BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE (BPMC)
REGULAR MEETING AGENDA
July 30, 2021

## 1. CALL TO ORDER

Chair Izzo called the meeting of the Bradley Lake Hydroelectric Project Management Committee to order at 9:54 a.m. A quorum was established.

## 2. ROLL CALL (for Committee members)

Tony Izzo (Matanuska Electric Association [MEA]); John Burns (Golden Valley Electric Association [GVEA]); Lee Thibert (Chugach Electric Association [CEA]); Brad Janorschke (Homer Electric Association [HEA]); Curtis Thayer (Alaska Energy Authority [AEA]).

## 3. PUBLIC ROLL CALL (for all others present)

Betty Caudle (phone) (Accu-Type Depositions); Jennifer Bertolini, Debra Caldwell, Bryan Carey, Dona Keppers, Kirk Warren, Melissa Yang (AEA); Crystal Enkvist (phone) (Alaska Power Association); Matt Clarkson (phone), Sherri Highers (phone), Russell Thornton (phone) (CEA); Stefan Saldanha (Department of Law); Pete Sarauer (phone), Ron Woolf (phone) (GVEA); Bob Day, Larry Jorgenson (phone), Sarah Lambe (phone), Andy Patrick (phone) (HEA); Kirk Gibson (McDowell Rackner Gibson, PC); David Pease (phone) (MEA); and Bernie Smith (phone) (Public).

## 4. AGENDA APPROVAL

**MOTION: A motion was made by Mr. Burns to approve the agenda. Motion seconded by Mr. Janorschke.**

**The motion to approve the agenda passed unanimously.**

## 5. PUBLIC COMMENTS - None

## 6. APPROVAL OF MEETING MINUTES - June 25, 2021

**MOTION: A motion was made by Mr. Burns to approve the Minutes of June 25, 2021. Motion seconded by Mr. Thayer.**

**The motion to approve the Minutes of June 25, 2021 passed unanimously.**

## 7. NEW BUSINESS

### A. Annual Elections

Chair Izzo requested that Counsel Kirk Gibson, McDowell Rackner Gibson, PC, conduct the election process. Mr. Gibson opened the floor for nominations.

**MOTION: A motion was made by Mr. Burns to nominate and approve Tony Izzo as Chair and Brad Janorschke as Vice-Chair. Motion seconded by Mr. Thibert.**

**The motion to nominate and approve Tony Izzo as Chair and Brad Janorschke as Vice-Chair passed unanimously.**

Mr. Gibson advised that AEA is the permanent Secretary. He congratulated Chair Izzo and Vice-Chair Janorschke. Mr. Gibson turned the meeting back to Chair Izzo.

**MOTION: A motion was made by Mr. Thibert to enter into Executive Session to discuss matters with the attorney for the Committee, the immediate knowledge of which could have an adverse effect on the legal position of the Committee. Motion seconded by Mr. Thayer.**

**The motion to enter Executive Session passed unanimously.**

## 8. EXECUTIVE SESSION: 10:02

Discuss matters with attorney for the Committee which the immediate knowledge of which could have an adverse effect upon the legal position of the Committee.

The Committee reconvened its regular meeting at 11:42 a.m. Chair Izzo advised that no formal action was taken on the matters discussed during Executive Session.

## 9. OLD BUSINESS

### A. GVEA Call Back Recommendation

Chair Izzo requested that Russell Thornton, CEA, provide the recommendation. Mr. Thornton noted that the BPMC-requested meeting occurred on July 9, 2021, to discus the GVEA call back recommendation. It was agreed that the GVEA call back could be conducted sooner than the one-year agreement timeframe. Mr. Thornton informed that the call back could occur from a technical perspective with one month's notice. The discussion regarding the 4% overhead for Battle Creek resulted in determining that the percentage participation in Battle Creek after the call back would remain different than the Bradley Lake participant percentages. Therefore, the 4% overhead would need to remain or another mechanism would be needed to allocate maintenance costs.

Mr. Gibson advised the BPMC that if GVEA is embraced and brought into the Battle Creek Project, he recommended that the BPMC could reconsider and remove the 4%, because every purchaser is a member.

Mr. Thibert believes that Mr. Thornton is referencing that ML&P's share of Battle Creek went to HEA, then HEA has a higher percentage of use from the project. Mr. Gibson agreed that the capacity of Battle Creek is different than the capacity of Bradley Lake, which may be an important factor. He reiterated that there was a desire in earlier discussions to conduct a study to determine the actual O&M amount over a set period of time. Mr. Gibson corrected his previous statement and believes that it is proper to allocate according to the capacity share of Battle Creek.

An unidentified member noted that he would like to have additional time to review the issues. Chair Izzo noted that his understanding is this discussion is informational. An update from the Budget Subcommittee will occur and potential action may occur at a future meeting.

An unidentified member suggested that if GVEA wants to conduct the early call back, then they should provide the one-month's notice immediately. Mr. Gibson informed that GVEA has already provided that notice. The decision to allow GVEA to be called back early is at the will of BPMC. Mr. Gibson believes that the BPMC's decision would have to be unanimous. His understanding is if GVEA pays and joins tomorrow, staff will need one month to complete the logistics. There were no additional questions.

Chair Izzo requested that Debra Caldwell, AEA, present on the Budget Subcommittee's discussion regarding the GVEA call back recommendation. Ms. Caldwell explained that the Budget Subcommittee met on July 20, 2021, to discuss the issues. The calculation for GVEA's buy-in can be recalculated based on the effective date of GVEA's participation in Battle Creek. The discussion resulted in a recommendation from the Budget Subcommittee to continue the 4% until the effective date of GVEA, at which time, a recalculation could occur. There were no questions.

### B. By-Law Amendment

Chair Izzo requested that Mr. Gibson provide the update on the By-Laws amendment. Mr. Gibson explained that staff is still working on the resolution of issues. Staff will bring the amendment before the Committee once the concerns are addressed. There were no questions.

### C. Transmission Issues

Chair Izzo noted that this item is a continuation of a discussion from a prior meeting regarding a variety of urgent needs on the Bradley Lake project.

**MOTION: A motion was made by Mr. Thayer to request Mr. Gibson to draft a letter or letters to the Department of Law regarding the 2021 project list that the BPMC believes could be required project work for clarification and to include the D Hittle Report in the project list. Motion seconded by Mr. Burns.**

**The motion to request Mr. Gibson to draft a letter or letters to the Department of Law regarding the 2021 project list that the BPMC believes could be required project work for clarification and to include the D Hittle Report in the project list passed unanimously.**

An unidentified member asked if a motion is needed to forward the SSQ Line routing study and the retirement of the remaining facilities between Sterling and Quartz. Mr. Thayer believes the issue regarding Sterling to Quartz has been approved as part of the financing package.

Brian Carey, AEA, informed that the removal of the 69 Line was part of the bond receipt. The work is moving forward and the cost is considered required work. The BPMC authorized the directive to move forward with the design of the upgrade of the SSQ Line. The cost for the design work is not currently in the budget. The issue will go in front of the O&D Committee at their August meeting and then will go in front of the Budget Subcommittee for a budget amendment recommendation. Mr. Carey anticipated that the approximate cost for design permitting work is $2 million to $3 million over a two-year time period. The route will follow the corridor route. The LIDAR and the digital elevation model will be provided to the entity that is completing the design work.

Mr. Thayer indicated that he got a note from Mr. Thornton asking the Committee to clarify if the double circuit design work for the Soldotna to Sterling segment is authorized to move forward. Chair Izzo reviewed that work is authorized and was included in the motion. Mr. Janorschke agreed that the intent of the motion was for the design to proceed once it is funded. There were no additional questions.

## 10. OPERATORS REPORT

Chair Izzo requested that Bob Day, HEA, present the Operator's Report. Mr. Day discussed Bradley has been running well. The lake level is about average for this time of year. There have been some big inflows within the last 30 days. The fish water release is at an average of 178 CFS being released from the side channels. Mr. Day noted the concerns regarding the needle cone re-use possibility. He stated that the survivability of the product and the thinness of the coating is not anticipated to be longstanding. Review is ongoing. Mr. Day described the work on the new building continues. The septic system has been successfully pumped. The work on the bridges is occurring now and should be near completion by the end of the week.

Mr. Day explained the continued problems regarding the IRIS Generator Monitoring system. This issue was impacted by Covid-19 restrictions. The key phasor is not working and needs to be replaced. The fire system work is ongoing and the new relief valve is on site. The pressure control valve still needs to be acquired and replaced. Extensive work continues to be expected. The annual fire inspection will occur within the next month or two and the extent of the corrosion will then be ascertained.

Mr. Day discussed that the Battle Creek flows have increased about 250 CFS in July. There is no update on the progress of the Battle Creek flowmeter repairs from DOWL. The hope is the repairs will occur before the end of the summer. Mr. Day reported that the 69Kv line pole that was on the ground has been stood up. The GIS inspection has been postponed due to illness of their technician. The revised date for the inspection has not been set. The gas insulated substation (GIS) drive replacement is underway. Mr. Day informed that ABB no longer supports the older style drive and parts. The latest proposal cost has increased approximately $50,000 from the budgeted amounts.

Mr. Day reported that the crew has removed the brush from the back side of the dam. He announced that Jon Kleine, an operator who has been working at Bradley for 20 years, is retiring tomorrow. Mr. Day noted that Mr. Kleine's experience and knowledge will be missed. A replacement is actively being sought. Mr. Day discussed that there has been an exodus over the last 10 years of knowledgeable staff, which will heighten the struggles and difficulties going forward.

Mr. Day reviewed the Unit 1 trip that occurred on July 23. The accumulator oil pressure was cavitating and not pumping. It is possible that this is related to the oil contamination issue in January. The filter press is back in service and is running continuously to remove any contamination. The Battle Creek Fish Survey work is ongoing with ADF&G to install a fish counting SONAR at the Battle Creek Bridge. The work is challenging because of its remote location. Mr. Day noted that bears continue to be present at the site and are seen during each visit to the dam. He showed a recent picture of a bear and a recent picture of damage to his screen door caused by a bear. Mr. Day shared a picture of the Battle Creek diversion at sunset.

## 11. O&D REPORT - Capital / required project work

Chair Izzo invited Mr. Thornton to present the O&D Report. Mr. Thornton informed that the O&D met on July 9, at Bradley Lake, during which time the Committee reviewed the operations of Bradley Lake and Battle Creek. As assigned by the BPMC, the O&D Committee reviewed the D Hittle Report and unanimously agreed that the work is required project work. Mr. Thornton reported that the O&D Committee discussed the Battle Creek flowmeter issues. Work is ongoing regarding the Bradley Usage Audit that was requested by the BPMC. There were no questions.

## 12. COMMITTEE REPORTS

### A. Budget to Actual

Chair Izzo requested that Ms. Caldwell present the Budget to Actual Report. Ms. Caldwell informed that the included document reflects the period of July 1, 2020 through May 31, 2021. The budgeted amount for capital purchases not funded by the R&C fund is $652,000. Year-to-date, there is approximately $500,000 recorded. The biggest variance is the SSQ Line Access Documentation Project that is currently under budget, but is expected to be in line with the full budgeted amount at project completion.

Ms. Caldwell discussed that the overall expenses are under budget as shown on Schedule B. This results in a year-to-date surplus of $963,000. No significant changes are anticipated for the final remaining months. Ms. Caldwell reviewed the capital projects funded through the R&C Fund as shown on Schedule D are slightly under budget. This is related to the ongoing fire alarm system replacement. Additionally, there was no cost recorded for the Road Grader Project. Ms. Caldwell reported on the capital purchases as shown on Schedule E. The Battle Creek Diversion interface claims consulting line item was budgeted at $320,000. All expenses have been recorded and no additional cost is anticipated on that project. The final amount came in at $7,913.

Ms. Caldwell reviewed the Battle Creek Operations & Maintenance budget as shown on Schedule F, which is under budget and has a year-to-date surplus of $257,000. The final 4% allocation of approximately $150,000 has not been recorded for this year. This will reduce the Bradley Lake O&M expenses and will increase Battle Creek expenses. The issue was discussed in the July 20 Budget Subcommittee meeting and the recommendation is to continue the 4% admin until the effective date of GVEA's buy-in. Additional discussion during the Budget Subcommittee meeting covered FY21 administrative costs, which were billed as actual costs. In prior years, the administration costs were billed as a flat fee. She discussed the year-to-date information as shown on page five under FERC 920 & 930 Administrative Expense.

Ms. Caldwell informed that the Budget Subcommittee requested that she bring to the attention of BPMC the excess payment calculation specific to the FY22 Budget. Ms. Caldwell noted that the FY22 Budget includes $12.5 million for the excess payments. The conservative budget amount was based on the maximum calculation and was performed by PFM Financial Advisors. The actual final excess payment amount will be calculated at the end of the year, which will include the reduction of the $1.5 million debt service on the SSQ Line. The excess payment amount should be close to $11 million. Ms. Caldwell reported that the Budget Subcommittee recommends the information is implemented in the next budget amendment or is recalculated at the final calculation at the end of the year. The determination is to be decided by the BPMC.

Ms. Caldwell reviewed that the Budget Subcommittee also discussed the insurance issues and reported that each of the respective utilities are working internally to identify equipment and property deductibles, as well as other issues for insurance saving opportunities. A meeting with the Budget Subcommittee and the State's Risk Management Team will be scheduled to discuss potential insurance saving options.

Mr. Burns requested additional explanation of the difference between the budgeted expenses and the actual expenses regarding the overages due to delayed work. Ms. Caldwell explained that the timing of when work can actually be completed has an effect on the totals. Many of the maintenance items cannot be completed when there is snow on the ground. These types of maintenance costs are condensed into a very short period of time. When labor is dedicated to specific projects, such as the needles project, those human resources are not able to work on other budgeted projects. Ms. Caldwell believes the budget is conservative and contains work that was planned, but was unable to be completed. Ms. Caldwell noted that she anticipates that there will be higher expenses recorded in June, including the additional work and expense of the barge. She informed that this year's budget-to-actual reports have been consistent with previous years' trends.

Mr. Thayer inquired as to how much of the overages are due to delayed work related to Covid-19 issues. Mr. Day discussed that the budgeted plan is created approximately 18 months before any of the work can be performed or implemented on July 1. The construction season at Bradley Lake is from spring to fall. The current report is through May 31. The June month is very active in terms of closing out projects. Mr. Day informed that Covid-19 has greatly effected this budget year. Some work could not be completed because contractors were limited and impacted by Covid-19. Some items were ordered 18 months ago and have been postponed twice and is a direct result of the current shortages.

## 13. COMMITTEE ASSIGNMENTS

Chair Izzo reviewed the previous assignment to Mr. Gibson to draft a letter regarding project required work.

## 14. MEMBERS COMMENTS

Mr. Thibert congratulated Mr. Kleine on his retirement and thanked him for his service. Mr. Thibert wished Mr. Day luck on the difficult transition.

Mr. Thayer expressed appreciation to everyone, especially to Mr. Gibson, in light of his pending retirement. Mr. Thayer announced that it is Ms. Caldwell's last day. He expressed appreciation for her service. He noted that she will be replaced by Melissa Yang. Mr. Thayer believes the recent work efforts regarding the railbelt have been effective and he looks forward to continuing those efforts.

Mr. Burns commented that he has been impressed with the operations and consistency at Bradley Lake each of the times that he has visited. He is excited about the future and the long-term prospects for the railbelt.

Mr. Janorschke congratulated Mr. Gibson for his impending retirement and congratulated those who have recently retired. He expressed appreciation for their efforts throughout the years.

Chair Izzo echoed members' comments congratulating Ms. Caldwell and welcoming Ms. Yang. He congratulated Mr. Kleine on his retirement. Chair Izzo offered Mr. Gibson the opportunity at a future meeting to make comments. Chair Izzo expressed appreciation to Ms. Bertolini.

**15. NEXT MEETING DATE -** September 24, 2021

Chair Izzo advised that the next meeting date will be rescheduled to Friday, October 1, 2021. He noted that the IMC rescheduled their next meeting to the same date.

Mr. Janorschke suggested that an interim meeting in August is scheduled. Chair Izzo agreed to scheduling a meeting in late August or early September. He stated that he will coordinate with members through Ms. Bertolini. Chair Izzo requested that members review their schedules, as it is likely that meetings will increase in frequency to every four-to-six weeks during the beginning of this fiscal year. There were no questions.

**16. ADJOURNMENT**

There being no further business for the committee, the meeting adjourned at 12:27 p.m.

Tony Izzo, Chair

Curtis Thayer, Secretary

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