

BRADLEY LAKE HYDROELECTRIC PROJECT

PROJECT MANAGEMENT COMMITTEE

Resolution 14-11

**RESOLUTION RESOLVING THE DISPUTED ISSUES BETWEEN THE
DESIGNATED UTILITIES AND HOMER ELECTRIC ASSOCIATION, INC.**

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BY THE BPMC:

I. SUMMARY

On February 7, 2014, we found that this Bradley Lake Project Management Committee (“BPMC”) has authority to consider and decide on their merits the disputed issues between the Designated Utilities¹ and Homer Electric Association, Inc. (“HEA”), regarding the continuing effect of the Bradley Lake Agreements and bonding documents² after the expiration of the Lease³ and whether HEA is entitled to any additional compensation for Chugach’s continued use of certain electrical facilities north of the Soldotna Substation for the purpose of wheeling energy from the Bradley Lake Hydroelectric Project (“Project”) under the terms of the Bradley Lake Agreements.⁴ Our analysis in support of our finding on authority is contained herein.

Now, after having provided all parties with the opportunity to fully advance evidence, and brief and argue their positions with regard to the disputed issues, we find that (1) the Bradley Lake Agreements were not modified, amended, or terminated by the expiration of the Lease; (2) the

¹ Chugach Electric Association, Inc. (“Chugach”), Golden Valley Electric Association, Inc. (“GVEA”), Matanuska Electric Association, Inc. (“MEA”), and the Municipality of Anchorage d/b/a Municipal Light & Power (“ML&P”).

² The Bradley Lake Agreements include (1) the Agreement for the Sale and Purchase of Electric Power (“Power Sales Agreement”), (2) the Agreement for the Wheeling of Electric Power and for Related Services (“Services Agreement”), (3) the Agreement for the Sale of Transmission Capability, dated December 8, 1987, and the Amendment to Agreement for Sale of Transmission Capability, dated March 7, 1989 (“Transmission Sharing Agreement”) (hereinafter “Bradley Lake Agreements” or “Agreements”); and (4) Alaska Power Authority Power Revenue Bond Resolution (“Bond Resolution”).

³ Agreement for the Lease of Facilities, executed by and between Chugach and HEA in September 1985.

⁴ See Transcript of February 7, 2014, BPMC Meeting at 104:15-106:6.

Bradley Lake Agreements continue to provide Chugach with the contractual right and obligation to operate, maintain, repair, dispatch, and wheel Project energy over the electrical facilities owned by HEA from the Soldotna Substation north to the Quartz Creek Substation; and (3) HEA is being adequately compensated for Chugach's continuing operation, maintenance, repair, dispatching, and wheeling of Project energy over the electrical facilities owned by HEA from the Soldotna Substation north to the Quartz Creek Substation but will receive additional compensation as a reasonable resolution of the disputes.⁵

II. BACKGROUND

The Project was made possible through a series of integrated contracts referred to as the Bradley Lake Agreements and bonding covenants. Under the Bradley Lake Agreements, among other things, power is sold and transmitted from the Project across Project facilities to the Bradley Junction, where it then enters the transmission system of Alaska Electric and Energy Cooperative, Inc. ("AEEC"),⁶ a wholly owned HEA asset. From Bradley Junction, Project energy flows north along AEEC's transmission line running from Bradley Junction to the Soldotna Substation ("Soldotna Segment"). The transmission of Project energy across the Soldotna Segment is governed by the Transmission Sharing Agreement. Under the Transmission Sharing Agreement, Chugach, GVEA, ML&P, and MEA contributed to the cost of constructing the Soldotna Segment in exchange for secure transmission capacity on the Soldotna Segment.

⁵ HEA raised other technical disputes regarding Chugach's performance under the Bradley Lake Agreements in HEA's Statement Regarding Dispute Resolution Procedures filed with the BPMC on January 23, 2014. Those disputes are not addressed in this Resolution and will be considered and resolved by the BPMC through a separate resolution.

⁶ A single-member generation and transmission cooperative owned by HEA.

From the Soldotna Substation, Project energy then flows north through AEEC's transmission line running from the Soldotna Substation to the Quartz Creek Substation ("S/Q Line"). For the past 25 years, Chugach has operated, maintained, repaired, dispatched, and wheeled Project energy north of the Soldotna Substation through certain electrical facilities, including the S/Q Line, pursuant to the Services Agreement,⁷ which continues in effect for another 25 years.⁸ There is no provision in the Services Agreement that refers to the Lease or that suggests the expiration of the Lease will impact the rights and obligations of any party to the Services Agreement or any of the Bradley Lake Agreements.

The Lease was associated with Chugach's wholesale power sales to HEA, and the Lease expired on January 1, 2014.⁹ HEA believes that, when the Lease expired on January 1, 2014, Chugach lost the right and the obligation to operate and maintain the electrical facilities north of the Soldotna Substation owned by HEA (including the S/Q Line). The Designated Utilities disagree. The Designated Utilities believe that, despite the expiration of the Lease, the Services Agreement provides Chugach with the right and the obligation to operate and maintain all electrical facilities north of the Soldotna Substation used to wheel Project energy (including the S/Q Line).

On December 12, 2013, the BPMC passed Resolution 2013-02, preliminarily finding that the disputed issues are within the BPMC's authority to resolve and beginning the dispute resolution process by appointing a Dispute Resolution Committee to address the disputed issues raised by HEA and the Designated Utilities. The Dispute Resolution Committee scheduled and held five

⁷ See Services Agreement at 7-8.

⁸ See Services Agreement at 3, 28-29.

⁹ See Lease at 2.

meetings at the offices of the Alaska Energy Authority (“AEA”) to address the issues identified in BPMC Resolution 2013-02.¹⁰ On January 24, 2014, the Dispute Resolution Committee asked all interested parties to file briefs addressing three issues: (1) whether the BPMC has the authority to address the underlying disputed issues; (2) whether Chugach has the right and obligation to continue operating, maintaining, and repairing the electrical facilities used to wheel Project energy from the Soldotna Substation north under the terms of the Services Agreement; and (3) whether HEA is entitled to any additional compensation for Chugach’s continuing use of certain of HEA’s electrical facilities north of the Soldotna Substation used for wheeling Project energy.

On January 27, 2014, the BPMC passed Resolution 2014-02 requiring that “[a]ll 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.” On February 4, 2014, the Designated Utilities¹¹ and HEA¹² both filed briefs addressing the issues identified in Resolution 2013-02. On February 7, 2014, based upon consideration of the arguments presented by both the Designated Utilities and HEA, the BPMC found that it has authority to consider and decide the disputed issues on their merits.¹³ The supporting analysis for the BPMC’s decision on authority is detailed below. On April 11, 2014, the Dispute Resolution Committee made specific findings regarding the disputed issues in Resolution 14-09. Those findings have been considered by the

¹⁰ Those meetings were held on the following dates: January 24, 2014; January 27, 2014; February 7, 2014; April 11, 2014; and April 17, 2014.

¹¹ Designated Utilities’ Brief on Disputes with Homer Electric Association, Inc. (“Designated Utilities’ Br.”).

¹² Position Statement of Homer Electric Association, Inc. (“HEA’s Br.”).

¹³ See Transcript of February 7, 2014, BPMC Meeting at 104:15-106:6.

BPMC and are incorporated into the findings in this Resolution. On April 17, 2014, the Dispute Resolution Committee passed Resolution 14-10 declaring that the parties had reached an impasse and recommended that the BPMC move forward with formal dispute-resolution procedures. On April 17, 2014, the BPMC approved the Dispute Resolution Committee's Resolutions 14-09 and 14-10. Now, in accordance with the dispute-resolution obligations under the Services Agreement and the BPMC's Bylaws, the BPMC has determined to decide the disputed issues on their merits.¹⁴

¹⁴ Certain matters were referred to the Bradley Lake Operations and Dispatch Committee ("O&D Committee"). The technical and operational information provided by the O&D Committee in response has been duly considered by the BPMC and is incorporated into this Resolution.

III. THE PARTIES' POSITIONS

A. HEA's Position.

HEA asserts that the BPMC does not have the authority to consider or decide the disputed issues on their merits.¹⁵ HEA further asserts that the BPMC's authority derives from the Power Sales Agreement and that the Power Sales Agreement does not give the BPMC authority to resolve the underlying disputed issues.¹⁶ Specifically, HEA argues that the BPMC does not have the authority to consider or resolve the issue of compensation to HEA for wheeling Bradley power.¹⁷ HEA argues that "[n]o provision in any of the [Bradley Lake Agreements] speaks to" the compensation issue.¹⁸ Instead, HEA states that the ultimate decision regarding compensation will be made by the Regulatory Commission of Alaska ("RCA") or by a court.¹⁹

Moreover, HEA's position is that Chugach's right to access and transmit Project energy over HEA's facilities arose entirely from the Lease, not the Bradley Lake Agreements.²⁰ HEA asserts that the "expiration of both the [Lease] and the HEA-[Chugach] power sales agreement" terminated Chugach's right to receive power at HEA's Soldotna Substation and to operate any of HEA's transmission facilities.²¹ HEA explains that upon the expiration of the Lease, HEA began operating as an independent load-balancing authority and assumed the responsibility of providing

¹⁵ See HEA's Br. at 2.

¹⁶ See HEA's Br. at 2.

¹⁷ See HEA's Br. at 2.

¹⁸ HEA's Br. at 2.

¹⁹ HEA's Br. at 2.

²⁰ See HEA's Br. at 3.

²¹ HEA's Br. at 3.

transmission services between Bradley Junction and Quartz Creek.²² Finally, HEA argues that the Services Agreement does not require HEA to maintain the December 31, 2013, status quo.²³

B. The Designated Utilities' Position.

The Designated Utilities assert that the disputed issues arise out of the Bradley Lake Agreements, and the status quo must be maintained until the disputes are resolved.²⁴ The Designated Utilities argue that the BPMC has the authority to consider and decide the disputed issues on their merits. Specifically, the Designated Utilities argue that the Power Sales Agreement creates and defines the BPMC's broad rights and obligations with respect to the management, operation, and improvement of the Project, and the Power Sales Agreement requires the BPMC to adopt procedures for resolving disputes that arise under the Bradley Lake Agreements.²⁵ The Designated Utilities assert that, pursuant to the Power Sales Agreement, the BPMC adopted the Bradley Project Management Committee Bylaws ("Bylaws"), which contain specific procedures for dispute resolution.²⁶ The Designated Utilities further argue that the Bylaws' dispute-resolution procedures give the BPMC the authority to decide, on their merits in accordance with Article 12 and Section 5.10 of the Bylaws by majority vote, those issues the BPMC determines are within its authority to consider.²⁷ The Designated Utilities point out that the Services Agreement similarly provides that all disputes arising thereunder are subject to resolution in a manner consistent with

²² See HEA's Br. at 4.

²³ See HEA's Br. at 4.

²⁴ See Designated Utilities' Br. at 1-7; *see also* Tr. 67:18-24 (Feb. 7, 2014, Dispute Resolution Committee Meeting).

²⁵ See Designated Utilities' Br. at 6.

²⁶ See Designated Utilities' Br. at 6.

²⁷ See Designated Utilities' Br. at 6.

the BPMC's adopted dispute-resolution procedures.²⁸ The Designated Utilities, therefore, conclude that pursuant to the Power Sales Agreement, the Bylaws, and the Services Agreement, the BPMC has the authority to (1) determine whether it has authority to consider the disputed issues, and (2) to resolve, on their merits by a majority vote, those issues the BPMC determines are within its authority to resolve.²⁹

Moreover, the Designated Utilities argue that the Services Agreement and the Lease are unrelated agreements and that the termination of the Lease did not terminate Chugach's rights and obligations under the Services Agreement to operate, maintain, and repair the electrical facilities north of the Soldotna Substation, including the S/Q Line, for wheeling Project energy.³⁰ The Designated Utilities assert that Chugach's rights and obligations with regard to the S/Q Line are governed by the Services Agreement, not the Lease.³¹ Further, the Designated Utilities assert that HEA has been and is still being fairly compensated for the use of its facilities to wheel Project energy north as a part of the "net economic benefits" all Project Participants recognized and receive under the Bradley Lake Agreements.³²

²⁸ See Designated Utilities' Br. at 6.

²⁹ See Designated Utilities' Br. at 6-7.

³⁰ See Designated Utilities' Br. at 2-5.

³¹ See Designated Utilities' Br. at 2-5.

³² See Designated Utilities' Br. at 7.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

A. The Disputed Issues Arise Under the Bradley Lake Agreements.

The BPMC finds that the disputed issues between the Designated Utilities and HEA are essentially a disagreement over Chugach's and HEA's relative rights and obligations with regard to electrical facilities owned by HEA and operated by Chugach to dispatch and wheel Project energy under the Services Agreement. The BPMC finds that this dispute is governed by the terms of the Services Agreement and the Bradley Lake Agreements. Further, the BPMC finds that there exists a dispute as to whether HEA is entitled to any additional compensation for the use of HEA's electrical facilities north of the Soldotna Substation for wheeling Project energy. The BPMC finds that this dispute is also governed by the terms of the Services Agreement and the other Bradley Lake Agreements.

B. The BPMC Has Authority to Consider and Resolve Issues Arising Under the Bradley Lake Agreements.

Upon consideration of the Bradley Lake Agreements, the Bylaws, and the arguments put forth by both the Designated Utilities and HEA, the BPMC finds that it has authority to consider and resolve the disputed issues on their merits by a majority vote.³³ The BPMC finds that the disputed issues between the Designated Utilities and HEA concern Chugach's continuing contractual rights and obligations to operate, maintain, repair, dispatch and wheel Project energy over the electrical facilities north of the Soldotna Substation and are within the BPMC's authority to address and resolve under both the Power Sales Agreement and the Services Agreement.

³³ If the resolution of such a dispute also involves an amendment to any of the Bradley Lake Agreements, then such an amendment would also have to be made consistent with the language for amendment of the Bradley Lake Agreements.

The Power Sales Agreement and the Services Agreement place a broad range of rights and obligations upon the BPMC.³⁴ Section 13(c) of the Power Sales Agreement requires the BPMC to oversee the “management, operation, maintenance, and improvement” of the Project and requires the BPMC to “[a]rrange for the operation and maintenance of the Project, and the scheduling, production, and dispatch of Project power.” This language requires the BPMC to address operation and management issues as well as issues associated with the scheduling and dispatch of power. The current disputes between the Designated Utilities and HEA concern each of these areas of the BPMC’s authority. Further, Section 13(b) requires the BPMC to adopt “procedural rules” for “dispute resolution.”

Similarly, Section 10(b) of the Services Agreement expressly incorporates and designates the BPMC as the entity responsible for resolving disputes under the Services Agreement. Specifically, the Services Agreement provides:

At the meetings referred to in Section 10(a), the Parties shall also review performance under this Agreement, including difficulties encountered under the Agreement by any of the Parties and allegations (if any) of failure of any Party to perform the Agreement in good faith in accordance with its terms or intent. The Parties agree that any further procedures for dispute resolution under this Agreement shall be entrusted (if the Authority concurs) to good faith negotiation and adoption by the [BPMC], with Chugach’s affirmative vote required for adoption of such procedures.³⁵

This language requires the BPMC to address difficulties encountered with, and the failure of any Party to perform in accordance with, the terms of the Services Agreement. The current disputes between the Designated Utilities and HEA concern each of these areas of the BPMC’s authority.

³⁴ See Power Sales Agreement at 19-23; *see also* Services Agreement at 18.

³⁵ Services Agreement at 18.

The BPMC's authority over the issues in dispute between the Designated Utilities and HEA is also consistent with the exemption of the Bradley Lake Agreements from any regulatory oversight under AS 42.05.431(c). Absent such an exemption, the rights and responsibilities of utilities over electrical facilities and rates would be resolved by the RCA. In the case of the Bradley Lake Agreements, however, the Legislature exempted all such matters from the RCA and permitted them to be addressed and resolved by the industry through the specialized experience and expertise of the BPMC.

This ruling on the authority of the BPMC is required under Article 12 of the Bylaws entitled "Procedures for Dispute Resolution." Article 12.2 of the Bylaws states that "in the event the authority of the [BPMC] to act is at issue, the [BPMC] shall first make a finding as to its authority." Once such a finding is made, the BPMC has the authority to decide, on their merits, those issues the BPMC determines are within its authority to consider. Finally, with regard to these particular disputes, Article 5.10.2 of the Bylaws provides that "*the act of a majority of votes* taken during a meeting at any time when a quorum is present, shall be an act of the [BPMC], and binding on the members."³⁶

The BPMC, therefore, concludes that (1) the disputed issues between the Designated Utilities and HEA arise under the Bradley Lake Agreements; and (2) the Power Sales Agreement, the Services Agreement, and the Bylaws provide the BPMC with the authority and the responsibility to resolve the disputed issues between the Designated Utilities and HEA.

C. The Bradley Lake Agreements Were Not Modified, Amended, or Terminated by the Expiration of the Lease, and Chugach Is Still Entitled to Operate, Maintain, Repair, Dispatch, and Wheel Project Energy Over the S/Q Line.

³⁶ Emphasis added.

Upon consideration of the Bradley Lake Agreements and the evidence and arguments put forth by both the Designated Utilities and HEA, the BPMC finds that Project energy enjoys priority status for transmission services from the Project north to the Project Participants. The expiration of the Lease did not modify, amend, or terminate the Services Agreement or the priority status that Project energy enjoys thereunder. Instead, transmission services across the S/Q Line continue to be governed by the Services Agreement. The Services Agreement requires Chugach to operate, maintain, repair, dispatch and wheel Project energy over the electrical facilities from the Soldotna Substation north.³⁷ And, the Services Agreement requires Chugach to perform those services for 50 years.³⁸ The shorter term of the Lease is never mentioned in the Services Agreement.³⁹ Significantly, the Services Agreement does not limit Chugach's rights or obligations to operate, maintain, repair, dispatch and wheel Project energy over HEA's facilities north of the Soldotna substation to the term of the Lease. Instead, the Services Agreement requires Chugach to exercise such rights and obligations throughout the 50-year term of the Services Agreement without any qualification or limitation relating to the Lease. Notably, the Services Agreement was executed two years *after* the Lease.⁴⁰ Thus, if the parties had intended that the expiration of the Lease would terminate Chugach's rights and obligations under the Services

³⁷ See Services Agreement at 2 ("At the request of any Wheeling Utility, Chugach will provide wheeling, storage, and energy purchase services to such Utility for that Utility's Bradley Lake Energy in accordance with the provisions of this Agreement."); *see also* Services Agreement at 7-8 ("Chugach will in good faith and at all times: . . . operate, maintain, and repair the electrical facilities used to perform the services provided hereunder . . .").

³⁸ See Services Agreement at 3, 28-29.

³⁹ The Lease expired on January 1, 2014. See Lease at 2.

⁴⁰ The Lease was approved by the Commission in Order U-85-013(3), June 4, 1985. The Services Agreement was executed on Dec. 8, 1987. Services Agreement at 1.

Agreement, they would have expressly qualified or limited those rights and obligations to the term of the Lease. Further, such a limitation would not be reasonable to imply, given the Services Agreement's express requirement that Chugach operate, maintain, repair, dispatch and wheel Project energy over HEA's facilities north of the Soldotna substation for 50 years, the length of time the bonds would be outstanding. Finally, GVEA, MEA, and ML&P were not parties to the Lease between Homer and Chugach and, thus, expiration of the Lease could not be deemed to affect GVEA's, MEA's, and ML&P's rights under the Services Agreement.

Additionally, the Services Agreement can only be amended, renegotiated, or terminated at an earlier date by unanimous agreement.⁴¹ As such, the Chugach delivery point for Project energy may only be changed from the Soldotna Substation to the Quartz Creek Substation as a "successor facility" through the "written consent of all Parties."⁴² HEA's attempts to unilaterally terminate, amend, or renegotiate the Services Agreement through its Tariff Filings and actions impeding Chugach's ability to operate, maintain, repair, dispatch and wheel Project energy over the S/Q Line are improper.

The BPMC, therefore, concludes that the expiration of the Lease, which was neither referenced in nor related to the Bradley Lake Agreements, does not affect the continuing rights and obligations under the Services Agreement or the priority status Project energy enjoys thereunder. Instead, HEA must act in good faith to honor its commitments under the Services Agreement and allow Chugach to continue operating, maintaining, repairing, dispatching, and wheeling Project energy over HEA's facilities north of the Soldotna Substation.

⁴¹ See Services Agreement at 3-4.

⁴² See Services Agreement at 3. As the Designated Utilities point out, at least ten sections of the Services Agreement would have to be amended in order to effectuate such a change in delivery point. See Designated Utilities' Br. at 2, n.5.

D. HEA Will Be Permitted Some Additional Compensation for the Use of Its System Associated With the Transmission of Project Energy North of the Soldotna Substation.

The BPMC finds that the parties to the Services Agreement and the Transmission Sharing Agreement anticipated that the Project would produce “net economic benefits” for all the parties, including HEA.⁴³ Specifically, all parties received the benefit of being able to purchase cheap power from the Project. Further, HEA received contribution from the other Project Participants to build the Soldotna Segment.⁴⁴ HEA was designated as the operator of the Project and receives compensation for its services provided as such. HEA’s system is more reliable as a result of having the Project located on the southern edge of HEA’s system. HEA receives the ongoing benefit of Chugach operating and dispatching Project energy at less than Chugach’s actual costs of providing such services. And, HEA is benefited as a result of its right to pay for the scheduled dispatch of its Project power on an energy-delivered basis as opposed to an energy-reserved basis. The BPMC finds that, in exchange for those benefits, HEA committed its system to be used for the transmission of Project energy to the Project Participants in accordance with the Bradley Lake Agreements. Thus, HEA is adequately compensated under the Bradley Lake Agreements for the use of HEA’s system and is entitled to no additional compensation.

Nonetheless, in the interest of reaching a resolution among the Project Participants, the BPMC orders that HEA is to receive additional payments from the other Project Participants for the continuing use of HEA’s facilities north of the Soldotna Substation throughout the term of the Services Agreement. While HEA is not entitled to any additional compensation under the controlling Bradley Lake Agreements, the BPMC holds that permitting HEA some additional

⁴³ Services Agreement at 1; Transmission Sharing Agreement at 1.

⁴⁴ Transmission Sharing Agreement at 2-3.

compensation would be the most efficient and reasonable resolution of the disputes. Such a resolution, while providing HEA with additional compensation, preserves the structure and terms of the Bradley Lake Agreements by maintaining and continuing Chugach's responsibility and obligation to operate, maintain, repair, dispatch, and wheel Project energy over HEA's facilities north of the Soldotna Substation. Such a resolution also provides the most efficient continuing means to dispatch Project energy to the Project Participants.

The amount of additional compensation shall consist of both a fixed and a variable component. The fixed component is to be an amount of Three Hundred Thousand Dollars (\$300,000) per year, which provides additional compensation to HEA to resolve the disputes concerning the Project Participants' continuing use of HEA's transmission facilities from the Soldotna Substation north under the Bradley Lake Agreements. The variable component is to consist of reasonable costs incurred by Chugach in fulfilling its responsibilities under the Services Agreement to maintain and repair HEA's transmission system from the Soldotna Substation north when such maintenance is performed by or through HEA's own efforts. Chugach has the continuing obligation under the Services Agreement to authorize and approve all such variable maintenance costs. Such fixed and variable amounts are consistent with the maximum compensation HEA has recovered historically from Chugach through the formula elements set forth in the Bradley Lake Agreements and represent a reasonable remedy under the circumstances of these disputes. These fixed and variable payments are effective and required from January 1, 2014, until the expiration of the Services Agreement.

V. RESOLUTION

THE BPMC FURTHER RESOLVES:

1. As discussed in the body of this Resolution, the BPMC has the jurisdiction and obligation to resolve the disputes at issue.
2. As discussed in the body of this Resolution, the expiration of the Lease had no effect on the operation of the Services Agreement.
3. As discussed in the body of this Resolution, Chugach will continue to operate in accordance with the rights and obligations agreed to in the Services Agreement. Accordingly, Chugach will continue to operate, maintain, repair, dispatch, and wheel Project energy over HEA's facilities north of the Soldotna Substation in accordance with the terms of the Services Agreement.
4. As discussed in the body of this Resolution, HEA is violating BPMC Resolution 14-02 by not maintaining the status quo while this dispute is being resolved by the BPMC.
5. HEA shall take all reasonable steps to provide Chugach with the information and physical capability (where HEA cooperation is needed) to continue to perform its responsibilities in the same manner as Chugach did prior to January 1, 2014.
6. HEA shall act in good faith to provide such cooperation as Chugach may from time to time request to allow Chugach to fulfill its responsibilities to operate, maintain, repair, dispatch, and wheel Project energy over HEA's facilities north of the Soldotna Substation under the Services Agreement, as those responsibilities have been clarified in the body of this Resolution.
7. HEA shall amend its tariff filings designated TA355-32 and TA356-32 ("HEA's Tariff Filings") with the RCA to expressly provide that HEA's Tariff Filings shall not apply to any and all services or rates covered by the Bradley Lake Agreements, as those services and rates have been interpreted and more fully identified in the body of this Resolution. Additionally, such amendment shall specifically and expressly provide that (a) HEA's Tariff Filings shall not apply

to any services associated with the transmission of Project energy; (b) HEA's Tariff Filings shall not affect the priority status that Project energy currently enjoys under the Bradley Lake Agreements; and (c) HEA's Tariff Filings shall not apply to or require compensation for the use of HEA's facilities associated with the transmission of Project energy. HEA shall file such an amendment to its Tariff Filings in accordance with this Resolution of the BPMC within 15 days from the date of this Resolution.

8. HEA is to submit its request for variable component cost recovery to the BPMC in accordance with terms announced in section IV.D. of this Resolution within 15 days from the date of this Resolution.

9. Chugach is to submit appropriate payments to HEA, consistent with compensation terms announced in section IV.D. of this Resolution, within 30 days of the date of this Resolution.

10. All parties are entitled to seek immediate judicial enforcement of the terms of this Resolution before the Superior Court for the State of Alaska, Anchorage District.

DATED AND EFFECTIVE this 8 day of May, 2014.



By

Bradley Evans

Bradley Evans
BPMC Chair

Sara Fisher-Goad

Sara Fisher-Goad
Secretary