it will get introduced this time around or not. Dunham added that Dawson will also offer assistance in language.

- b. CAPSIS- Still sorting out who will sponsor the legislation.
- c. Legislative Lunch and Learn- (Griffith) Underway and intent is to tell legislatures who are interested why ARCTEC is doing what they're doing. APA is doing a similar event. Therriault stated that they would be interested in the dates and wanting to have Mr. Dave Burlingame (EPS) available to present report documents that he's developing on transmission.

NEW BUSINESS

- None

IX. DISCUSSION ITEMS AND BOARD MEMBER COMMENTS

- (Kincaid) Asked for clarification on if ARCTEC would participate in the January 6 or 7 session with McGuire's office. Griffith stated that APA managers are deciding on what will happen, who will do it, and when it will take place. Enkvist is the coordinator. Griffith stated that she will give utilities the opportunity to talk.

EXECUTIVE SESSION- MOTION (Griffith, Reiser)

- **CEO Search Discussion**

NEXT MEETING: 10:00 a.m. January 14, 2014.

ADJOURNMENT: (Kincaid/Griffith) Motion to adjourn at 12:06 p.m. CARRIED.