

INTERTIE MANAGEMENT COMMITTEE Resolution No. 2014-02

Allocation of Intertie Costs

WHEREAS, the Amended and Restated Alaska Intertie Agreement dated, November 18, 2011 (“Amended AIA”), established the Intertie Management Committee (“IMC”) and provided the IMC with primary responsibility for the governance, control, operation, maintenance, repair, and improvement of the Alaska Intertie; and

WHEREAS, pursuant to that authority, the IMC has also adopted operating policies and procedures, and reliability standards for the Alaska Intertie; and,

WHEREAS, pursuant to that authority, the IMC has also moved forward with the adoption of Open Access policies for the Alaska Intertie; and,

WHEREAS, the IMC acknowledges that there may be circumstances in the future under which the IMC incurs capital, consulting, and other identifiable costs and expenses directly associated with maintaining and operating the Alaska Intertie under its Open Access policies, its operating policies and procedures, and reliability standards; and,

WHEREAS, the IMC acknowledges that the cost allocation methodology contained in Amended AIA does not properly capture and allocate the costs among the Participants and User of the Alaska Intertie that are incurred in maintaining and operating the Alaska Intertie under the new Open Access policies, operating policies and procedures, and reliability standards; and,

WHEREAS, the IMC wishes to amend the manner which the Intertie Costs are allocated by and between the Participants and Users of the Alaska Intertie to better align the cost and benefits received by the Participants and Users of the Alaska Intertie under the circumstances where Open Access policies, operating policies and procedures, and reliability standards are in place.

NOW, THEREFORE,

BE IT RESOLVED THAT the IMC has determined that the manner which the Intertie Costs are allocated by and between the Participants and Users of the Alaska Intertie shall be changed to better align the cost and benefits received by the Participants and Users of the Alaska Intertie

BE IT RESOLVED ALSO THAT, the costs incurred for the governance, control, operation, maintenance, repair, and improvement of the Alaska Intertie should be categorized as either Intertie Operating Costs or Intertie Administration Costs; and,

BE IT RESOLVED ALSO THAT, the Intertie Operating Costs shall continue to include the costs set forth in Section 7.1.1 Cost to Be Shared by Participants and Users of the Amended AIA; and,

BE IT RESOLVED ALSO THAT, the Intertie Administration Costs shall include costs incurred in administering the legal and regulatory affairs of the IMC, the costs associated with the

development, monitoring, and administration of the operating and reliability standards and the Alaska Energy Authority's ("AEA") administrative expense associated with the Alaska Intertie; and,

BE IT RESOLVED ALSO THAT, the Intertie Operating Costs shall continue to be allocated as set forth in Article 7 of the Amended AIA; and,

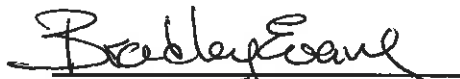
BE IT RESOLVED ALSO THAT, the Intertie Administration Costs shall be allocated in equal shares for all Participants and Users; and,

BE IT RESOLVED ALSO THAT, all Participants and Users are obligated to pay their respective share of annual Intertie Costs (i.e., Intertie Operating Costs and Intertie Administration Costs) irrespective of the amount or length of use of the Alaska Intertie and any excess amounts paid or deficiencies needed to be funded will be handled in accordance with the provisions of Section 7.3 Allocation of Intertie Costs, of the Amended AIA; and,

BE IT RESOLVED ALSO THAT, the changes contemplated by this Resolution 2014-02 be made effective with the beginning of the current fiscal year, July 1, 2013; and,

BE IT RESOLVED ALSO THAT, the attorney for the IMC is directed to work with the attorney for AEA to prepare the appropriate amendments to the Amended AIA.

Dated this 11th day of February, 2014.



Bradley Evans, Chairman



Gene Therriault, Secretary