

Intertie Management Committee

Resolution No. 17-1

Approval of the Douglas Substation Improvements, Utility Memorandum of Agreement for 2016 Douglas Substation Improvements (MOA), and Final Design and Budget for Improvements

WHEREAS, Matanuska Electric Association, Inc. (MEA) has proposed certain upgrades and modifications to the Douglas Substation, including the manufacture and installation of a new Control Enclosure (“Improvements”) and the Intertie Management Committee (IMC) has determined that these Improvements are necessary to provide for the continued safe, reliable, and economical operation of the Alaska Intertie.

WHEREAS, the proposed MOA (attached) provides for the Alaska Energy Authority (AEA) to procure and deliver the Control Enclosure and MEA to provide for the construction activities at Douglas Substation necessary for installation and operation of the Control Enclosure. The proposed scope of work and estimated project cost is further reflected in the Final Design (circulated by MEA) and the Engineer’s Budgetary Estimate Summary, respectively. The MOA includes a Lease which provides for the right to access and use the footprint of the Control Enclosure within the Douglas Substation for 45 years. See Appendix B to MOA.

WHEREAS, the 1984 Douglas Substation Agreement allows AEA and the IMC to use assets within the Douglas Substation needed to transmit power over the Alaska Intertie. The 1984 Douglas Substation Agreement will expire in 2019 unless extended. In the event the 1984 Douglas Substation Agreement expires prior to being amended, or is otherwise terminated, MEA has offered to provide reasonable access to AEA and the IMC to the equipment which AEA retains ownership of following expiration of the 1984 Douglas Substation Agreement for purposes of operating and maintaining the equipment consisting of Items Nos. 3, 5, 7 and 20 (if necessary) listed on Attachment C, Douglas Substation Improvements, to the 1984 Douglas Substation Agreement in the in the MOA and Lease attached thereto.

NOW, THEREFORE, IT IS RESOLVED THAT:

SECTION 1. The IMC approves the MOA and its Appendices attached to this Resolution.

SECTION 2. The IMC approves Final Design (earlier circulated by MEA) and the Engineer’s Budgetary Estimate Summary that was reviewed and approved by the Intertie Operating Committee for the Douglas Substation Upgrade Project (See Appendix C of the MOA).

SECTION 3. Given MEA will provide reasonable access to AEA and the IMC to the equipment which AEA retains ownership of following expiration of the 1984 Douglas Substation Agreement, the IMC Participants will assume all risks associated with future negotiations with MEA regarding the 1984 Douglas Substation Agreement.

SECTION 4. AEA will provide State monies covering the costs of the Control Enclosure and MEA and the IMC shall be responsible for the remaining costs associated with the Improvements, including any cost overruns.

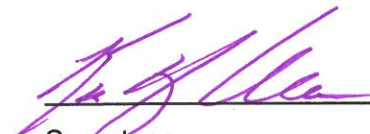
SECTION 5. The responsibility for the costs of the Improvements including any Cost Overruns (i.e., any costs over the amounts advanced by AEA from State monies) shall be allocated as set forth in the attached Engineer's Budgetary Estimate Summary (See Appendix C to the MOA). Consequently, if Control Enclosure costs exceed \$713,120 or exceed the amount of funding available from appropriated funds, the excess costs shall be paid by MEA (to the extent such costs are allocable to distribution) and by the IMC (to the extent such costs are allocable to transmission). Any cost greater than twenty-five percent (25%) ("Cost Overruns") shall be immediately brought by MEA to the IMC for review, consideration, and allocation.

SECTION 6. In accordance with Section 6.4.3 of the Second Amended and Restated Alaska Intertie Agreement, IMC Participants (including MEA) shall pay equal shares of the cost of the Improvements allocated to the IMC.

Dated at Anchorage, Alaska, this 17th day of February, 2017.



Chair



Secretary