



KEA NEWSLINE

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MEMBER NEWSLETTER

OCTOBER 2011

KODIAK DIESEL PLANT STACK REPLACEMENT

The stacks at our Main Diesel Plant are getting a face-lift! Our Power Generation mechanics began the process in August by replacing the old rusty stack on Diesel Unit #1, the oldest of the four units, with a shiny new combination exhaust stack/silencer.

The stacks for the other three units will also be replaced by the end of October. The new stacks are constructed of stainless steel, which is highly resistant to corrosion, so we expect our maintenance costs will be lower. Each stack has built-in emission reduction technology that will reduce exhaust odor and exhaust emissions.

CONSERVATION CORNER

TURN
OFF
YOUR
LIGHTS



Don't forget to check throughout the house to make sure that all lights have been turned off before you leave.



Pillar Mountain Wind Project
Photo courtesy of Dake Schmidt

Darron Scott PRESIDENT/CEO REPORT

More Wind in Our "Sales" The KEA High Penetration Wind Project

KEA is officially moving forward with adding three more wind turbines on Pillar Mountain. The KEA Board of Directors authorized the purchase through approval of a contract with General Electric by a unanimous vote at their Regular Meeting on August 25, 2011. This is a tremendous step forward in providing clean renewable energy for our communities and meeting our vision statement to *endeavor to produce 95% of energy sales with cost effective renewable power solutions by the year 2020.*

KEA's High Penetration Wind Project involves three aspects: First, to add three 1.5 MW wind turbines with additional transformation at High Substation, and second, to add the appropriate sized energy storage devices. Finally, we will add a third hydro turbine at Terror Lake. We have already talked about the third hydro turbine at Terror Lake, and we will talk about the new energy storage system in the future.

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Fast Facts

Pillar Mountain Wind Farm

Net kWhs Generated: 26,955,839
Est. Gallons of Diesel Saved: 1,898,299

(Data as of August 29, 2011)

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In Memoriam

**BOARD OF DIRECTORS
NEXT REGULAR MEETING**
*October 27, 2011, noon
KEA Auditorium*

**ALL MEMBERS ARE
WELCOME TO ATTEND!**

Board of Directors

Cliff Davidson,
Chairman

Ron Acarregui,
Vice Chairman

Stosh Anderson,
Secretary/ Treasurer

LCDR Andy Brown,
U.S.C.G. Liaison

Michael Brechan

Linda Freed

Gordon Gould

Jay Johnston

Ben Millstein

Cecil Ranney





**NEWS FROM
THE BOARD ROOM**

**BOARD ACTION
HIGHLIGHTS**

**REGULAR MEETING
July 28, 2011**

ACTION TO:

- Approve Resolution #671-11 *Authorization for President/CEO to Represent KEA and Apply for a Renewable Energy Fund Round V Grant through the Alaska Energy Authority.*
- Adjust the capital credit discount rate of 6%, the current "opportunity loss" rate applied to early retirements of capital credits, to 4.5%, which is more reflective of the current KEA "opportunity loss" rate.

**REGULAR MEETING
August 25, 2011**

ACTION TO:

- Allocate an additional \$15,000 for capital credit estate retirements for 2011, making a total of \$65,000 available for estate retirements in 2011.
- Acknowledge the RUS Supplemental Mortgage Schedule A changes and ratify the prior motion to approve Resolution No. 672-11 *Authorizing the execution of loan documents with CoBank, ACB in the amount of \$25,000,000 for the purpose of obtaining a New Clean Renewable Energy Bond (CREB) to finance the Kodiak High Penetration Wind Project.*
- Authorize the execution of the contract with General Electric (GE) for three (3) additional wind turbines as a part of the Pillar Mountain High Penetration Wind Project.

MORE WIND IN OUR "SALES" — THE KEA HIGH PENETRATION WIND PROJECT
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The new wind turbines will be nearly identical to the original three wind turbines. The optimum installed capacity is 4.5 MW of additional wind, generating approximately 13 million kilowatt hours. This amount of wind energy matches our grid needs: system stability and load demand. This will increase our wind capacity to 9 Megawatts with an annual production of about 26 million kilowatt hours.

Our schedule provides for erection of the wind turbines in August 2012. General Electric is the turbine supplier and provider of support commissioning crew, and these new wind turbines are just the newer versions of the turbines we already have. Working through our initial three-turbine wind project in 2009 has prepared us for the logistical challenges in transporting and installing our next three new wind turbines.

Shifting our source of electric energy from diesel to fuel-free renewables not only lowers the cost of power, but it also stabilizes the cost of power. The fewer gallons we need to generate electricity, the less impact volatile fuel prices have on our communities. Without the Pillar Mountain High Penetration Wind Project, we would have to remain dependent upon diesel powered generation to supplement our existing wind and hydro generation.

Pillar Mountain's excellent wind resource has been established by the successful operation of our first three wind turbines. The Pillar Mountain High Penetration Wind Project is the most cost-effective approach for KEA to meet our communities' growing electrical demand by optimizing our existing hydro-wind infrastructure. When combined with the hydropower from the Terror Lake facility and the original three wind turbines on Pillar Mountain, the Pillar Mountain High Penetration Wind Project is expected to supply our electrical system with approximately 98% renewable energy. This project is the next important and necessary step towards achieving our renewable energy vision.

We will continue to assist communities throughout Alaska and the world move toward greater energy independence by sharing the lessons we learn.



All Smiles for Terror Lake

From left: Kim Davidson, Marilyn Davidson, Katrina Ferris, Bryan Ferris, and Pilot Mark Patterson. Their tour of the Terror Lake Hydroelectric Facility on September 7, 2011 was one of the many great prizes KEA gave away at our Annual Membership Meeting on April 11, 2011.

IN MEMORIAM

We were deeply saddened to say goodbye to KEA friend James Garoutte, who recently passed away. James was first elected to the KEA Board of Directors in 1951 and served for over 20 years. He will be missed.

