

BRADLEY PROJECT MANAGEMENT COMMITTEE
RESOLUTION NO. 91-09

A RESOLUTION of the Bradley Lake Project Management Committee Concerning the Alaska Energy Authority's Obligation to Complete the Bradley Lake Hydroelectric Project and to Share the Cost of Acquisition and Construction With the Power Purchasers Until the Project is Complete.

WHEREAS, the members of the Project Management Committee for the Bradley Lake Hydroelectric Project and the Alaska Energy Authority have heretofore entered into a Power Sales Agreement dated as of December 8, 1987, which approved a form of Bond Resolution as an attached Exhibit A, whereby the Alaska Energy Authority agreed to take all actions required to construct and complete the Bradley Lake Hydroelectric Project expeditiously and in accordance with sound engineering practices; and

WHEREAS, in the Power Sales Agreement, the Alaska Energy Authority and the Power Purchasers agreed that the Alaska Energy Authority would issue long-term bonds in an amount not exceeding the lesser of one-half of the Project's cost of acquisition and construction or \$175,000,000, to be repaid by the Power Purchasers, with the Alaska Energy Authority to fund the remaining cost of acquisition and construction with direct State appropriations; and

WHEREAS, the Bond Resolution defines "Cost of Acquisition and Construction" to include costs and expenses required to construct and complete the Project; and

WHEREAS, the Power Sales Agreement and Bond Resolution defines the term "date of commercial operation" in reference to the date on which the Project is declared to be available for commercial operation at not less than 90 MW, and not in reference to the date on which the Project construction is complete in all respects; and

WHEREAS, it has always been expected that project completion and site renovation work would be completed after commercial operation, and furthermore that due to the delays in award and construction of the Static Var Compensation Systems to provide stability support for the existing Kenai Transmission System, the date on which the Project will be declared to be available for commercial operation will precede the date on which Project construction will be complete; and

WHEREAS, the Project Management Committee deems it appropriate to clarify that the obligation of the Alaska Energy Authority to complete the Project remains unaffected by the Project's date of commercial operation, and that the agreement between the Alaska Energy Authority and the Power Purchasers to share the cost of acquisition and construction includes costs required to complete the Project, regardless of when the date of commercial operation is declared;

NOW THEREFORE, BE IT RESOLVED, by the Bradley Lake Project Management Committee that the obligation of the Alaska Energy Authority to complete the Project remains unaffected by the project's date of commercial operation, and that the agreement between the Alaska Energy Authority and the Power Purchasers to share the cost of acquisition and construction includes costs required to complete the Project, regardless of when the date of commercial operation is declared.

FURTHERMORE, be it resolved that Project Construction shall not be deemed complete until such time that the planned stability support systems have been constructed, tested and operate as designed, and that the plant continues to be capable of commercial operation.

ADOPTED by the Bradley Project Management Committee at a regular meeting of said Committee held this 2nd day of July, 1991.

BRADLEY PROJECT MANAGEMENT
COMMITTEE

BY:

Michael P. Kelly, Chairman

ATTEST:

BY:

Charlie Bussell, Secretary