

Fairbanks Daily News-Miner

GVEA acted in good faith

By Rick Schikora

Friday, December 09, 2005 - The Alaska Industrial Development and Export Authority has come out with guns blazing, filing a lawsuit against Golden Valley Electric even while we're both supposed to be acting in a spirit of cooperation. Is that in good faith?

The controversy is over the mothballed Healy Clean Coal Project. AIDEA's recent lawsuit against GVEA revolves around a settlement agreement made five years ago. This agreement between AIDEA and Golden Valley was to provide a road map to resolve outstanding issues in order to get the Healy plant operating.

In good faith, GVEA has been following this settlement agreement in attempting to get the failed plant up and running, while observing our primary goal of protecting Golden Valley's members and their existing assets that provide vital power to the Interior. On behalf of its members, GVEA has always advocated for a plant that is safe, reliable, economic and long-term viable.

The settlement agreement gave GVEA three choices: a full retrofit, a partial one, or to elect no further participation. Due to poor retrofit economics in 2003, GVEA finally decided on no further participation. The governor asked us to continue working with AIDEA to come up with a solution. We did, including several attempts to obtain an air permit for a retrofit--once at the specific request of the governor. AIDEA opposed this application and did so on the day it was to be filed. Is that in good faith?

GVEA continued pursuing necessary congressional funding to cover the costs of retrofitting the plant. We encouraged AIDEA to start the plant but to do so without harming our members' ability to get reliable power. GVEA worked hard on both of these ideas, but AIDEA backed away. Is that in good faith?

GVEA board members and staff met with AIDEA representatives many times throughout 2003 to determine the requirements and costs of operating the Healy plant. AIDEA then requested GVEA make an offer to purchase the plant.

Golden Valley made an offer, for a value determined by a jointly hired, independent expert. That is good faith. The result: AIDEA didn't respond for months and then scoffed at the offer. That's not good faith. Good faith is having a different idea and offering it for discussion and negotiation.

The settlement agreement stipulates that GVEA will provide a ground lease for the Healy Clean Coal Project, since the plant sits on GVEA land. In 2005, AIDEA proposed ground lease terms that would have significantly impacted operations at GVEA's own Healy power plant and crippled GVEA's future growth. GVEA offered a limited and sensible counterproposal. AIDEA responded with a baseless lawsuit that claims breach of the settlement agreement rather than coming back to the table to continue negotiating. Is that in good faith?

AIDEA claims GVEA has been moving too slowly. Golden Valley has good reason to be very, very careful with what AIDEA wants, says and does--because Golden Valley has an absolute obligation to protect its member-owners. Golden Valley has always made it clear that Interior ratepayers deserve a plant that's safe, reliable, economic and long-term viable. GVEA has consistently worked toward this goal honestly and in

good faith.

For any agreement to work, both sides must work together in good faith. Good faith means applying for permits and negotiating lease proposals, working to secure retrofit funding, and even making purchase offers or proposals for AIDEA to start the plant.

GVEA did all of these, both before and after we'd notified AIDEA of no further participation. That is good faith.

Golden Valley has taken these steps to help AIDEA get this plant up and running. An operational plant would provide jobs for the Healy community and 50 megawatts of power that could be a vital component in a reliable and diversified fuel mix for the Interior's future.

AIDEA directors were appointed by the governor to represent the interest of Alaskans, not to sue them in an attempt to cover up for their own mismanaged business decisions. Golden Valley recognizes AIDEA's move for what it is--a misguided attempt to divert attention from its own failures by picking the pockets of the 90,000 men, women and children in Alaska's Interior.

AIDEA's tactics amount to a \$167 million attack against Alaskans who deserve better. Golden Valley remains committed to working closely with AIDEA to meet the conditions necessary to make the Healy plant operational. But AIDEA must demonstrate it can focus on serving the interests of Alaska, the Interior and member-owners, not just protect their own political hides. For a change, that would be a show of good faith.

Rick Schikora is chairman of the Golden Valley Electric Association board of directors.