

**6-17-09
Statewide Energy
Policy,
Fairbanks
Testimony,
HB 218, HB 219**

<target><bill>HB 218</bill><subject>6-17-09 Statewide Energy
Policy, Fairbanks Testimony, HB 218, HB
219</subject><comm>HENE26</comm></target>

**Alaska Legislature
House Special Committee on Energy**



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AGENDA

Wednesday, June 17, 2009

5:00 – 8:00 p.m.

University of Alaska Fairbanks

UA Regents Conference Room

1) Opening comments by Co-chairs Rep. Charisse Millett and Rep. Bryce Edgmon

2) Presentations:

- Wind-diesel technology, Alaska Center for Energy and Power
- Propane distribution, Mary Anne Pease, ANGDA

3) Public hearing

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Alaska Legislature
House Special Committee on Energy



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Sectional Analysis

House Bill 218: Creating Dept of Energy / AEA Board

Section 1

Deletes the Home energy conservation and weatherization program as a program eligible to receive money from the Alaska Housing Finance Corp. (See Sections 6 and 10 below).

Section 2

Adds the Dept. of Energy to the definition of "department".

Section 3

Adds the board of directors of the Alaska Energy Authority to the list of official state boards and commissions.

Section 4

Moves the Alaska Natural Gas Development Authority from the Department of Revenue to the Department of Energy.

Section 5

Adds the Dept. of Energy to the state list of principal offices and departments.

Section 6

Adds a new chapter to statute creating the Department of Energy and defining its duties which includes developing and administering a statewide energy plan. Mandates that the new department assist in planning and implementing the home energy loan program, rural capital retrofit program, and the energy efficiency and weatherization program.

Section 7

Moves the Alaska Energy Authority from the Dept. of Commerce, Community & Economic Development to the Department of Energy.

Section 8

Changes how the directors of the Alaska Energy Authority are selected.

Section 9

Changes existing statute regarding powers and rules of the Alaska Energy Authority to conform to the changes made in Section 8.

Section 10

Deletes the existing Home energy conservation and weatherization program from AHFC statutes to conform with the changes made in Section 6.

Prepared by the House Special Committee on Energy.

Bill Version: 26-LS0843\R

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Sectional Analysis
House Bill 219: Renewable Energy Grant Requirements

Section 1

Adds language assuring that the applicant has verified to AEA that matching funds are available for the project and that the project is likely to have a financial benefit exceeding the amount of the grant

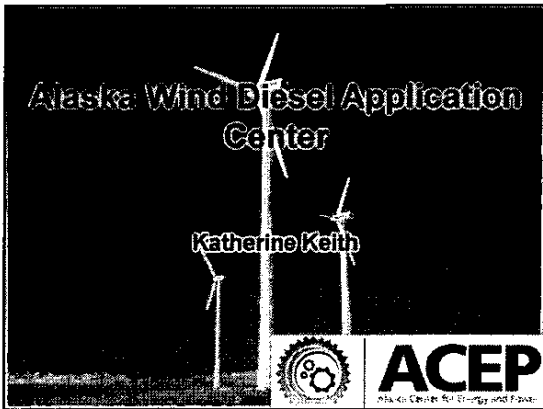
Also adds a requirement that each successfully funded project file activity reports with AEA.

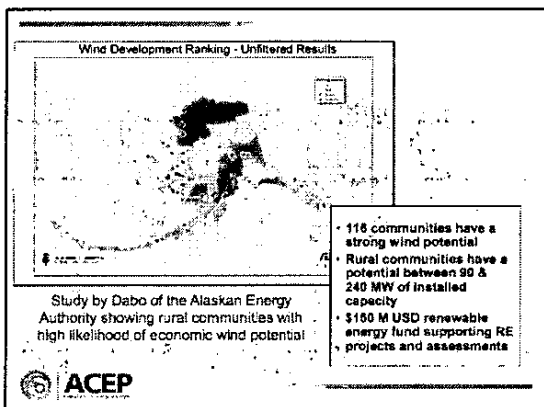
Section 2

Adds language requiring AEA to hire an economist with experience in the area of renewable energy. The economist would be required to prepare written evaluations of each project recommended for funding and to submit a report detailing those results to the legislature.

Prepared by the House Special Committee on Energy.

Bill Version: 26-LS0815\R





Wind Diesel Projects

Current Wind Diesel Projects	Planned Projects
• Hooper Bay	• Chevak
• Kasigluk	• Mekoryuk
• Kotzebue	• Quinhagak
• Nome	• Toksook Bay
• St. Paul Island	• Kodiak
• Savoonga	• Gambell
• Selawik	• Kwig & Kong
• Toksook Bay	• Tin City
• Wales	• Buckland, Deering, Noorvik

ACEP

Round 152 Funding

Round 1

- \$47.7 Million for Wind Energy
- 21 Wind Projects
- 18 out of 21 Wind Diesel Systems

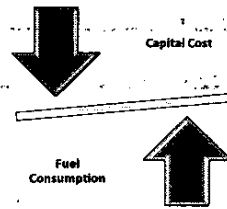
Round 2

- \$14.6 Million
- 14 Wind Projects



Wind-Diesel Classes

- High**
 - 50-90% fuel savings
 - Capital Cost-High
- Med**
 - 15-50% fuel savings
 - Capital Cost-Med
- Low**
 - Up to 15% fuel savings
 - Capital Cost-Low



High Penetration Wind Diesel Systems

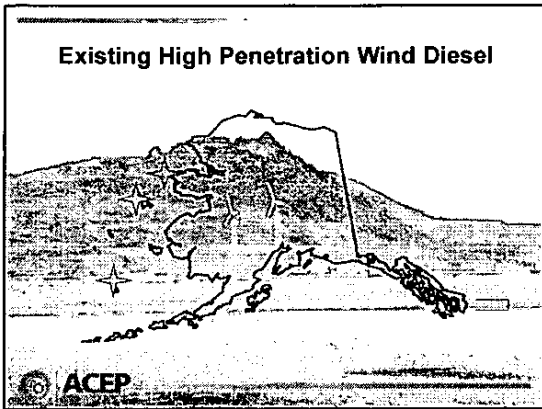
Ultimate Objective:

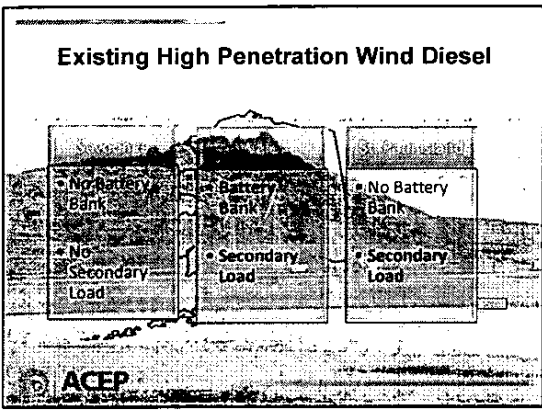
- Reduce diesel consumption
- Optimizing system performance
- Reduce capital cost

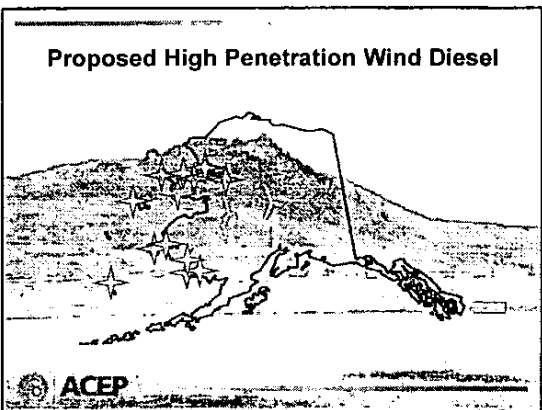
Definition:

- Peak Instantaneous (kW) 100-400%
- Annual Average (kWh) 50-150%
- *Ability to enter diesel off mode*

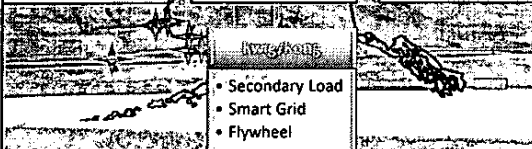






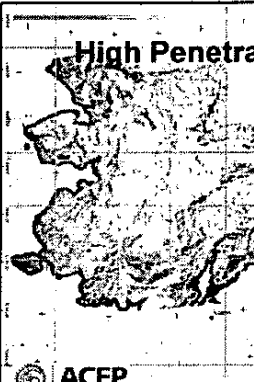


Proposed High Penetration Wind Diesel

Coastal, Oregon <ul style="list-style-type: none"> • Energy Storage • Secondary Load • Waste Heat Recovery 	Oriskany, Oregon <ul style="list-style-type: none"> • Secondary Load • Energy Storage • Advanced Controls 	McKenzie, Oregon <ul style="list-style-type: none"> • Secondary Load • Advanced Controls
		
Coquille <ul style="list-style-type: none"> • Secondary Load • Smart Grid • Flywheel 		

ACEP

High Penetration Strategies



Lessons Learned from Wales

1. A fully automated plant is needed to allow for extended periods operation of any combination of generator
2. Supervisory control systems must be able to quickly and reliably start and shut down wind farms
3. Ensure full participation of turbine plant
4. Increase demand energy conservation


ACEP

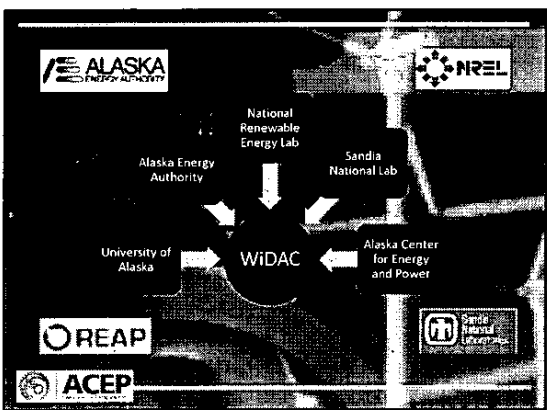
Secondary Loads/Energy Storage

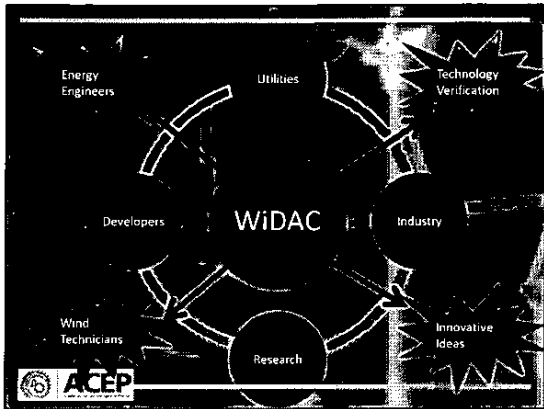
- ▶ Energy Storage
 - ▶ Batteries/Pumped Hydro/Compressed Air
 - ▶ Hydrogen
- ▶ Thermal Uses
 - ▶ Space Heating
 - ▶ Water Heating
 - ▶ Power Generation (ORC/Ammonia Power Cycle)
 - ▶ Absorption Chilling (Ice making-Air conditioning)
- ▶ Transportation
 - ▶ Plug-in Hybrid Electric Vehicles (PHEV)
 - ▶ Electric Vehicles: ATVs and Mass Transit
 - ▶ Hydrogen Internal Combustion Engine

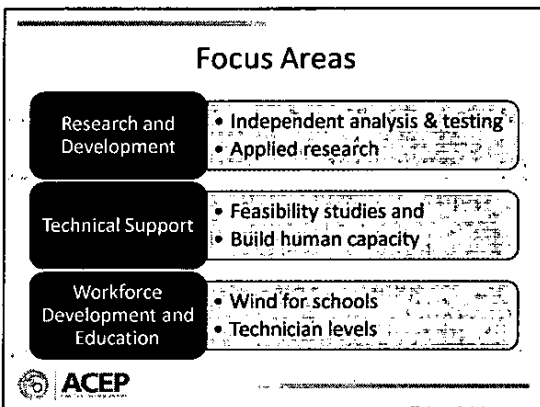
ACEP

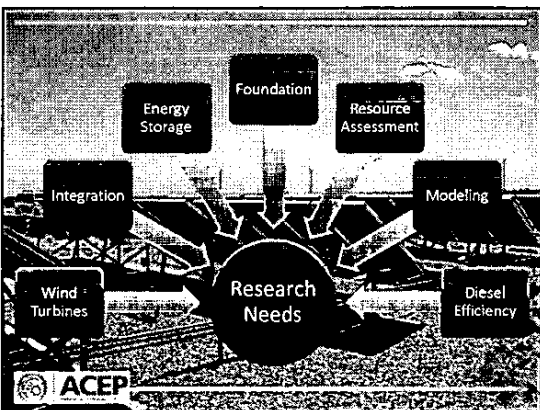
The purpose of the
**Alaska Wind-Diesel
Applications Center
(WIDAC)**
is to support the broader deployment
of cost-effective wind-diesel technologies to
reduce and/or stabilize the cost of energy
in rural communities.













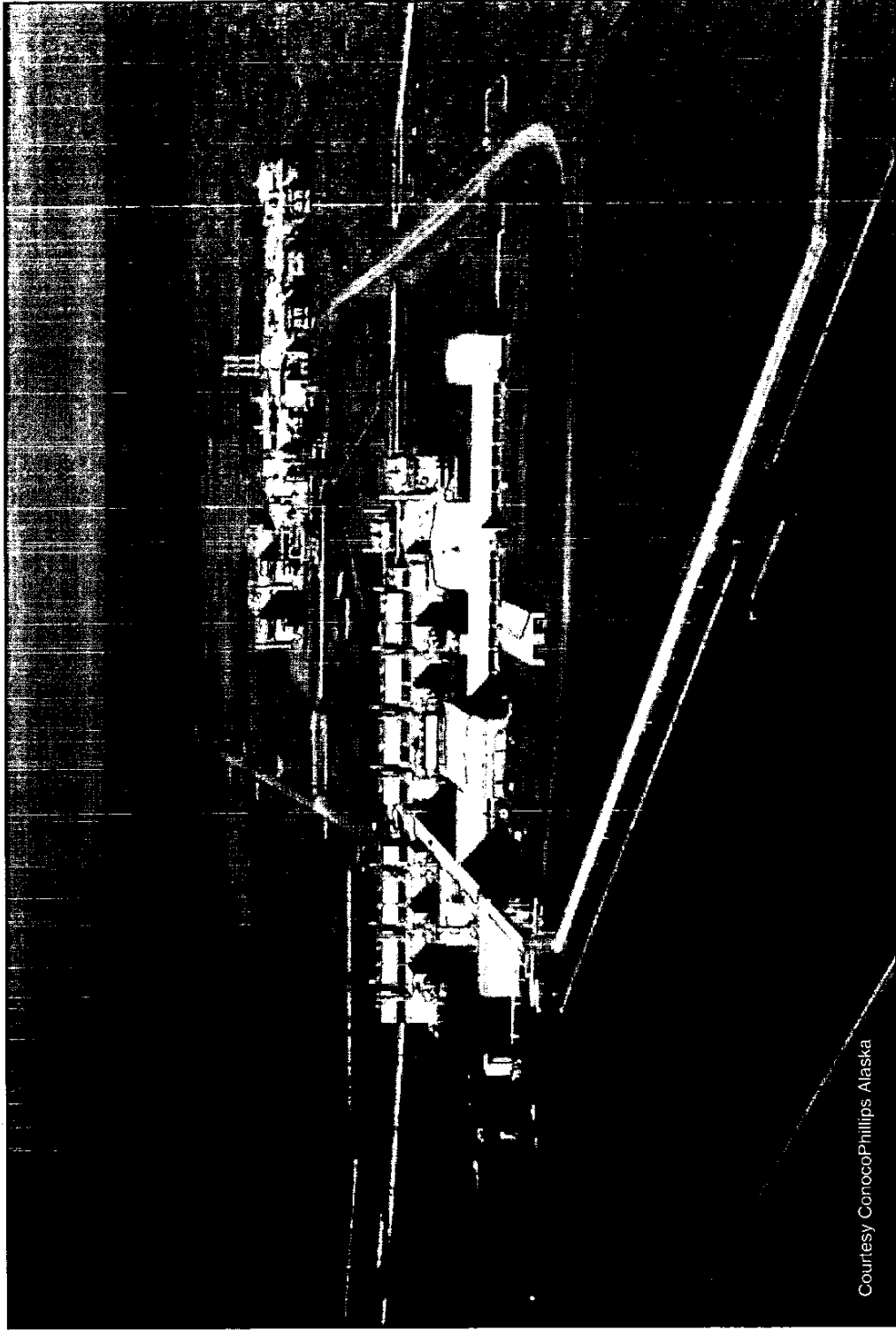
North Slope Propane Source

Alaska Propane Opportunities
Conference
June 17, 2009

Prudhoe Bay Operations Overview

- ~13 Billion Barrels Oil Recoverable
 - Original estimate ~9.6 billion
 - Produced to date ~11 billion
- ~1.5 Million BPD Produced Water
- ~24-26 Trillion CF Gas Recoverable
 - ~7-8 BSCFD produced

Prudhoe Bay Gas Facilities

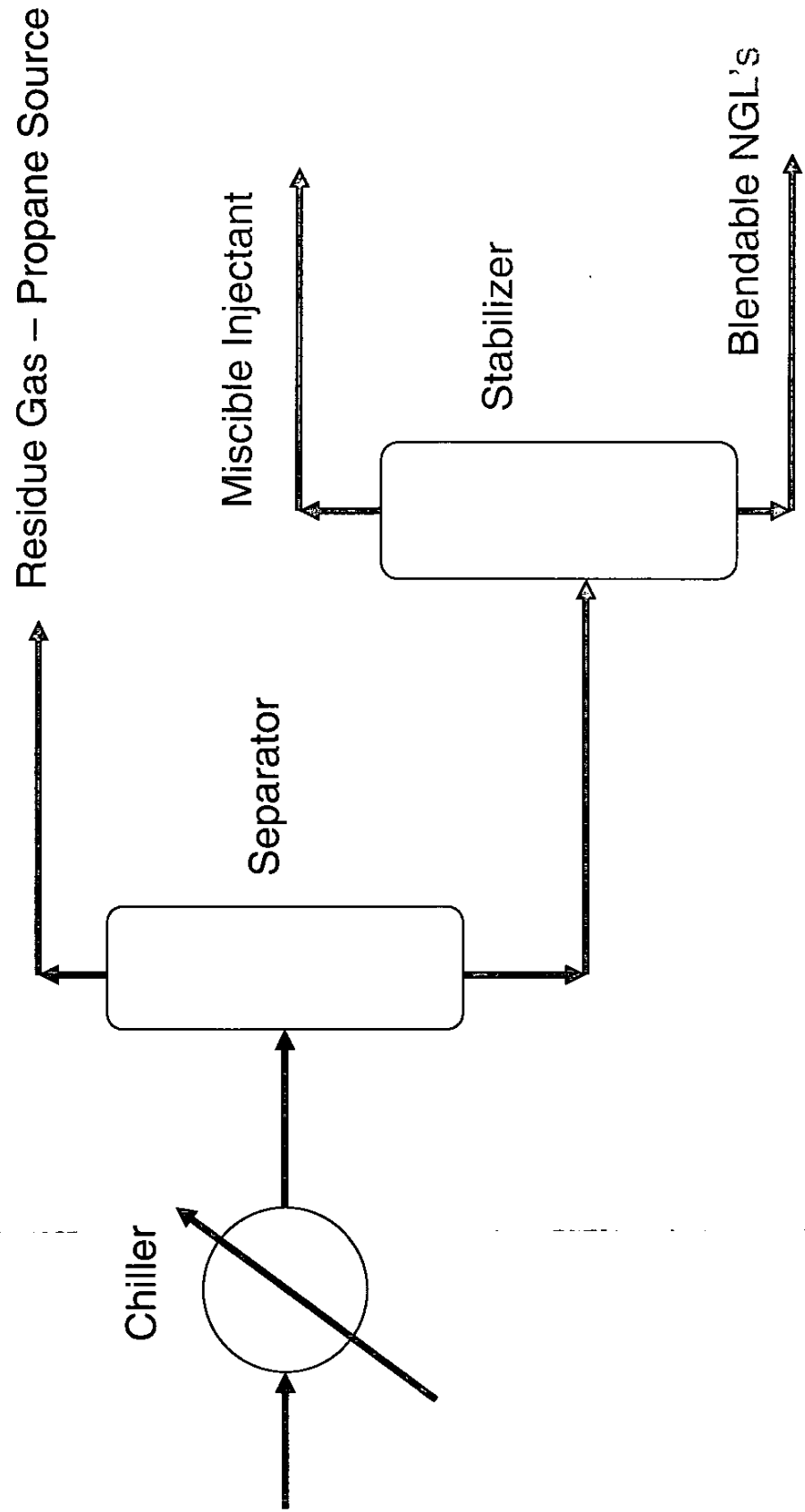


Courtesy ConocoPhillips Alaska

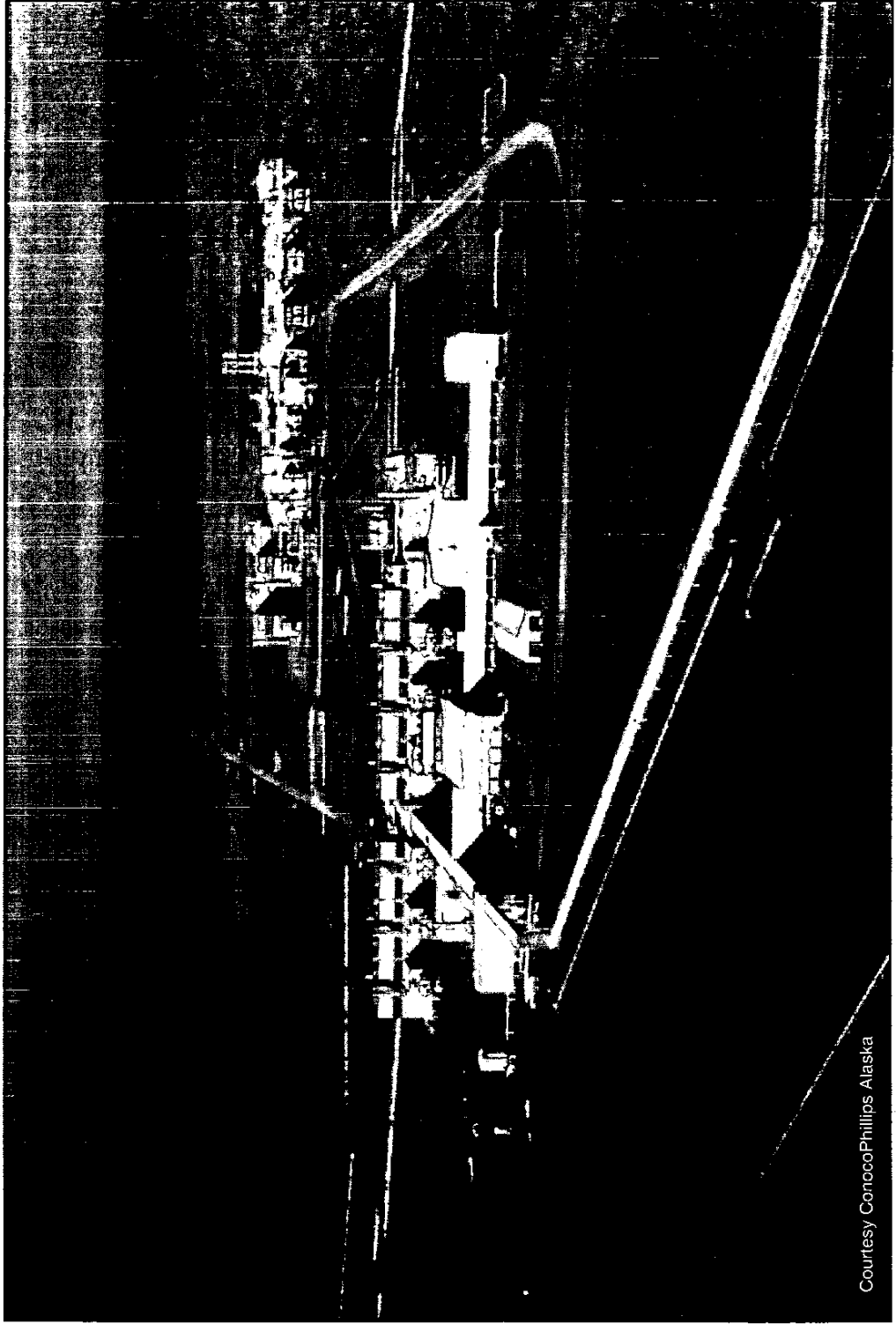
Prudhoe Bay Central Gas Facility

- The CGF Processes Gas into 3 Streams
 - Heaviest Components Blended with Oil
 - Mid Weight Components used for Miscible Injection
 - Light Components (or Residue Gas)
 - Fuel
 - Re-injected into Gas Cap - Propane Source

Prudhoe Bay Central Gas Facility



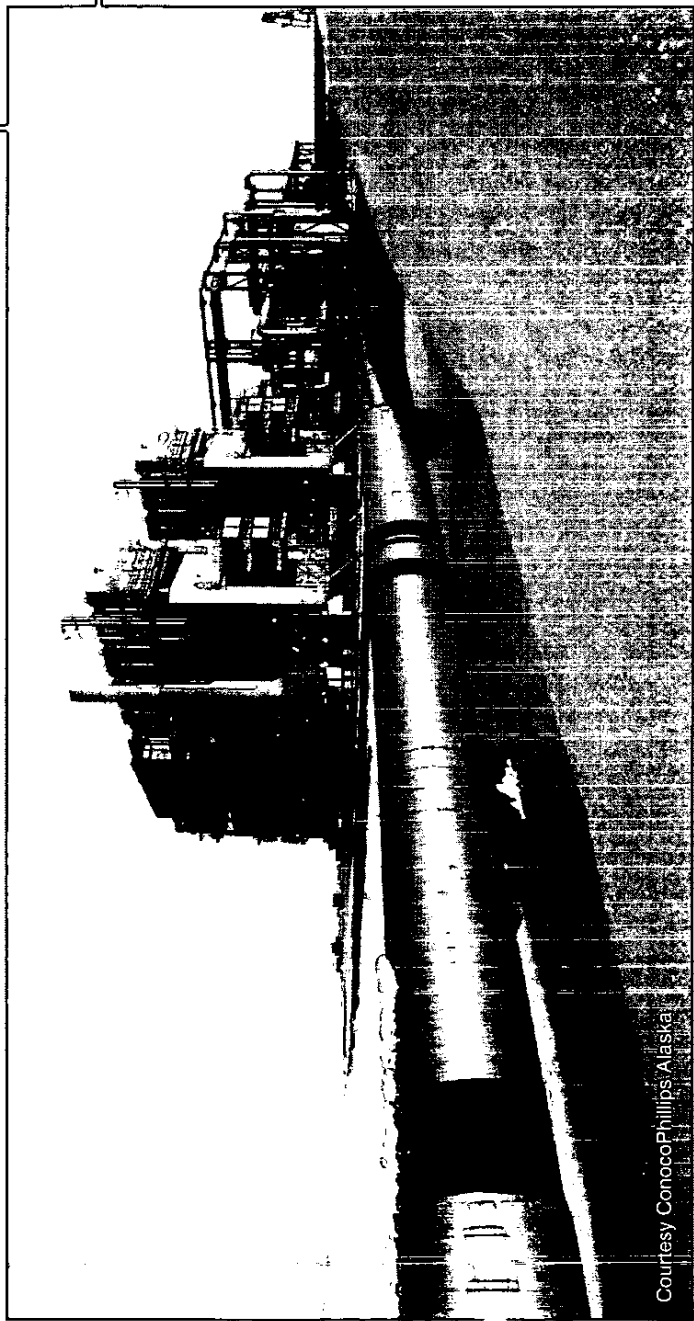
Prudhoe Bay Gas Facilities



Courtesy ConocoPhillips Alaska

Prudhoe Bay Gas Facilities

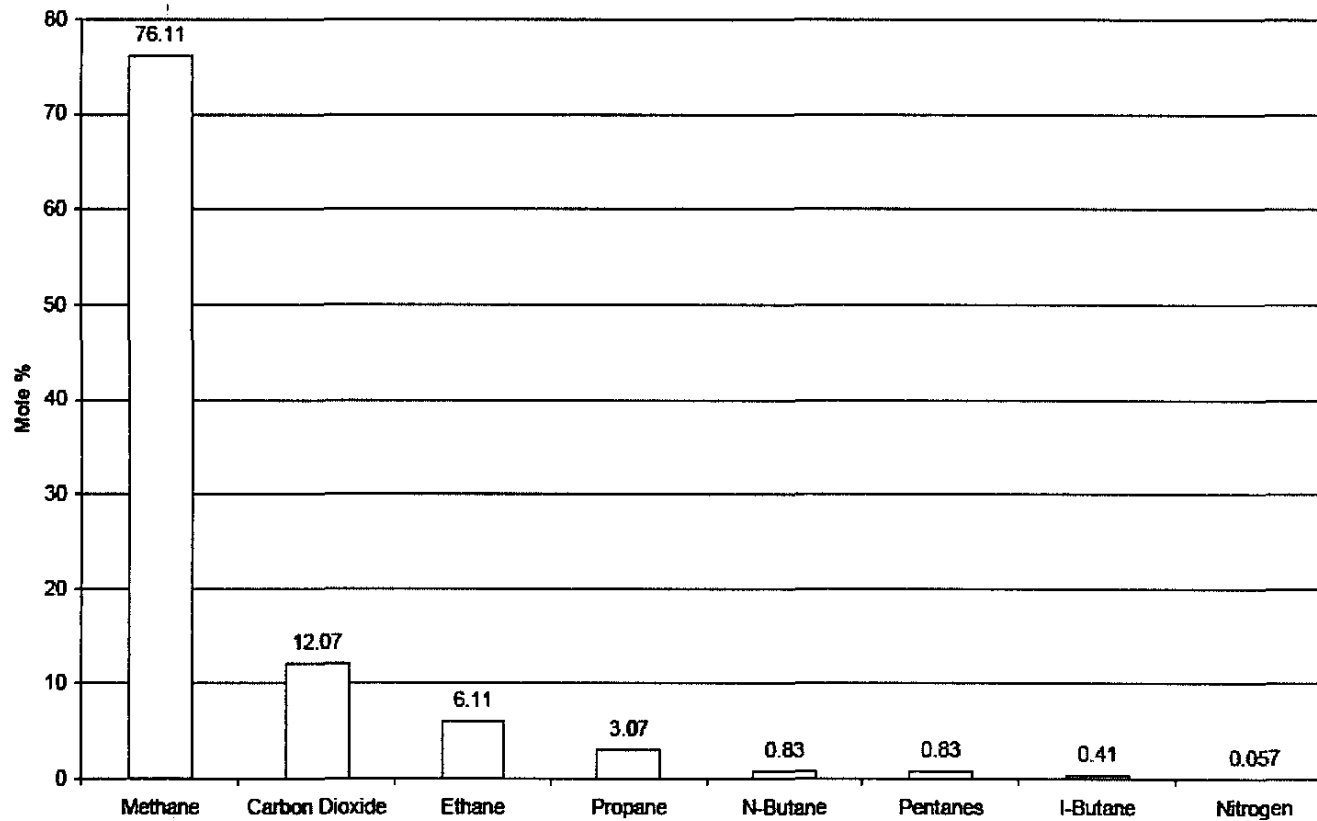
Potential
Propane
Extraction
Facility Supply &
Return



Courtesy ConocoPhillips-Alaska

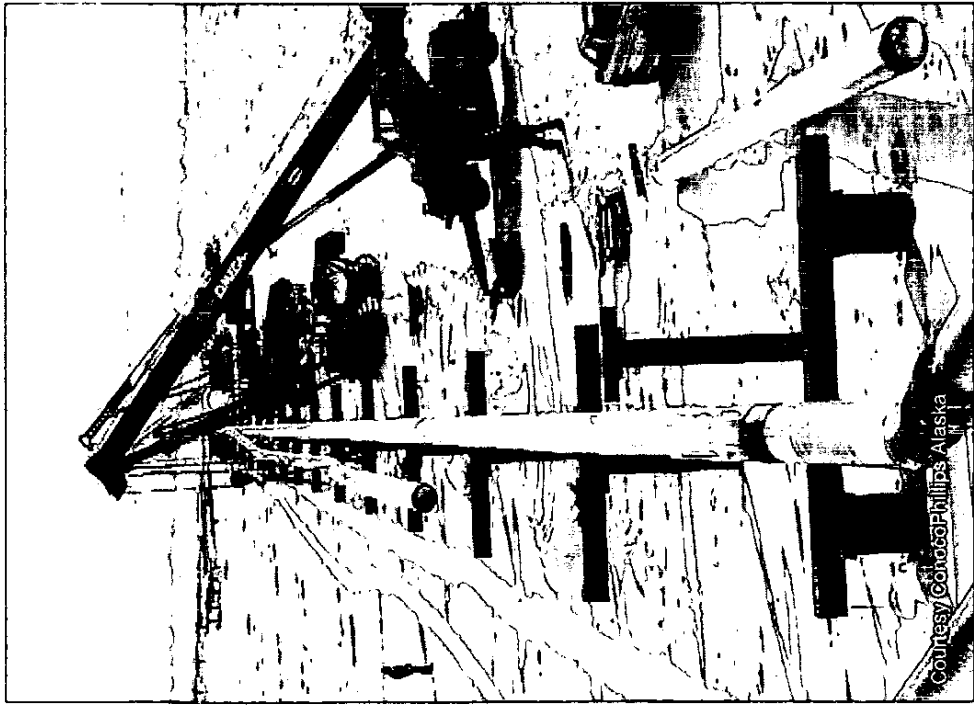
Prudhoe Bay

- Typical Gas Composition



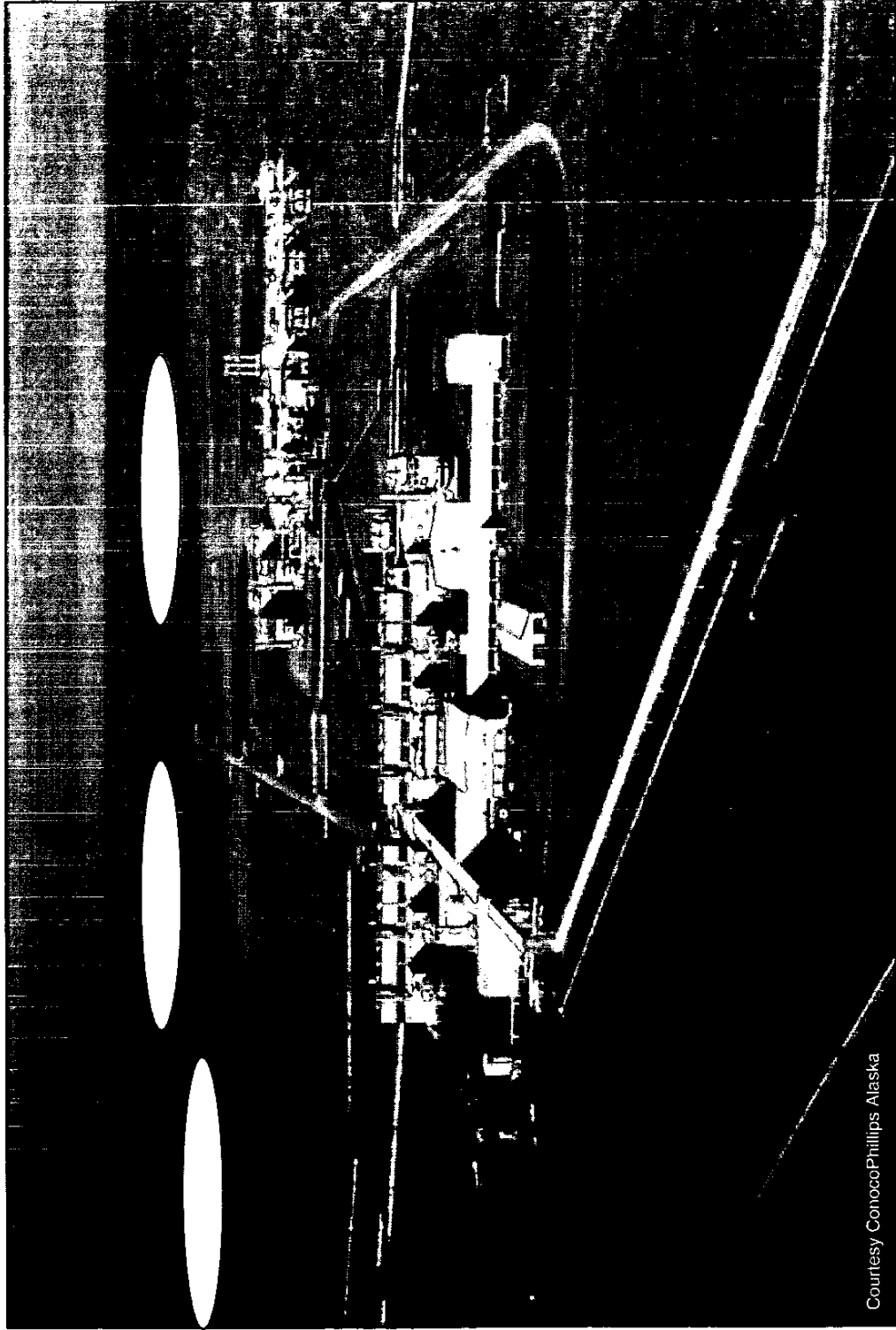
(ANGDA)

Potential Propane Quantity



- ~1 BSCFD Residue Gas Supply
 - @ 2-3% Propane
- ~10+ MBPD Propane Available

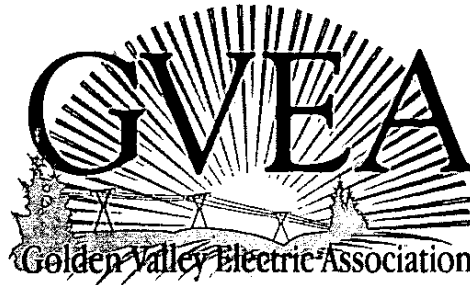
Potential Propane Facility Locations




Courtesy ConocoPhillips Alaska

Propane Source

- Prudhoe Bay Gas
- Tie-In Downstream Central Gas Facility
- 1 BSCFD Stream ~ 10 MBPD Propane



PO Box 71249, Fairbanks, AK 99707-1249 • (907) 452-1151 • www.gvea.com

Your Touchstone Energy® Cooperative 

Prepared Statement of Golden Valley Electric Association

Before the
Special Committee on Energy
of the
House of Representatives
on an
Alaska Energy Plan

June 17, 2009

House: Co-Chairs, Rep. Bryce Edgmon and Rep. Charisse Millett, Rep. Dahlstrom, Rep. Johansen, Rep. Ramras, Rep. Petersen, and Rep. Tuck.

State name for the record: David Gardner

Madam Chair and members of the committee, Golden Valley is pleased to have this opportunity to discuss Alaska's energy future. Energy, as has been so often said, is the lifeblood of our society. Energy is also, at least in many of its current forms, a scarce resource. As demand for energy increases in Alaska and around the world, as current stocks of oil and natural gas are depleted, and as new regulatory structures establish financial disincentives for the carbon emitted by fossil fuels, the cost of these fuels may rise sharply. As Alaskans, we accept the necessity of belt-tightening in difficult times; however, the problem of ensuring continued access to affordable, reliable energy is a problem. A problem that will call upon the creativity and dedication of the private sector and upon the rigorous action of local, state, and federal government.

Golden Valley strongly advocates the development of a comprehensive Energy Plan for Alaska. The Alaska Energy Plan would be a vision of the role that Alaska's utilities and state government officials, agencies, and elected representatives can play in solving energy problems and shaping our energy future. To be sure, the United States government must address larger issues such as funding for energy research and development, and legislation or regulation of green house gases. However, there are steps that Alaska can take to move toward more stable, independent patterns of energy generation and use. Here is what we feel are some of the components a plan should attempt to identify:

1. Utility Scale Renewable Resources: The statutory requirements that stipulate that Alaska's electric utilities provide power to consumers at the lowest possible cost has helped to keep electric rates in the state low. However, certain features of this structure in Alaska have acted as barriers to the amount of electricity generated by renewable resources in the state, especially utility-scale projects. Alaska's lawmakers and electric utilities will need to work together to overcome these barriers if carbon emissions from traditional fossil-fired power plants come under greater scrutiny in the coming months and years. One immediate step should include moving forward with the Susitna hydroelectric project.
2. Energy Efficiency: Energy efficiency, or the reduction of demand for energy, is also generally considered a "resource." Reducing consumption by one kilowatt-hour is equivalent to increasing supply by the same amount. Thus, products and practices such as programmable thermostats, "smart" meters, efficient appliances and lighting systems, building insulation, and simple common-sense reductions in demand can all play a role in meeting Alaska's electricity production needs.

3. **Transmission:** Increasing the amount of electricity generated by renewable energy sources, replacing aging infrastructure, and the development of a transmission grid across Alaska will require a significant investment in the construction of new transmission lines. Much like the job of power pool organizations in the Lower 48, we must establish an Alaska Power Pool to facilitate the planning and coordination of transmission line development throughout the state. The responsibilities of the Alaska Power Pool would include planning, siting, and routing of transmission line additions, and sources of financing for new lines and line upgrades. These are difficult and expensive tasks, but achievable if local, state and federal officials work together with public and private utilities toward a mutually beneficial solution.

4. **Energy diversity:** Regardless of future regulatory changes, the focus of Alaska's electric utilities must be on developing a diverse portfolio of generating sources in order to provide affordable, reliable energy to Alaskans in the most environmentally responsible manner possible. Because of Alaska's vast natural resources, a diversified energy portfolio must include coal, hydroelectric, oil, natural gas, wind, solar, geothermal, and biomass.

5. **Renewable Portfolio Standard (RPS) or Renewable Energy Standards (RES):** A RPS/RES is a statutory requirement that all utilities operating within the state generate a certain percentage of the electricity they distribute from renewable sources. Currently, 28 states have adopted RPS/RES legislation and changes within the federal government, including President Obama's renewable initiatives and shifts in congressional committees, indicate that a nationwide RPS/RES may be enacted in the near future. However, Golden Valley opposes mandatory RPS/RES legislation because without careful consideration RPS/RES requirements can create inequitable subsidies from one region of the state to another, and cause electric consumers to suffer from lower electric reliability and precipitous rate increases.

6. **Other Resource Utilization Measures and Actions:** Partner with the Alaska legislature and with Alaska's congressional delegation to:

- a. Extend the federal production tax credits for renewable energy.
- b. Make federal tax credits for wind energy production tradable. This would allow not-for-profit utilities to capture the tax credits that are otherwise only available to investor-owned utilities.
- c. Increase annual appropriations for the Renewable Energy Production Incentives (REPI). REPI is designed to offer public utilities incentives for the development of renewable generating capacity in place of the production tax credits, for which they do not qualify.
- d. Expand the use of Clean Renewable Energy Bonds (CREBS). Under one congressional plan, billions in CREBS would be available to public utilities and electric cooperatives for new renewable energy projects.
- e. Support the continuation of federal tax credits for small-scale wind production.
- f. Support the continuation of federal tax credits for residential photovoltaic electricity generating systems.
- g. In partnership with the University of Alaska, support the development and rapid, low-cost implementation of carbon capture and sequestration technologies at existing and future coal-fired generating plants.

7. **Alaska Center for Energy and Power:** Researching new energy technologies is crucial for the continued availability of affordable, reliable energy in Alaska. Research that leads to advances in the viability or efficiency of renewable energy technologies, for example, can create jobs, lessen dependence on foreign fossil fuel, and reduce greenhouse gas emissions. Research that identifies new means of conservation can help lower demand for energy and thereby reduce its cost. Through cooperation with federal grant-making bodies, local and state governments, and national research institutions, the Alaska Center for Energy and Power (based at the University of Alaska) can play a leading role in tackling these research questions.

8. **Plan Today: Energy Solutions for Tomorrow!** Golden Valley supports the efforts of the Senate and House Special Committees on Energy to develop a vision for Alaska's energy future. A vision would be instrumental in establishing both a state Energy Policy and Plan that streamlines current energy programs as well as develops future energy solutions for the state.

In closing, Golden Valley Electric Association suggests the following draft as Alaska's Energy Policy: It is the policy of the State that Alaska, through a statewide Energy Plan, have adequate, reliable, affordable, sustainable, and clean energy resources by promoting the development of nonrenewable energy resources, including natural gas, coal, and oil; and renewable energy resources, including geothermal, solar, wind, biomass, and hydroelectric. Alaska will promote the development of resources and infrastructure sufficient to meet the state's growing energy demand, while reducing dependence on foreign energy sources, through energy conservation, energy efficiency, energy research, energy related workforce development, and state regulatory processes that balance economic costs with environmental quality.

Alaska Energy Plan for the 21st Century

Good evening Representatives. My name is Jessie Peterson, and I am the local issues and energy coordinator at the Northern Alaska Environmental Center, located here in Fairbanks. The 2 tracks of my position are very fitting, as of course, energy IS the local issue in Fairbanks and other Interior communities.

Alaska can reach Gov Palin's goal of 50% renewable energy by 2025 if we look to the future, not to the past for real solutions. The Interior is brimming with innovative folks who are ready and willing to mold the future of our energy portfolio. I hope the creative solutions you see on this trip will reassure you that folks in the Interior are leaders, and are ready and willing to step up and find solutions to our energy needs.

With our vast renewable energy sources, new technologies, and enterprising spirit we can meet our energy needs, save money, revitalize our economy, and reduce greenhouse gas emissions without having to look to past technologies for our answers. In order to get there, Alaska will Need:

- State leadership on an energy vision – thank you for being here and doing that.
- I urge you, our leaders, to work with our utilities to create an energy vision that can be beneficial to our utilities while still focusing on energy efficiency and renewable energies, such as through decoupling measures and other such policies to remove the traditional formula of more energy used = cheaper rates.
- To consider a policy such as a renewable Portfolio Standard, or RPS. This is a regulation that requires the increased production of energy from renewable energy sources. (An RPS will show the renewable energy industry that AK is open for business. In other states, including California and PA, an RPS has lead to a significant private sector increase in jobs.)

(The Renewable Energy Alaska Project and their Executive Director Chris Rose can certainly point you towards more information on the benefits of an RPS.)

Alaska's energy plan should:

- Reduce carbon emissions
- Provide affordable and reliable baseload power for our communities
- Reduce our dependence on nonrenewable fossil fuels
- Implement energy efficiency and conservation programs that save energy
- Invest in new technologies
- Empower Alaskans to be part of the solution

I thank you for supporting the numerous energy efficiency and renewable energy bills introduced during the 2009 session, and urge you to continue to push for energy legislation during the 2010 session:

It's time for Alaskans to reclaim our position as leaders – and we are blessed with the abundance and diversity of renewable energy options and innovative leaders to make it happen. An investment in renewable energy and energy efficiency measures will simultaneously create new economic opportunities while helping to address the challenge of our lifetime, climate change.

Thank you for dedicating your time to exploring and learning more about the vast and innovative energy potential across Alaska, and for listening to what Alaskans envision for an energy policy. It is certainly time to be bold.

Contact Information:

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Energy Committee Hearing: Alaska House of Reps. June 17, 2009

Richard Seifert

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Professor, Energy and Housing

UAF Cooperative Extension Service

I work in the Cooperative Extension service as an "Energy Specialist", but my job is much more than that. An energy perspective, and the vision with which it informs me, along with the tools and information available from the CES and my peers, has led me to endorse fully moving toward a sustainable Alaska by what is now being called "The Sustainable Transition", and typified by the book: "The Transition Handbook," By Rob Hopkins. It's subtitle is *From oil dependency to local resilience*. Needless to say, this is a profoundly appropriate title and sub-title, for ALL Alaska.

In his prescient book of 1993, *Ecological Literacy*, Professor David Orr lists the skills we'll need for the sustainable transition: "*Hence, the transition requires people to know a great deal about solar design, horticulture, waste, composting, greenhouses, intensive gardening, food preservation, household economics, and on-site energy systems.*"

These happen to be almost precisely the skill base and information set available from our Cooperative Extension Service. We have the tools for the Sustainable Transition and we have the people with the know-how. Call on us and we'll show you more.

As a basis for policy, a fruitful approach is to ask the right questions. For instance, if we are to move toward renewable energy resources for Alaska's energy needs, a primal question is, just how much can renewables provide? Which type of renewable resource is best matched to the need and peak demands? Where shall we put the renewable systems for maximum security and public safety? I have studied this and offer a paper at the website: www.sustainalaska.org titled: "A Sustainable Alaska : Could we do it?" I haven't finished the full effort yet, but I can tell you already that the answer is yes, we could do it!

A crucial past stumbling block is the legacy and history of doing energy development by "Projects." This is a flawed and imperfect way to solve energy problems. It leads to a lot of false starts, and failed efforts, and often suffers from lack of planning and foresight. It is the result of a history of "project policy" the pork barrel habit of placating communities, constituents, and powerful lobbies with "projects" to make jobs or solve short-term needs. An energy policy must not be driven by this legacy. It needs to be holistic, durable, based on scientific and engineering reality, truly cooperative and statewide, and optimize each region's resources and needs, rather than force half-baked maladaptive projects onto defenseless communities. Go slow to go fast will work best

for renewable energy development. Feeding pork into communities piecemeal, communities which can't maintain or repair projects, is a pattern we must abandon.

Here are some key elements of good energy policy:

1. Always do the conservation first: one of our strengths now. Saving, not even using energy is always less costly than providing it.
2. Accentuate the positive. Look for the best renewables: Wind on the coasts, hydro where it is most available and least damaging, biomass, and fossil fuels only when absolutely nothing else will suffice.
3. Place highest value on the highest value energy: create renewably powered electrical utilities and interties. Develop renewable electrification to the maximum.
4. Always ask: how durable is this system? Will it last? Does it cause climate change?
Can it be sustained?
5. Pay as you go finance with our own collateral, using the Permanent Fund for bonding our energy future. This is not only consistent, it is possibly the wisest use of our Permanent fund – to ensure our energy future and insure that it is not a cause of climate change.
6. Education, education, education. Your university can and should serve this need. ACEP, Engineering departments, the Cooperative Extension energy information, all are available to you for the asking with budget support.

Thank you for this opportunity to testify and advocate for energy policy. It is the huge lack which must be met soon, if we are to continue to prosper and have a comfortable standard of living with highly technical communication, the internet, and financial security. Without reliable renewable electricity, none of these will last.

June 15, 2009

www.uaf.edu/coop-ext/faculty/seifert/

www.sustainalaska.org

Richard Seifert

WORLD FIRST

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POWERING ahead: Cairns inventors Lou Brits of Edge Hill (left) and John Christie of Brinsmead present their clean, green device which is set to take on the world. Picture: Mike Watt

the machine would be in perpetual motion.

A demonstration of the motor from the completed study of Mr Christie's Brinsmead home revealed the device in all its glory — bigger than the average cyclone back-up gen-

five years ago and began sharing ideas.

One and a half years ago, the design was perfected and the pair lodged a patent with Brisbane patent attorneys Griffith Hack.

Mr Christie said the

starved Dalmeida region and the Torres Strait.

He said the price tag for the devices could vary in remote locations depending on government rebates, freight and installation costs.

The beauty of the

pair now face is in raising \$500,000 to start their production plant.

"We're trying to keep it local, and trying to keep it in Australia, but it's hard because, offshore, they are more aggressive in taking up new installa-

on the market first, and then we'll take it to the world," he said.

Mr Christie said it had been hard to keep a lid on the invention which had such a huge potential in the quest for clean, green, energy production.

or we're kidding

"You ries are up against it, but — people desperate

(Note - 'Ergon' refers to the local electricity supplier utility which used to be known as the FNQEB Far North Queensland Electricity Board).

Two Cairns inventors yesterday unveiled a world first commercial machine which can power a house from a

permanent, clean, green and virtually free energy source.

The machine, developed by Brinsmead mechanical engineer John Christie and Edge Hil electrician Lou Brits, has an international patent pending and is expected to go on the market for \$4000-\$5000.

Relying on the attraction and repulsion of internal magnets, the Lutec 1000 operates continually on a pulse-like current 24 hours a day - producing 24 kilowatts of power - once it is kickstarted from a battery source.

The device is more than 500 per cent efficient, compared to a car which is less than 40 per cent efficient and loses power through heat and friction.

No powerlines would be needed to distribute energy from the individual power sources.

There is no heat, harmful emissions or airborne matter in the transmission.

If it were not for the magnets, which have a life of 1300 years, and the battery pack, which has a life of about five years, the machine would be in perpetual motion.

A demonstration of the motor from the carpeted study of Mr Christie's Brinsmead home revealed the device in all its glory - bigger than the average cyclone back-up generator but much less noisy.

M Christie and Mr Brits have been tinkering together on the motor in their spare time since they met in a Sheridan St cafe five years ago and began sharing ideas.

One and a half years ago, the design was perfected and the pair lodged a patent with Brisbane patent attorneys Griffith Hack.

Mr Christie said the next step was to develop a small-scale pilot plant in Cairns to begin distributing the motors to the places they were needed most - such as shops and homes in the power-starved Daintree region and the Torres Strait.

He said the price tag for the devices could vary in remote

locations depending on government rebates, freight and installation costs.

The beauty of the device was that it was transportable and could be packed in a removalist van along with other earthly possessions when moving house, he said

The only problem the pair now face is in raising \$500,000 to start their production plant.

"We're trying to keep it local, and trying to keep it in Australia, but it's hard because, offshore, they are more aggressive in taking up new initiatives," Mr Christie said.

Already, the invention has received interest from the United States, China, Japan and Indonesia.

"But we want to set up here and put the product on the market first, and then we'll take it to the world," he said.

Mr Christie said it had been hard to keep a lid on the invention which had such a huge potential in the quest for clean, green, energy production.

He said he and Mr Brit also feared the worst once they realised the significance of their invention.

"We were afraid the kids would be kidnapped or we'd be shot, I'm not kidding," he said.

"You hear horror stories about people running up against fuel companies, but it's all hogwash - people in the main are desperately looking for technologies that will help our environment."

The pair have begun discussions with Ergon as there is also the opportunity of selling energy back to the grid.

Mr Christie said the average home with a pool needed only 14kW of energy per day - which meant a 10 kW daily excess would be left over during the generation process

Griffith Hack partner Cliff Carew, who was speaking from Brisbane, confirmed the device was genuine and unique.

"An international application has been lodged, they've

conducted an international search and haven't come up with anything similar, so it would seem to be a new concept," Mr Carew said.

He said it would be another two and a half years before the patent was recognised in 140 countries around the world - the usual length of time for an international patent to be processed.

MainPage

<http://www.rense.com>

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Tom Staudenmaier's

ELECTRIC MERGER COMMITTEE

1403 West 33rd Street, Suite 206 • P.O. Box 140170, Anchorage, Alaska 99514-0170 •
Phone: 1-907-222-5168 • Fax: 1-907-222-5169 • Cell: 1-907-227-5726



CUT YOUR MONTHLY BILL A MINIMUM OF 50% TO 80%

HOW?

VOTE INTO LAW, THE FULL IMPLEMENTATION OF TOM STAUDENMAIER'S ELECTRIC MERGER PLAN.

Tom Staudenmaier's Electric Merger Plan shall give the Alaskan people who reside in Southcentral, Interior and Southeast Alaska two separate power grids tied together that are in complete form, functional, and reliable. Tom Staudenmaier's Electric Merger Plan shall provide the basic foundation for the industrialization and economic development in Southcentral, Interior and Southeast Alaska for the next 100 years. "REMEMBER", Tom Staudenmaier's Electric Merger Plan means TRUE ALASKAN LOCAL HIRE, the creation of TENS OF THOUSANDS OF NEW JOBS for present and future Alaskans. The abundance of cheap power is the best resource the State of Alaska and her residents can offer to themselves and any industrial enterprise.

22 February 2008

IMMEDIATE NEWS RELEASE

Supreme Court of Alaska

THOMAS G. STAUDENMAIER, PLAINTIFF

vs.

MUNICIPALITY OF ANCHORAGE and BARBARA GRUENSTEIN

MUNICIPAL CLERK

CASE NO. S-11446

Alaska Supreme Court unanimously ruled that the initiative proposition of section 16.02 of the Municipal Charter is unconstitutional. Mayor Mark Begich's administration refused to accept the new petition as Supreme Court Justice Warren Matthews wrote in Case No. S-11446 on December 20, 2007, Initiative No. 1 - Cessation of garbage and waste collection services, and Initiative No. 2 - Cessation of all natural gas production, hydro electric production, electricity generation and distribution services. We have to file a new lawsuit requesting the full Alaska Supreme Court to make a final ruling through a new lawsuit filed in State Superior Court on two issues: (1) Is Justice Matthews correct in what he stated in the opinion in Case No. S-11446? and (2) If the answer is no, we will then ask the Alaska Supreme Court, through a new case filed in the State Superior Court, to decide once and for all to wipe out the initiative process in the Alaska Constitution, or order Mayor Mark Begich's administration to issue the petitions on Initiatives No. 1 and No. 2 as stated above.

MATTHEWS, Justice, concurring. I agree with today's opinion. I write these additional words to dispel any possible conclusion that the court's broad interpretation of the term "appropriations" prohibits substantive lawmaking by initiative that properly should be within the initiative power. The proposals with which we are concerned seek to get the Municipality of Anchorage out of the electrical and garbage collection utility businesses. But they do so by requiring the Municipality to sell the tangible property that it uses in those businesses.

The anti-appropriations clause of article XI, section 7 of the Alaska Constitution does not prohibit the objective of these proposals, only their means. Thus, if the proposals were phrased to directly prohibit the Municipality from, after a certain date, selling or distributing electricity or offering garbage collection services, the anti-appropriations clause would not render the proposals illegitimate. The lesson of today's opinion is that laws effecting substantial changes in policy can be made by initiative, but when they create surplus property, the disposition of such property is a matter for the representative lawmaking body.


Tom Staudenmaier

***Tom Staudenmaier's Electric Merger Plan is
the best and brightest ideas energizing in the State of Alaska!***

If You Find a Better Plan – Go Buy It! . . . REMEMBER, WE ALASKANS ALL BENEFIT EQUALLY . . .

How You Vote on Tom Staudenmaier's Electric Merger Plan Is Your Business. Making That Vote Possible Is Our Business.

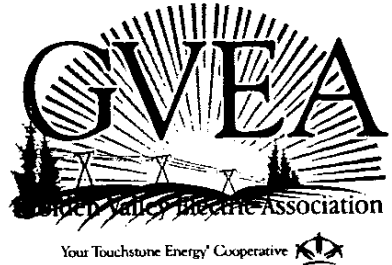
GVEA COPA for
 Dec 2008
 Jan 2009
 Feb 2009

Statewide Comparison of Residential Rates

Costs for 750 Kilowatt-Hours and 1000 Kilowatt-Hours
 Rates effective February 2009

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Homer Electric Assn.	1000 kwh	[REDACTED]	\$232.73
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Homer Electric Assn.	1000 kwh	[REDACTED]	\$223.51
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Matanuska Electric Assn.	1000 kwh	[REDACTED]	\$176.86
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Anchorage	750 kwh	[REDACTED]	\$127.79
Chugach Electric Assn.	1000 kwh	[REDACTED]	\$167.72
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Copper Valley Electric Co-op	1000 kwh	[REDACTED]	\$130.50
Juneau Winter	750 kwh	[REDACTED]	\$90.40
Alaska Electric Light & Power	1000 kwh	[REDACTED]	\$117.58
Anchorage	750 kwh	[REDACTED]	\$70.93
Municipal Light & Power	1000 kwh	[REDACTED]	\$104.38
Juneau Summer	750 kwh	[REDACTED]	\$77.58
Alaska Electric Light & Power	1000 kwh	[REDACTED]	\$100.48

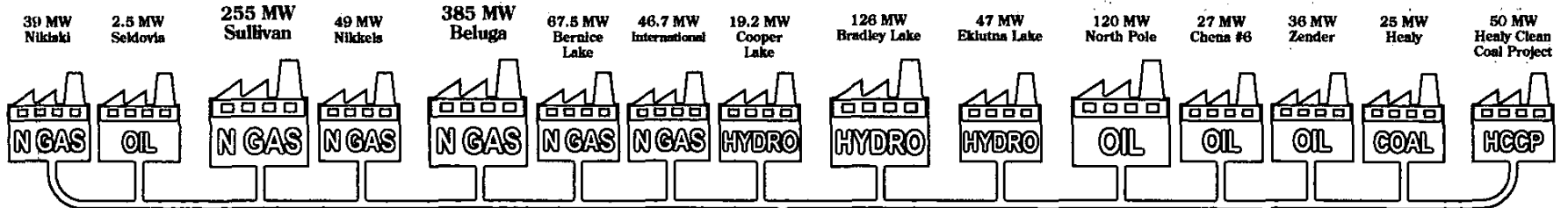
*Power Cost Equalization (PCE) state subsidy has been applied.
 Source: Electric rates and charges provided as of Feb. 2009



PO Box 71249, Fairbanks, AK 99707 • (907) 452-1151 • 1-800-770-GVEA • www.gvea.com

It is the goal..
of Tom Staudenmaier's Electric Merger Committee
 to consolidate and streamline the management of the various electric co-ops
 and municipal entities under two non-profit, member owned cooperatives
 and in doing so, provide cheap, reliable electricity to the citizens of Alaska.

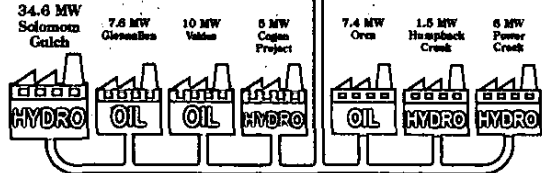
Alaska Southcentral Interior Electric Co-op., Inc



Better Ideas.. Better Living for ALL Alaskans!
 This material was prepared by the Tom Staudenmaier's Electric Merger Committee
 PO Box 140170, Anchorage, AK 99514-0170 phone: 1-907-222-5168 fax: 1-907-222-5109 cell: 227-5726

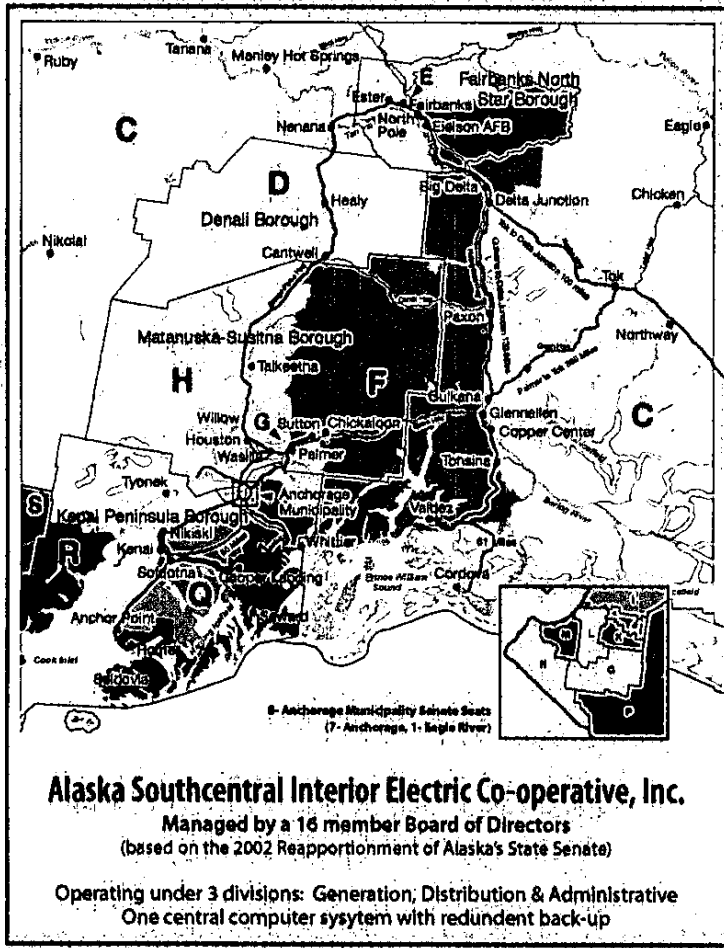
Alaska Southcentral Interior Electric Cooperative, Inc

16 MEMBER BOARD*
 3 Divisions- Generation, Distribution & Administration



Approximately 180,000 Southcentral Interior Member/Owners Empowered to Vote
Cutting their monthly electric bill by a minimum of 50%!

* 16 member board based on 2002 Reapportionment of Alaska's State Senate.



It is the goal..
 of Tom Staudenmaier's Electric Merger Committee
 to consolidate and streamline the management
 of the various electric co-ops and municipal entities
 under two non-profit, member owned co-operatives
 and in doing so, provide cheap,
 reliable electricity to the citizens of Alaska.



Better Ideas.. Better Living for ALL Alaskans!

This map was prepared from materials found on www.elections.state.ak.us Web site, August 1st, 2006
 by the Tom Staudenmaier's Electric Merger Committee, PO Box 140170, Anchorage, AK 99514-0170
 phone: 1-907-222-5168 fax: 1-907-222-5169 cell: 227-5726

April 16, 2009

Thomas G. Staudenmaier
P.O. Box 140170
Anchorage, Alaska 99514

Dear Mr. Staudenmaier:

Per your request, the attached document includes three tables that summarize the following information:

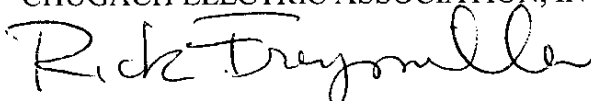
- Table 1. Chugach's net average cost to generate a kilowatt-hour.
- Table 2. The proportionate value of retail loads for Southcentral Alaska utilities.
- Table 3. The average cost of wholesale power sold to Homer Electric Association, Inc. (HEA), Matanuska Electric Association, Inc. (MEA), and Seward Electric System (SES).

The data presented in all tables have been updated for the year ended December 31, 2008.

If you have any questions or require further information, please do not hesitate to call me at 762-4741.

Sincerely,

CHUGACH ELECTRIC ASSOCIATION, INC.



Rick Freymiller, Director
Regulatory Affairs & Pricing

Attachment: Attachment I. - Summary of Southcentral Alaska Electric Service Data - 2008

Chugach Electric Association, Inc
Anchorage, Alaska

Attachment: I

Summary of Southcentral Alaska Electric Service Data - 2008

Table 1: Net Average Cost per Kilowatt-Hour (All Chugach Owned Generation)

Year	Cents/kWh	Year	Cents/kWh	Year	Cents/kWh
1981	1.574	1992	2.406	2003	3.781
1982	1.748	1993	2.651	2004	4.532
1983	1.894	1994	2.295	2005	5.148
1984	1.91	1995	2.553	2006	6.530
1985	1.908	1996	2.591	2007	6.383
1986	1.749	1997	3.009	2008	7.173
1987	1.78	1998	3.198		
1988	1.806	1999	2.694		
1989	1.867	2000	3.089		
1990	1.996	2001	4.241		
1991	2.059	2002	3.965		

Source: Chugach Electric Association FERC Form 12, Page 12c, line 5.

Table 2: Retail Electric Energy Loads in Southcentral Alaska

Utility	2008	
	GWh	Percent
Chugach Electric Association, Inc.	1,205.8	33.4%
Anchorage Municipal Light and Power	1,118.8	31.0%
Homer Electric Association, Inc.	523.3	14.5%
Matanuska Electric Association, Inc.	700.9	19.4%
Seward Electric System	63.8	1.8%
Total	3,612.6	100.0%

Source: ML&P, Chugach Electric Association, HEA and MEA retail total from FERC Form 1, Page 301 or 304, line 10.
Seward Electric System total based on system energy delivered at the G&T level, including generation from Fort Raymond and purchases from Chugach Electric Association.

Table 3: Average Cost of Wholesale Power

Utility	2008		
	MWh	Cost	Cents/kWh
Homer Electric Association, Inc.	517,368.0	\$41,133,287	7.950
Matanuska Electric Association, Inc.	742,666.0	\$65,600,034	8.833
Seward Electric System	63,734.0	\$4,798,286	7.529
Total	1,323,768.0	\$111,531,607	8.425

Source: Chugach Electric Association FERC Form 12, Section 12b, pages 1 and 2.



Anchorage School District

5530 E. Northern Lights Blvd.
Anchorage, Alaska 99504-3135
(907) 742-4000

April 7, 2009

Mr. Thomas Staudenmaier
Electrical Merger Committee
P.O. Box 140170
Anchorage, AK 99514

Electricity Costs FY 2008-2009, FY 2009-2010

In response to your request for information from the Anchorage School District regarding electricity, the following information has been compiled. The actual cost amounts for FY 2008-2009 will not be available until July 2009, therefore the budgeted amounts for FY 2008-2009 have been included.

	Budget Projections FY 2008-2009	Budget Projections FY 2009-2010
Administrative & Support Units	\$ 348,700	\$ 419,300
Elementary Schools	3,621,900	4,003,200
Special Education/Special Services Units	99,200	100,800
Charter Schools	51,000	43,000
Secondary Schools	5,027,400	5,387,000
	<u>\$ 9,148,200</u>	<u>\$ 9,953,300</u>

The following summarizes budgeted activity by source:

Chugach Electric	\$ 4,607,100	\$ 5,280,900
Municipal Light & Power	2,743,200	2,808,000
Matanuska Electric	1,622,500	1,648,600
U.S. Government	175,400	215,800
	<u>\$ 9,148,200</u>	<u>\$ 9,953,300</u>

The budgeted FY 2008-2009 expenditures reflect the closure of Clark Middle School. The projections for FY 2009-2010 reflect reopening of Clark Middle School and closure of Chester Valley Elementary School scheduled to operate at Kennedy due to the school renovation project.

Sincerely,

Carol Comeau
Superintendent

POWER LINES

A MONTHLY NEWSLETTER FOR OUR MEMBERS

Board approves \$104 million operating budget

MEA's Board of Directors recently approved 2009 operating and capital budgets of \$104 million and \$23 million, respectively. The budgets include funds to construct an estimated 1,400 new electrical services, about the same number the co-op is building this year. MEA is projected to have 55,200 customers at year-end 2008, representing a 35 percent increase during the past decade.

The operating budget projects that the cost of purchasing power from Chugach Electric Association will represent about 68 percent of the total cost of providing electric service in 2009, said Director of Administration Matt Reisterer. MEA buys electricity from Chugach under an "all requirements" contract that runs through Dec. 31, 2014.

The operating budget also projects three increases in base rates: 1.48 percent in the second quarter, 0.81 percent in the third quarter, and 2.13 percent in the fourth quarter.

Capital budget expenditures

The \$23 million capital budget includes construction of the new services noted above, as well as:

- \$160,000 for preparation of a System Long-Range Planning Study. The engineering study will include a review and analysis of MEA's existing transmission and distribution system to make recommendations for modifications and upgrades required to achieve an efficient and reliable system that provides for projected load growth.



- \$75,000 for preliminary engineering of a line extension to serve the Chulitna River area near Milepost 134 of the Parks Highway. This project would provide service to a proposed new state visitors' center. That area also is home to Mt. McKinley Princess Lodge and a proposed new Boy Scout "high adventure" camp near Blair Lake.

- \$750,000 for work associated with the relocation of Trunk Road.

Continued on Page 2

Lighting tips for your home

It's easy to use more light than you need. More than 16 percent of the electricity we use in our homes goes into lighting. Most Americans over-light their homes, so lowering lighting levels is an easy conservation measure.

Indoor Lighting

Turn off lights in any room not being used. Light-zone your home and save electricity. Concentrate lighting in reading and working areas and where it's

needed for safety (a stairwell, for example). Reduce lighting in other areas, but avoid very sharp contrasts.

To reduce overall lighting in non-working spaces, replace bulbs throughout the house with bulbs of the next lower wattage. Watch out for 'cures' that promise more than they deliver. For example, an "Energy Choice" bulb may seem to offer you 100 Watts of light while you pay for only 90 Watts. In reality, you get 90 Watts and pay for 90 Watts.

Consider installing solid state dimmers or hi-low switches when replacing light switches. They make it easy to reduce lighting intensity in a room and thus save energy.

Use one large bulb instead of several small ones in areas where bright light is needed.

Use long-life incandescent lamps only in hard-to-reach places. They are less energy efficient than ordinary bulbs.

Continued on Page 3

THIS MONTH

Board approves \$104 million operating budget - Pages 1 & 2

Protecting computers and electronics - Page 2

Board Briefings - Page 3

Lighting tips for your home - Pages 1 & 3

Great Land Recipe: Johnny Cake - Page 4

January 2009

Vol. XXV, No. 1



Don't Miss the Goal!



The MEA Scholarship deadline is March 6!

MEA rate increase linked to Chugach Electric's costs

By DARRELL L. BREESE
Alaska Star

Matanuska Electric Association customers will see a rate increase of more than 30 percent when they get their bills at the end of the month.

MEA sells electricity to its customers as a retailer, meaning when the wholesale agency it purchases from raises its rates it must pass the cost on to the consumer.

MEA's power provider, Chugach Electric Association, has done just that.

Chugach announced a rate increase for both its retail and wholesale customers effective Jan. 1.

According to Chugach spokeswoman Patty Bogan, the rate increase is necessary to offset the projected increase to the price of natural gas, which it uses to drive its power plant.

The move doesn't sit well with MEA General Manager Wayne Carmony.

"Chugach's wholesale power costs are going up 31 percent," he said. "Regrettably, that also means an increase to MEA members."

He went on to explain that MEA is bound by an "all-requirements" contract with Chugach, meaning it can only purchase power from the Anchorage-based utility.

"Part of MEA's priority is to try and keep rates as low as possible for its members," said Lorali Carter, MEA's manager of government and corporate communications. "But the increase is a direct flow through. When Enstar increase rates, Chugach pays more. Then Chugach raises rates and MEA pays more. Meaning MEA has to pass the increase onto the consumer."

Chugach also sells electricity to Homer Electric Association; its rate will go up 29 percent.

According to Carter, the rate increase will cost the average MEA user an extra \$26.53 a month over what they paid last January.

She added that recent weather conditions would compound the cost to home and business owners.

"The recent cold snap brought an increase in the use of natural gas and electricity," she said. "Meaning the rate increase will hit pocketbooks even harder."

Carter said the increase is another reason MEA has been striving to develop its own power generation facility over the last couple of years.

The member-owned utility is negotiating with Eklutna Inc. to build a natural gas power plant on Eklutna land near the Knik River.

GVEA COVA for
 Dec 2008
 Jan 2009
 Feb 2009

Statewide Comparison of Residential Rates

Costs for 750 Kilowatt-Hours and 1000 Kilowatt-Hours

Rates effective February 2009

Minto*	750 kwh	\$258.33
Alaska Village Electric Co-op	1000 kwh	\$398.05
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*Power Cost Equalization (PCE) state subsidy has been applied.
 Source: Electric rates and charges provided as of Feb. 2009



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Thomas Staudenmaier
 PO Box 140170
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Deadline looms for Eklutna power plant

By DARRELL L. BRESE
Alaska Star

Matanuska Electric Association plans to build a 180-megawatt power plant in Eklutna, got a vote of approval from the Anchorage Planning and Zoning Commission. Now the member-owned utility faces a short window of opportunity to complete the project before December 2014.

The utility plans to have the natural gas-fueled power plant operational before its contract to purchase electricity from Chugach Electric Association expires. "We're proposing an aggressive but realistic schedule," said Loral Carter, manager of government and corporate communications for MEA. "Five years may not seem like a short amount of time, but when you're talking about constructing a power plant it is just enough time."

The approval by the planning and zoning commission is the first step in the process. It allowed for a zoning change from residential to industrial on a 70-acre parcel owned by Eklutna Inc., meaning the utility can move forward with construction plans.

"We still need to go before the (Anchorage) assembly and get their approval for the zoning change," Carter said. "But things are moving in the right direction."

The aggressive schedule set by MEA calls for solicitation of bids to build the plant to begin in April. Then permits from state and federal departments of environmental protection will need to be applied for so construction can begin in April 2012.

"If we don't experience any unexpected delays we should be able to meet the schedule," Carter said. "Our goal is to have the power plant ready for testing by October 2014 and to begin providing power generation on Jan. 1, 2015."

Carter estimated it would cost \$500 million to construct and make the facility operational. MEA has 50,000 residential and commercial customers.

See Deadline, Page 20

Deadline Continued from Page 3

This is not MEA's first attempt to develop a power plant. In 2007 the utility had plans to build a coal-fired power plant in Palmer, but those plans were tabled after objection from its members.

Plans for the Eklutna facility have not met with similar objections.

"The difference is the Palmer plant was fueled by coal," said MEA board of directors president Lois Lester. "I don't think people objected to the idea of a power plant, it was the coal they didn't like."

After plans halted on Palmer site, largely due to a restrictive ordinance the Matanuska-Susitna Borough passed, MEA began looking for potential sites

within the municipality of Anchorage.

In June 2008 the utility reached an agreement with Eklutna to move forward with the purchase of 70 acres near the Village of Eklutna. The land is on the east side of the Glenn Highway between the railroad tracks and the base of Eklutna Mountain. The power plant will occupy 30 acres of the site, with the remainder serving as a buffer.

"We agreed to let MEA use the site because it was already the home of a power plant," said Eklutna CEO Curtis McQueen. "In 1928 Anchorage Light & Power Company constructed the Eklutna Power Plant, which was in operation until

the 1940s on the site."

The partnership between MEA and Eklutna includes the potential for cogeneration. Cogeneration is the process by which nearby facilities use waste steam from the power plant for heating or other purposes.

The first possible use of cogeneration being considered by Eklutna is the restoration of salmon habitat in Eklutna River.

"We're excited about dovetailing habitat restoration in the river with the construction of the power plant," McQueen said. "For years we've been looking for ways to bring the salmon back to the river and this appears to be a golden opportunity to do just that."

McQueen hinted at other possible uses of the cogeneration, such as future housing development in Eklutna Village.

There are still some unanswered questions about the power plant; MEA has yet to lock in a source of natural gas, which is needed to fuel the plant.

"We've talked with Enstar and they said extending the 20-inch pipe that is across the highway is possible," Carter said. "As for the gas supply, it's still early in the process us to know where the gas we need will come from. But like everyone else we're hoping the governor's plans for an in-state gas pipeline become a reality to help keep the rates down for our customers."

Sunday Feb. 2009 Kelly...

Another agreement reached on sale of Healy power plant

AUG. 1 DEADLINE: Project has been in dispute 10 years.

The Associated Press

FAIRBANKS — Golden Valley Electric Association and the Alaska Industrial Development Export Authority have signed another agreement that calls for working out the sale of an experimental coal-fired power plant near Healy by Aug. 1.

State Department of Revenue Commissioner and AIDEA board chairman Pat Galvin said the second-phase deal over the Healy Clean Coal Project was the result of a month of negotiations.

"This is a sequential deal where

we are refining the terms as we move forward, recognizing it is a fairly complex issue," Galvin said.

If the deal is not done, Golden Valley, a rural power cooperative based in Fairbanks, and the state could resume litigation.

The Healy plant was built in the late 1990s as an experimental "clean coal" technology plant with state and federal funds. The plant has not operated since 2000. Critics say it never produced power that could be sold commercially.

GVEA and the state have been in a dispute over the plant for almost 10 years. GVEA and the Alaska Industrial Development Export Authority, a quasi-state agency that assists in fi-

ancing to promote economic growth and diversification, announced a settlement in January that halted litigation scheduled for trial June 1.

The deal signed Friday is an asset sale agreement.

GVEA CEO Brian Newton compared the process of stepped agreements to buying a house, a deal brokered in stages.

The agreement detailed the purchase plans, arranges a schedule and sets protocol for transferring documents.

Also involved is the Homer Electric Association, which acquired plant operations rights from AIDEA even as ownership and control were being negotiated with GVEA.

The state is agreeing to sell the plant to the Tri Valley Electric, a subsidiary of GVEA, for \$50 million. The state authority will finance the purchase price at 5 percent interest over 25 years. The state also will offer a \$45 million loan at 6.5 percent interest over 25 years to help GVEA with restart costs.

GVEA estimates \$300 million and up to two years will be needed to bring the plant on line.

GVEA will start paying off debt when the plant starts generating power or on Jan. 1, 2014, whichever comes first. GVEA's Tri Valley will sell half the power generated to Homer Electric Association and half to GVEA.

Newton said creating Tri Valley Electric to own and operate Healy plant was a business deal.

"It saves the members what we put it into a wholly owned entity," he said.

A separate entity can realize higher profit margins than GVEA said. The utility's lenders realize higher rates. Newton estimates savings of \$2 million annually by bringing Tri Valley.

GVEA would buy power from Tri Valley under contract, so rates would be adjusted every three months to match members' bills. Coal-fired power fluctuates in cost but probably less than diesel-fired power, Newton said.

MEA board approves offer to purchase Eklutna site for power plant

By **DARRELL L. BREESE**

Alaska Star

The Matanuska Electric Association board of directors voted unanimously to approve extending an offer of \$2.58 million to Eklutna Inc. for 70 acres of land near Eklutna on which the utility wants to build a 130-megawatt natural gas-fueled power plant.

During the Feb. 9 MEA board meeting, the directors discussed the merits of the project and heard from Eklutna's executive director Curtis McQueen about the corporation's willingness to sell the parcel for such development.

"Eklutna Village tribal members are in favor of the sale," he told the board. "And we hope this will speed the corporation's own development plans in the area."

MEA General Manager

Wayne Carmony told the board that the utility would construct a 130-megawatt power plant on the Eklutna site, powered by two natural gas-fueled turbines.

"This site is an ideal place to build a power plant," he said.

"This site is an ideal place to build a power plant. There are transmission lines within a few hundred feet of the property."

— Wayne Carmony

"There are transmission lines within a few hundred feet of the property."

Carmony also said he liked the Eklutna location because it would exempt MEA from having to

comply with Matanuska-Susitna Borough power plant regulations, which the cooperative felt were too restrictive.

MEA and Eklutna began discussing the possible purchase of the site in June 2008. While the

MEA board has authorized the purchase, it's contingent on final approval for rezoning by the Anchorage Assembly.

It is also contingent on approval by Eklutna Inc. board of directors.

MEA spokeswoman Lorali Carter said the plant is expected to cost approximately \$400 to \$500 million.

Another \$47 million in transmission line upgrades will be done as a separate project.

Carmony said. MEA plans to pay for the plant over time through member rates.

MEA's board also unanimously approved a resolution asking the Matanuska-Susitna Borough to

sell it some land on Hollywood Road near Big Lake.

MEA believes the parcel is well situated for a power plant.

The process to purchase of this parcel began several years ago when the borough assembly voted to sell it to MEA, but the decision was vetoed by then-mayor Tim Anderson.

Though MEA would like the land, said MEA assistant general manager Tuckerman Babcock, it's more for future plans than for anything immediate.

"We don't need two power plants and a natural gas pipeline doesn't go by Hollywood yet," he said. "It is still a very good site for future consideration with respect to its connection to our transmission lines."

Reach the reporter at darrell.breese@alaskastar.com

Palin crafts bill to create energy corporation

RAILBELT: So far, the six utilities are unable to agree on anything, though.

Associated Press

FAIRBANKS — Gov. Sarah Palin plans to introduce a bill calling for creating a joint corporation of the six railbelt electric utilities.

Palin says such an entity could unite a “fragmented group of rival utilities” and could save rate payers 10 million annually.

The utilities are Fairbanks-based Golden Valley Electric Association, Homer Electric Association, Anchorage’s Municipal Light and Power; Chugach Electric Association, the

City of Seward and Matanuska Electric Association.

Golden Valley cooperative president Brian Newton said the utilities are far from agreeing on a structure after months of talks.

“We haven’t quite figured out what the administration is proposing,” Newton said. “Even though they may have conceptually what they think is going to work, the utilities haven’t agreed to that at all.”

Joe Balash, special assistant to the governor, said the administration believes people would be better served by spending more on a large project that could meet all power needs, rather than on smaller-scale works.

The utilities grew separately yet are linked by a transmission system. As their facilities age, most have new projects they want state funding for.

Altogether, the utilities manage an interconnected load of up 800 megawatts of electricity, Balash said. That’s comparable to a medium-small utility outside the state.

“There may be opportunities to develop large projects that capture efficiencies of scale,” Balash said. “The benefits of that mean lower-cost energy to consumers, to businesses and ultimately will lead to better growth.”

The proposed corporation could have state bonding power and would oversee generation and transmis-

sion. The utilities would remain as local distributors.

Balash said the legislation would establish the corporate structure and provide some startup funds to begin work on a transition agreement.

Still to be determined is how strong the bill’s language would be in getting utilities on board.

Balash said a participation requirement “is not exactly the best prescription” for getting the utilities to work together.

The message, then, he said is, “Don’t come looking to the state for anything until or unless ... you’re working together.”

Palin vetoed a number of Railbelt energy proposals in 2007, except for

one project, a Railbelt Electric Grid Authority study that was completed last fall.

The study found that proposed power generation projects would cost more than the utilities could afford. The study recommended creation of a state authority.

GVEA’s Newton said he didn’t want a consortium affiliated with state government. He said railbelt utility managers have met for months on how to structure a joint corporation, but so far there is no consensus.

“All of the railbelt utilities have not agreed on any particular form or anything,” Newton said. “Time will tell. It would be nice if we could come to an agreement.”

Summary Feb. 2009 Daily News

Another agreement reached on sale of Healy power plant

AUG. 1 DEADLINE: Project has been in dispute 10 years.

Associated Press

FAIRBANKS — Golden Valley Electric Association and the Alaska Industrial Development Export Authority have signed another agreement that calls for working out the sale of an experimental coal-fired power plant near Healy by Aug. 1.

State Department of Revenue Commissioner and AIDEA board chairman Pat Galvin said the second-phase deal over the Healy Clean Coal project was the result of a month of negotiations.

“This is a sequential deal where

we are refining the terms as we move forward, recognizing it is a fairly complex issue,” Galvin said.

If the deal is not done, Golden Valley, a rural power cooperative based in Fairbanks, and the state could resume litigation.

The Healy plant was built in the late 1990s as an experimental “clean coal” technology plant with state and federal funds. The plant has not operated since 2000. Critics say it never produced power that could be sold commercially.

GVEA and the state have been in a dispute over the plant for almost 10 years. GVEA and the Alaska Industrial Development Export Authority, a quasi-state agency that assists in fi-

nancing to promote economic growth and diversification, announced a settlement in January that halted litigation scheduled for trial June 1.

The deal signed Friday is an asset sale agreement.

GVEA CEO Brian Newton compared the process of stepped agreements to buying a house, a deal brokered in stages.

The agreement detailed the purchase plans, arranges a schedule and sets protocol for transferring documents.

Also involved is the Homer Electric Association, which acquired plant operations rights from AIDEA even as ownership and control were being negotiated with GVEA.

The state is agreeing to sell the plant to the Tri Valley Electric, a subsidiary of GVEA, for \$50 million. The state authority will finance the purchase price at 5 percent interest over 25 years. The state also will offer a \$45 million loan at 6.5 percent interest over 25 years to help GVEA with restart costs.

GVEA estimates \$300 million and up to two years will be needed to bring the plant on line.

GVEA will start paying off debt when the plant starts generating power or on Jan. 1, 2014, whichever comes first. GVEA’s Tri Valley will sell half the power generated to Homer Electric Association and half to GVEA.

Newton said creating Tri Valley Electric to own and operate the Healy plant was a business decision.

“It saves the members’ money if we put it into a wholly owned subsidiary,” he said.

A separate entity can realize lower profit margins than GVEA, he said. The utility’s lenders mandate higher rates. Newton estimated savings of \$2 million annually by creating Tri Valley.

GVEA would buy power from Tri Valley under contract; so rates could be adjusted every three months on members’ bills. Coal-fired power can fluctuate in cost but probably not as much as diesel-fired power has, Newton said.

LISA MURKOWSKI
ALASKA

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Dear Tom:

Thank you for contacting me with your questions about the history of the Government Accountability Office (GAO) as well as a list of federal salaries. I appreciate the chance to respond.

The GAO is the audit, evaluation, and investigative arm of the United States Congress. It is located in the Legislative branch of the United States Government. It was established as the General Accounting Office by the Budget and Accounting Act of 1921 (P.L. 67-13, 42 Stat. 20, June 10, 1921). The Act made the GAO independent of the executive branch and gave it a broad mandate to investigate how federal dollars are spent. The Act also required the President to prepare an annual budget for the federal government. The Act required the head of GAO to "investigate, at the seat of government or elsewhere, all matters relating to the receipt, disbursement, and application of public funds, and shall make to the President and to Congress reports and recommendations looking to greater economy or efficiency in public expenditures." According to the GAO's current mission statement, the agency exists to support the Congress in meeting its constitutional responsibilities and to help improve the performance and ensure the accountability of the federal government for the benefit of the American people. The GAO is unique in that its auditors conduct not only financial audits, but also engage in a wide assortment of performance audits.

In regard to a copy of all federal salaries, federal employees in the executive branch are paid under a number of different salary systems. You can read about the salary system governing career employees at www.opm.gov. As you may be aware, a large number of federal employees serve at the pleasure of the President of the United States. You can read more about these employees and their salaries in a publication known in Washington as the "Plum Book." This document is on the Internet at <http://www.gpoaccess.gov/plumbook/2008/index.html>. Legislative branch salaries are a matter of public information and can also be researched on the Internet.

Again, thank you for contacting me.

Sincerely,



Lisa Murkowski
United States Senator

STATE OF ALASKA

THE LEGISLATURE

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Legislative
Resolve No.

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Relating to global climate change.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS there is evidence that the activities of humans are rapidly increasing the amount of greenhouse gases in the upper atmosphere through the burning of fossil fuels and are destroying the ozone layer through the use of CFC's and other chemicals; and

WHEREAS the evidence is that the increase of these gases and the destruction of the ozone layer will lead to warming of our climate; and

WHEREAS rapid warming of our climate will lead to major environmental damage to ecosystems and improvements upon the land; and

WHEREAS the people of Alaska have ample opportunities to reduce their use of fossil fuels and ozone-destroying chemicals and to better their standard of living through increased efficiency and available energy conservation technology; and

WHEREAS investigating what can be done now will reduce the future high cost of mitigating the likely damages that will result; and

WHEREAS the State of Alaska should take a lead role in this issue for the protection of the health, safety, and welfare of its citizens; and

WHEREAS the National Governors Association and the National Conference of State Legislatures are investigating potential actions that states may take to reduce global warming and are preparing recommendations for a national policy with regard to global climate change; and

WHEREAS the governor of the State of New Jersey has issued an executive order charging state entities in New Jersey to pursue policies and conduct activities so as to reduce the threat of global climate change;

BE IT RESOLVED by the Alaska State Legislature that the governor is respectfully requested to investigate possible state policies and procedures that can be implemented, if necessary, to determine how the state can most effectively help to combat global climate change.