

**RESOLUTION OF THE BRADLEY LAKE HYDROELECTRIC PROJECT
PROJECT MANAGEMENT COMMITTEE**

RESOLUTION NO. 2014-02

Maintain the Status Quo During the Pendency of the Dispute

WHEREAS, on December 8, 1987, the Alaska Power Authority ("APA"), Chugach Electric Association, Inc. ("Chugach"), Golden Valley Electric Association, Inc. ("GVEA"), the Municipality of Anchorage d/b/a Municipal Light and Power ("ML&P"), the City of Seward d/b/a Seward Electric System ("Seward"), and Alaska Electric Generation & Transmission Cooperative, Inc. ("AEG&T"), and additional parties Homer Electric Association, Inc. ("HEA") and Matanuska Electric Association, Inc. ("MEA") entered into the Bradley Lake Hydroelectric Project Agreement for the Sale and Purchase of Electric Power ("Power Sales Agreement") with the Alaska Energy Authority ("Authority") (collectively, "Project participants"); and

WHEREAS, Chugach, HEA, GVEA, MEA, ML&P, Seward, and AEG&T also entered into the Agreement for the Wheeling of Electric Power and for Related Services ("Services Agreement") with Chugach; and

WHEREAS, HEA, Chugach, GVEA, ML&P, and AEG&T also entered into the Agreement for the Sale of Transmission Capability ("Transmission Agreement") with HEA; and

WHEREAS, the Authority issued Power Revenue Bonds under the Power Revenue Bond Resolution ("Bond Resolution"); and

WHEREAS, the Power Sales Agreement, the Services Agreement, the Transmission Agreement, and the Bond Resolution ("Bradley Lake Agreements"), among others, collectively set forth the arrangements, responsibilities, and obligations necessary to secure the benefits of the Bradley Lake Hydroelectric Project ("Project") for all the Project participants; and

WHEREAS, pursuant to Section 13 of the Power Sales Agreement, the Project Management Committee ("PMC") has been formed for the purposes and with the responsibilities specified by the Bradley Lake Agreements including, without limitation, the responsibility to address disputes arising under the Bradley Lake Agreements; and

WHEREAS, HEA entered into the Agreement for the Lease of Facilities ("Lease") with Chugach wherein Chugach agreed to lease and operate HEA's transmission line running between the Soldotna Substation and the Quartz Creek Substation ("S/Q Line"); and

WHEREAS, the Lease expired on January 1, 2014, and there is a dispute as to the impact the expiration of the Lease may have, if any, on the continuing rights and responsibilities of Chugach to dispatch, operate, maintain, and repair the S/Q Line under the Services Agreement and the other Bradley Lake Agreements ("dispute"); and

WHEREAS, Section 12(c) of the Services Agreement provides that "pending resolution of any dispute, each Party shall continue to perform its obligations under this Agreement" requiring the status quo be maintained during the pendency of the dispute; and

WHEREAS, on December 12, 2013, the BPMC passed Resolution No. 2013-02 resolving, in relevant part, that the status quo be maintained by stating "Chugach shall continue to operate and maintain the S/Q Line in accordance with Chugach's responsibilities and obligations under the Services Agreement pending the resolution of the dispute"; and

WHEREAS, HEA may have continued to make unilateral changes to its facilities and practices that adversely impact Chugach's ability to continue to operate and maintain the S/Q Line during the pendency of the dispute; and

WHEREAS, HEA's continued unilateral changes put at risk the ongoing safety, security, and reliability of wheeling Project energy over the S/Q Line and may result in irreparable harm to personnel, Project participants, and utility customers reliant upon a safe, secure, and reliable transmission system for the delivery of Project energy.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BPMC AS FOLLOWS:

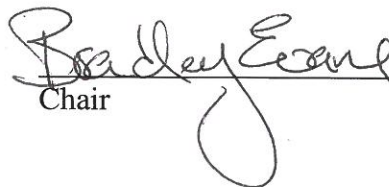
BE IT RESOLVED: All Project participants shall act in good faith to maintain the status quo and permit Chugach to continue to dispatch, operate, maintain, and repair the S/Q Line under the terms of the Services Agreement and the other Bradley Lake Agreements during the pendency of the dispute.

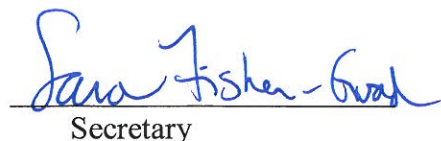
BE IT FURTHER RESOLVED: HEA shall not make any further changes to its facilities or practices that adversely impact Chugach's continuing rights and responsibilities to dispatch, operate, maintain, and repair the S/Q Line during the pendency of the dispute.

BE IT FURTHER RESOLVED: Any further unilateral changes put at risk the ongoing safety, security, and reliability of wheeling Project energy over the S/Q Line and may result in irreparable harm to personnel, Project participants, and utility customers reliant upon a safe, secure, and reliable transmission system for the delivery of Project energy.

BE IT FINALLY RESOLVED: Pursuant to the Bradley Lake Agreements and this resolution, any Project participant may seek injunctive or other relief from the Superior Court of Alaska for the Third Judicial District to enforce the obligation of all Project participants to maintain the status quo and permit Chugach to continue to dispatch, operate, maintain, and repair the S/Q Line under the terms of the Services Agreement and the other Bradley Lake Agreements during the pendency of the dispute.

DATED at Anchorage, Alaska, this 27th day of January, 2014.


Chair


Secretary