



## News from Alaska Power Association

April 2009

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### **APA Associate Member: Denali Capital Management**

#### **Take a look under the hood of your safe money**

*A message for APA members from Denali Capital Management*

Last year was an "educational" year. Wall Street, Washington, and public investors around the world became educated to the fact that asset prices can decline as well as increase.

They learned that there is a limit to the amount of debt that

## Alaska electric utilities working together for a brighter future

It is an exciting time to be in the electric industry. There are many legislative issues keeping us busy as we testify and provide background information to policymakers.



Next week, I will provide opening remarks at a facilitated joint board meeting in Anchorage of the Railbelt utilities. At the meeting, the utilities will discuss the Greater Railbelt Energy and Transmission Corporation (GRETC) legislation recently introduced by Governor Palin. In a recent hearing, representatives from all six of the Railbelt utilities said they supported the concept of the bills. All acknowledged that there are questions to be answered and issues to be addressed before it receives complete support from all parties. Having a joint meeting with open dialogue is a step in the right direction of working together to plan Alaska's energy future.

I am pleased to report that Matanuska Electric Association, Inc. (MEA) is our newest Active Member. We are looking forward to working with the Matanuska-Susitna utility. MEA is Alaska's first electric cooperative and a founding member of Alaska Power Association and ARECA Insurance Exchange.

APA recently transmitted our energy planning goals and objectives report to Steve Haagenon, State Energy Coordinator and Executive Director of the Alaska Energy Authority (AEA). The report was also provided to the Governor and the legislature. It is posted on the [Watts New](#) page of our web site. I intend to meet with AEA and discuss a plan for moving forward with the action items we recommended in the plan. I will keep you posted on this effort.

can be employed in a society and still remain solvent. They re-learned the basics of underwriting, due diligence and risk management, and realized they could not rely on commercial credit quality ratings that were paid for by the issuers of the debt instruments to be rated.

It was fairly early in the timeline of last year's meltdown that we decided that we ourselves needed a crash course in the debt instruments that were at the heart of the crisis - the so-called "toxic assets" that are still overwhelming company balance sheets in many industries. It was a very eye-opening exercise.

Even the savviest, best intentioned CFOs could easily find that instruments like these were in their portfolio, and should not shoulder much blame if a few of them were or are present. After all, they bore the names of some of the most trusted names in the investment world - financial leaders all! Or, if named something incomprehensible, like "CE-2005-C1 Comm'l MTG TR", they were endowed with the AAA or Aaa endorsement from Standard & Poor's or

Until next time,  
*Marilyn Leland, Executive Director*

## Alaska electric energy leaders converge in the capital city

Renewable energy generation, transmission interties, and affordable electric power were the top issues being discussed at the Alaska Power Association Legislative Conference March 10-11 in Juneau, Alaska.

Roughly 80 electric utility managers and directors from across the state convened in Alaska's capital city to advocate on behalf of their member-owners.



The association's legislative conference featured four interactive panel discussions with state policymakers, an update on federal climate change legislation, and

presentations from Joe Balash, Special Assistant to Governor Palin for energy and natural resource development issues, and Senator Lisa Murkowski's (R-Alaska) energy aide, **Chuck Kleeschulte**, who called into the meeting from Washington, DC.

Representatives from APA member utilities took advantage of several opportunities to have face-to-face conversations with state senators and representatives and their respective staff during office visits in the Capitol, panel discussions during the conference, and an evening reception.

The following legislators and state officials participated in the conference: **Senate President Gary Stevens; House Speaker Mike Chenault; Sens. Gene Therriault, Charlie**



Moody's. Many of this latter category have been downgraded all the way to CCC or lower.

Money market funds were no exception. The one large fund to "break the buck" last year had the misfortune to take down a few hundred million of short term paper from Lehman just hours before they took their last circle around the drain.

Call your money manager. Find out what percent of your fixed income assets are held in commercial mortgage-backed securities (CMBS).

Ask about payment histories, ratings downgrades, and liquidity, and whether the value they are carried at is marked-to-market, marked-to-model, or marked-to-mirage. Look for collateralized debt obligations (CDO). Ask about asset-backed securities (ABS) for these structured trusts of consumer receivables may be the next in line for trouble.

Ask your investment advisor if substituting treasuries or high-quality corporate notes for these instruments makes sense for your

**Huggins, Bill Wielechowski, Donald Olson and Albert Kookesh; Reps. Kyle Johansen, Harry Crawford, John Coghill, Charisse Millett, Bill Thomas, Bryce Edgmon, Reggie Joule and Bob Herron; Joe Balash**, Special Assistant to Governor Sarah Palin; **Commissioner Larry Hartig**, Alaska Department of Environmental Conservation; **Commissioner Emil Notti**, Alaska Department of Commerce, Community & Economic Development; and **Deputy Commissioner David Stone**, Alaska Department of Labor & Workforce Development.

Alaska Power Association's legislative priorities, resolutions, and energy plan recommendations are posted on the organization's [web site](#).

*Photo captions:*

*The House of Representatives panel at the Alaska Power Association Legislative conference includes (left to right) Reps. Charisse Millett (R-Anchorage), John Coghill (R-North Pole), Harry Crawford (D-Anchorage), Kyle Johansen (R-Ketchikan), and Speaker Mike Chenault (R-Nikiski).*

*Joe Balash discussing Governor Sarah Palin's long-term energy vision for Alaska.*

## AVEC had state's largest utility wind generating capacity and production in 2008

Alaska Village Electric Cooperative (AVEC) recently announced that its fleet of wind turbines, with a maximum rating of 1,364 kW, had the highest maximum utility wind generating capacity and highest total production in the entire state in 2008.

AVEC owns wind turbines operating in five communities with interties to three other communities. The installed wind generating capacity is as follows: Selawik has four AOC 66-kW turbines with a maximum generating capacity of 264 kW; Kasigluk, Toksook Bay and Hooper Bay each have three Northwind 100 100-kW turbines with a maximum generating capacity of 300 kW; and Savoonga has two Northwind 100 wind turbines with a maximum generating capacity of 200 kW. Interties from Toksook Bay provide power to the communities of Tununak and Nightmute and an intertie from Kasigluk provides power to Nunapitchuk.

organization.

Take a good look at the holdings in your money market fund, too. Watch for special purpose vehicles (SPV), structured investment vehicles (SIV), or a preponderance of names you've never heard of with an LLC after them.

As we learned last year, these assets are all-pervasive; you should verify that they do not occupy too large of an allocation in your funds holdings.

It's not too late to make sure you know what you own and are comfortable with it. Our economy is likely to remain under pressure for some time, and most experts agree there will be further defaults ahead.

For the period ahead, return of your capital should take precedence over return on your capital.

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members since 1984

#### Industry Links

[Alaska Power Association](#)

[Alaska Energy Authority](#)

Including wind turbines in Savoonga and Hooper Bay that came online late in 2008, AVEC's total combined net wind energy production was 1,446,268 kWh. Total combined net energy production (wind and diesel) in the eight communities was 13,679,825 kWh.

Total combined net energy production (wind and diesel) in all of AVEC's 53 communities was 70,077,779 kWh. Wind displaced 108,057 gallons of fuel, saving \$493,000 in fuel costs.



The following 2008 figures are for villages with turbines operational for a full year: Kasigluk's wind turbines generated an average of 21.9% net wind versus total kWh generated; Toksook Bay generated an average of 20.3% net wind; while wind in Selawik provided an average net wind generating capacity of 3% of total kWh generated.

Wind resources vary by village throughout the year and affect overall output. AVEC support staff and local operators are fine tuning the integrated operations of the wind and diesel systems along with adding additional intertied villages. In 2008, net wind production in Kasigluk and Toksook Bay increased 27% with no change in equipment.

AVEC plans to install seven more Northwind 100 turbines in 2009; four in Chevak and three in Gambell. Plans for the year 2010 include installing an additional wind turbine in Toksook Bay and building wind farms in Quinhagak and Mekoryuk.

AVEC is also encouraging the electrical interconnection of villages with small interties to encourage more efficient integration of renewable resources, more efficient diesel generation, and more control of plant operating costs.

*Photo:*

*Wind turbines in Kasigluk. Photo courtesy of Alaska Village Electric Cooperative.*

Energy Information  
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National Rural  
Electric  
Cooperative  
Association

Northwest Public  
Power Association

Renewable Energy  
Alaska Project

## GVEA's electric bill surcharge suspended

Golden Valley Electric Association (GVEA) members started seeing almost a four cent decrease per kilowatt-hour in their electric costs as of March 2. The decrease comes in the form of a suspended fuel adjustment that had been necessary to cover the increased cost of fuel to generate power.

"We've heard from several members who are frustrated that GVEA's fuel adjustment remained high as they watched energy prices drop," said GVEA's President & CEO Brian Newton. "The main reason for this is that the fuel adjustment calculation encompasses both a 12-month projection and a three-month true up of actual fuel and purchased power costs. This creates a lag in timing and pricing."

A zero fuel adjustment doesn't mean there is no charge for fuel; a portion of fuel costs is covered in the energy charge on members' bills. The fuel adjustment is designed to help the co-op adjust to changes in fuel prices and is adjusted quarterly.

GVEA's fuel adjustment hit an all-time high of nearly nine cents per kilowatt-hour in June 2008. Members saw a half cent decrease in September and another four cent decrease in December. Prior to June 2004, the fuel adjustment was a credit on members' bills for more than 20 years.

## Homer Electric Board and members tour HCCP

The Homer Electric Association Board and three of the co-op's members toured the Usibelli Coal Mine and the Healy Clean Coal Plant (HCCP) on March 3. This gave the group a first-hand look at the plant and provided an opportunity to answer some of their questions about the plant and its coal supply.



"After years of inactivity, it is exciting to see the Healy Clean Coal

Project on the verge of being re-started. Homer Electric appreciated the opportunity to tour the plant and get a first-hand look at the facility," said Debbie Debnam, HEA President.

Usibelli Coal Mine President & CEO Joe Usibelli Jr. and General Manger Keith Walters led the Usibelli tour and Scott Milliken, Golden Valley Electric Association's (GVEA) Healy Power Plant Maintenance Manager, gave the HCCP tour.



"We appreciate Homer's board for their interest in familiarizing themselves with the plant. This was a great opportunity for them to see how coal is mined, delivered to the

plant and how it's used to generate electricity," said Bill Nordmark, GVEA Chairman.

After nine years, GVEA worked out a settlement for HCCP. GVEA agreed to purchase the plant from its owner, the Alaska Industrial Development and Export Authority (AIDEA), for \$50 million. AIDEA also agreed to loan GVEA up to an additional \$45 million for plant startup and system integration costs.

*Photo captions:*

*Homer Electric Association board members get a first-hand look at the HCCP facility.*

*GVEA Board Vice-Chairman Dan Osborne and HEA General Manager Brad Janorschke review the coal handling process.*

*Photos courtesy of Golden Valley Electric Association.*

## Movers and shakers



**Randy Erickson** (left) is Kodiak Electric Association's (KEA) new Maintenance Relief Operator. Erickson brings 16 years of experience as the Lead Heavy

Equipment Mechanic and Shop Supervisor for the City of Kodiak's fleet repair facility.

**John Bahe** (right) was hired as KEA's Power System Dispatcher/Operator. Bahe is a long-time Kodiak resident, and has nearly two decades of commercial and residential construction experience in the community.



**Betsy Lund** (left) joined the team at KEA as Executive Assistant. She has six years of editing and reporting experience from her work at the Kodiak Daily Mirror. Lund has a Bachelor of Arts degree from the University of Wisconsin Madison.

**Kimberly Gialopsos** (right) started working at Chugach Electric Association on January 19 as Human Resources Specialist in labor relations and training. Gialopsos was a Human Resources specialist at the State of Alaska where she provided management consulting to public protection agencies. She has a Master of Public Administration with an emphasis in management and an undergraduate degree in political science from the University of Alaska Anchorage.



**Morton V. Plumb, Jr.**, a member of First National Bank Alaska's Board of Directors, was recently appointed Chief Operating Officer. Plumb will remain a member of First National's Board of Directors and Betsy Lawer will continue as Vice-Chair and Corporate Loan Officer. Transition of the COO duties from Lawer to Plumb will support management's focus on the operational and market challenges to

the bank's continued growth and success. Plumb previously served as the Director of Ted Stevens Anchorage International Airport.

**Brian Hirsch**, a director on the board of Homer Electric Association, was chosen to head a new Alaska office of the U.S. Department of Energy's National Renewable Energy Laboratory. Hirsch, who holds a Ph.D. in natural resources, formerly was development director for the Yukon River Inter-Tribal Watershed Council. His projects have included village wind turbines, a small in-river hydrokinetic turbine in the Yukon River, and photovoltaic panels in Arctic Village.



**John Foutz** is the new City of Seward Electric Utility Division Manager. He is from Chico, California and has degrees in business administration and electrical engineering.

## Call for sponsors: APA/AIE Annual Meeting hosted by Homer Electric, August 5-7

The scenic sport fishing mecca of the Kenai Peninsula is the backdrop of the Alaska Power Association and ARECA Insurance Exchange Annual Meeting being held August 5-7 at the Challenger Learning Center of Alaska and Kenai Central High School. Homer Electric Association is this year's hosting utility.

The 58th annual meeting of the trade association includes a meeting of the APA Board of Directors, two general sessions of presentations, and an evening awards banquet.

The insurance exchange annual meeting is comprised of a meeting of the AIE Board of Trustees and an evening reception.

Related organizations to hold meetings during the event are the APA Managers Forum, Alaska Rural Fuel Supply Corporation, ARECA Training Council, and ARECA Educational Foundation. The foundation holds a fundraiser auction that follows the trade association awards banquet.

Sponsorship amounts for the annual meeting range from



\$500 to \$10,000 and there is a variety of benefits that accompany each level of support. Alaska Power Association works with event contributors to ensure they receive maximum exposure for their investment. Sponsors who indicate their support by April 24 will be recognized in the meeting registration packet. A sponsorship flyer and other information is available on the APA web site.

▶ [APA Meetings and Events](#)

## Meetings & events calendar

**NRECA Legislative Conference:** May 3-5, 2009, Washington, DC

**NWPPA Annual Meeting:** May 17-21, 2009, Boise, ID

**APA/AIE Annual Meeting:** August 5-7, 2009, Kenai-Soldotna, AK

**NRECA Region 9 Meeting:** September 23-25, 2009, San Diego, CA

**NWPPA-APA Alaska Utility Conference:** October 29-30, 2009, Anchorage, AK

**APA/AIE December Meetings:**  
December 4, 2009

▶ [APA Meetings and Events](#)

## Employment opportunity

**Copper Valley Electric Association (CVEA)**, a member-owned, non-profit electric cooperative, is seeking a highly motivated, team-oriented self-starter to join its management team as **Manager of Hydro Generation**.

CVEA is a non-profit rural electric cooperative doing business in the Copper River Basin and Valdez regions of Alaska. CVEA is headquartered in Glennallen on the western boundary of the Wrangell St. Elias National Park and Preserve and maintains a district office in Valdez on stunningly beautiful Prince William Sound. The Manager of Hydro Generation position is based in Valdez.

The successful candidate will act as project manager on a wide range of major capital projects and upgrades at existing and future hydroelectric plants. The position will be a

technical and budget liaison to the CVEA CEO and Board, providing information on potential future projects as well as current project status updates.

The successful candidate will also advance the strategic mission of the cooperative by analyzing and developing projects that enhance system operations, implementing new and existing technology, and applying the cooperative's technical skills and abilities to new project opportunities. Travel between the two districts is necessary and outside the service territory as required.

Proven information technology skills, demonstrated leadership, and superior written and verbal communication skills are required. Ten years in project management, including all phases of operation and maintenance of a FERC licensed hydroelectric project is required along with a B.S. degree in engineering in an appropriate discipline. The successful candidate should have a strong working knowledge of hydro and generation operation and integration.

This position is salary exempt, up to \$125,000 annually, depending on experience and qualifications. Relocation assistance is available. CVEA is an Equal Opportunity Employer. For more information, contact Nancy Heidelberg at [jobs@cvea.org](mailto:jobs@cvea.org).

► [Employment opportunities](#)

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