



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

MINUTES OF THE BOARD OF DIRECTORS MEETING
January 9, 2013
Frontier Building, JAA Room
Anchorage, Alaska

CALL TO ORDER 10:03 a.m. (Chairman Reiser)

ROLL CALL

MEMBERS PRESENT Janet Reiser and Brad Evans (Chugach); Joe Griffith and Janet Kincaid (MEA); Willard Dunham (Seward);

TELEPHONICALLY PRESENT Dick Waisanen (Homer Electric); Brad Janorschke (Homer); Rick Schikora (GVEA); Dave Carey (HEA); Denali Daniels (MEA); Cory Borgeson (GVEA) and P.J. Hill (Chugach) joined the meeting in progress.

PRESENT

OTHERS PRESENT Mark Johnson (Counsel); Brian Hickey and Harry Crawford (Chugach); David Glines, Kevin Brown and Suzie Deuser (MEA); Kirk Warren (AEA);

SAFETY MOMENT

(Griffith) A contract crew made contact with an energized line this morning. The safety rule is a wire is live unless grounded and verified.
(Dunham) Warns of black ice and advises the Board of his accident after the December meeting.

ACCEPTANCE OF AGENDA (Kincaid/Dunham) Motion to accept agenda. Chairman Reiser requested to add an executive session following VIII (A) to the agenda. Hearing no objection, the motion CARRIED.

APPROVAL OF MINUTES-December 5, 2012 (Kincaid/Dunham) Motion to accept December 5, 2012, minutes CARRIED.

REPORTS

A. Chairman's Report (Reiser)

- Nothing to report.

B. CEO's Activity Report (Griffith)

- Preparing the CAPSIS request and participating in meetings with the administration.
- Provided handouts of the CAPSIS request.

C. Committee Reports

1. **Business Planning**
 - No meeting and nothing to report.
2. **Transmission/Hydro**
 - No meeting and nothing to report.
3. **CEO Search**
 - Preparing a short list of approximately three applicants to bring to the Board.
 - Letters have been mailed to the applicants that were not accepted.

UNFINISHED BUSINESS

A. Lobbying Efforts (Griffith)

- Recommends the utilities meet with their representative and discuss the Railbelt issues.
- MEA plans a legislative luncheon in Juneau on Friday, January 25.
- A short informational sheet or point paper is being prepared.
- (Kincaid) Suggests hiring a lobbyist and questions the cost.
- (Crawford) Warns “you get what you pay for” applies to a lobbyist.
- (Reiser) Inquires if hiring a lobbyist or sending ARCTEC representatives is the best strategy.
- (Griffith) Advises the ARCTEC Board members achieve a better result, but a point of contact is important.
- (Dunham) Emphasizes the most effective strategy is a lobbyist in combination with an identifiable face of the organization. The estimated cost for hiring a lobbyist is \$25,000-\$40,000.
- (Crawford) Declares the importance to being informed of the power positions and pivot individuals.
- (Schikora) Recommends ARCTEC hire a lobbyist. If ARCTEC sends individuals, we need to be reporting our lobbying.
- (Dunham/Kincaid) Moves for the Board to authorize Joe to look into hiring a lobbyist, check their availability, and give a price range.
- (Kincaid) Requests an amendment because of time sensitivity, and add Board telephonic meeting should be arranged.
- (Schikora) Inquires if an Executive Committee exists to carry out actions for the Board.
- (Johnson) Recommends against the Executive Committee approval because of the bylaws.
- (Reiser) Concludes that a telephonic meeting be called for the ARCTEC Board to approve the hiring of a lobbyist.
- Motion CARRIES unanimously.
- (Reiser) Requests a proposed schedule be made for the legislative effort.
- (Evans) Expresses an effective lobbying effort requires a herculean effort of the CEO.

NEW BUSINESS

A. LNG Trucking Model (Warren)

- The state has issued a request for statements of interest from parties wanting to participate in financing a LNG plant on the North Slope.
- Scope of work includes development of a nine BCF plant, a trucking model, and expansion of the distribution system for space heating in Fairbanks.
- AEA is in the process of hiring a consultant to evaluate the responses.

- The financing package AIDEA proposed is \$325 million (\$150 million from AIDEA bonds, \$125 million from AEA's SETS (Sustainable Energy Transmission and Supply, and \$50 million grant). The allocation of gas currently for the plant is 4.5 BCF for utilities and 4.5 BCF for industries.
- The estimated cost delivered to the home is \$13-\$18 MCF.
- There is a possibility of the supply being larger than demand in the initial years. We will evaluate the possibility of sending trucks south.
- (Borgeson) Advises there are no known impediments of the trucking aspect of the project.
- (Borgeson) GVEA's 3.5 BCF need may be reduced when Healy Clean Coal comes online, availability of gas from the south, or power over the intertie.
- (Borgeson) Studies reveal \$400-\$600 million is needed for gas distribution lines. \$200 million is need as a grant from the state to make this a commercial project, and doesn't include the regasification plant.
- (Borgeson) Believes the outlying village communities would benefit from the propane.

EXECUTIVE SESSION

- (Kincaid/Durham) Motion to go into executive for matter that might affect the financial wellbeing of the organization at 11:20 a.m.
- The meeting reconvened at 12:06 p.m.

BOARD MEMBER COMMENTS

- (Waisanen) When talking with the legislators, there are two separate requests to be made known, unconstrain Bradley Lake and fuel assurance.
- (Dunham) Believes ARCTEC has reason to separate the two requests.

NEXT MEETING: Monday, February 11, 10:00 a.m.

ADJOURNMENT: (Griffith/Kincaid) Motion to adjourn at 12:14 p.m. CARRIED.