RESOLUTION No. 2018-01
OF
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE

Battle Creek Diversion Project Share Allocation Process

Introduction: The Bradley Lake Project Management Committee ("BPMC") is involved a project which will divert the water flows of Battle Creek into Bradley Lake to increase the water for use by the Bradley Lake Hydroelectric Project ("Bradley Lake Project"). All Purchasers are supportive of the expansion of the capabilities of the Bradley Lake Project through the development of the Battle Creek Diversion Project ("BCD Project"). The activities of the BPMC regarding the BCD Project are authorized as Optional Project Work under the Power Sales Agreement.

Purpose of Resolution No. 2018-01: Resolution 2018-01 amends the voting requirements for the BPMC to accept the results of the study that will address the O&M impacts of the BCD Project on the Bradley Lake Project and clarifies the methodology to be used by the BPMC to allocate BCD Project shares of any Non-Participating Purchaser that has not been otherwise sold or transferred.

Resolution No. 2018-01

WHEREAS, the BPMC has authorized the development and financing of the BCD Project through the adoption of Resolution No. 2017-01 (June 28, 2017), Resolution No. 2017-02 (October 13, 2017), First Amendment to Resolution No. 2017-02 (December 1, 2017), Second Amendment to Resolution No. 2017-02 (December 6, 2017), and Resolution No. 2017-03 (December 16, 2017) (jointly hereinafter referred to as the "Earlier BCD Project Resolutions");

WHEREAS, the BPMC voting requirements for adopting the results of the study of the impacts of the BCD project to the Bradley Lake Project in Earlier BCD Project Resolutions was that the results of the study were to be approved by the affirmative vote of members whose percentage shares of the output from the Bradley Lake Project are equal or exceed eighty percent (80%) of the Bradley Lake Project capacity and Annual Project costs;

WHEREAS, the BPMC wishes to change the voting requirements for adopting the results of the study of the impacts of the BCD project to the Bradley Lake Project from the voting requirements set forth in the Earlier BCD Project Resolutions to a voting requirement in accordance with the BPMC voting requirements for Optional Project Work (i.e., the affirmative vote of at least four representatives of the Purchasers, whose percentages shares of Project capacity are greater than 51% plus the affirmative vote of the representative of the Authority); and,

WHEREAS, the BPMC wishes to clarify the calculation and methodology for reallocation of the BCD Project Shares of any Non-Participating Purchaser that has not otherwise sold or transferred in accordance with the manner which such shares have been reallocated.

NOW, THEREFORE, IT IS HEREBY RESOLVED BY THE BPMC, that the voting requirements for adopting the results of the study of the impacts of the BCD project to the Bradley Lake Project shall be the same as the BPMC voting requirements for Optional Project Work (i.e., the affirmative vote of at least four representatives of the Purchasers, whose percentages shares of Project capacity are greater than 51% plus the affirmative vote of the representative of the Authority); and,

BE IT FURTHER RESOLVED BY THE BPMC, that the methodology to be used by the BPMC to allocate BCD Project shares of any Non-Participating Purchaser that has not been otherwise sold or transferred shall be as attached in Exhibit A to this Resolution No. 2018-01; and,

BE IT FURTHER RESOLVED BY THE BPMC, that, except as expressly set forth herein, the BPMC does not intend or desire any other changes to the Earlier BCD Project Resolutions by the adoption of this Resolution No. 2018-01.

Dated at Anchorage Alaska, this 20th day of July 2018.

Chair

Attest: ______________
Secretary

Exhibit A
To
RESOLUTION NO. 2018-01
OF
BRADLEY LAKE PROJECT MANAGEMENT COMMITTEE

Reallocation of BCD Shares

The Reallocation Process:

The methodology for allocating BCD Shares of any Non-Participating Purchaser that has not been otherwise sold or transferred is, as follows: the respective percentage of original shares of Bradley Lake Project capacity held by each Participating Purchaser shall be divided by the total percentage of Participating Purchasers ("Allocation Percentage"). The Allocation Percentage shall be multiplied by the percentage of original shares of Bradley Lake Project capacity held the total of all Non-Participating Purchasers that have not otherwise sold or transferred their BCD Shares to calculate the percentage of the reallocated amount of the Non-Participating BCD Shares ("Reallocated BCD Share").The Reallocated BCD Share for each Participating Purchaser shall be added to the BCD Share for that Participating Purchaser to achieve the total amount of percentage participating in the BCD Project. Please see Exhibit 1 for an example of the specific calculation under this reallocation methodology. The Participating Purchasers may allocate their BCD Share and/or the redistributed BCD Shares from the BCD Pool by agreement.

Example of Reallocation Process

[Note: This example, using the data associated with Chugach Electric Association, Inc., illustrates the reallocation process with the data from the BPMC's 2018 BCD Share allocation process. Please see "Battle Creek Allocation Worksheet" prepared by Alaska Energy Authority at Page 2 of 2 of this Exhibit.]

Step 1 - The respective percentage of original shares of Bradley Lake Project capacity held by each Participating Purchaser shall be divided by the total percentage of Participating Purchasers ("Allocation Percentage").

Allocation Percentage = 30.40 / 57.20 = .53147

Step 2 - The Allocation Percentage shall be multiplied by the percentage of original shares of Bradley Lake Project capacity held by the total of all Non-Participating Purchasers that have not otherwise sold or transferred their BCD Shares to calculate the percentage of the reallocated amount of the Non-Participating BCD Shares ("Reallocated BCD Share").

Reallocated BCD Share = (.53147) X GVEA's BCD Share (16.9) = 8.98

Step 3 - The Reallocated BCD Share for each Participating Purchaser shall be added to the BCD Share for that Participating Purchaser to achieve the total amount of percentage participating in the BCD Project ("Final BCD Share Allocation").

Final BCD Share Allocation (%) = 8.98 + 30.4 = 39.38%

ALASKA ENERGY AUTHORITY
Battle Creek Allocation
December 13, 2017

Power Purchaser	Bradley Percent Shared	Battle Creek Share re-distribution to HEA from ML&P12/13/17	Battle Creek Allocation of GVEA Share	Gross
Chugach Electric	30.40%	30.40%	8.98%	39.38%
Municipality of Anchorage	25.90%	0.00%	0.00%	
Homer Electric	12.00%	37.90%	3.55%	41.45%
Matanuska Electric	13.80%	13.80%	4.08%	17.88%
Golden Valley Electric	16.90%	0.00%	0.00%	
City of Seward	1.00%	1.00%	0.30%	1.30%
	100.00%	**83.10%**	**16.90%**	100.00%

Battle Creek participation prior to Dec 13th:	
Non-participating percent total	42.80%
Participating percent total	57.20%
	100.00%

Battle Creek participation Dec 13th:	
Non-participating percent total	42.80%
Participating percent total	**57.20%**
	100.00%