



ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY



480 WEST TUDOR

ANCHORAGE, ALASKA 99503

907 / 269-3000

FAX 907 / 269-3044

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Contact: Randy Simmons
AIDEA Executive Director, 269-3000
Mike Kelly, GVEA President, 452-1151

AIDEA, GVEA settle Healy coal plant dispute

(Anchorage, AK) The Alaska Industrial Development and Export Authority (AIDEA) and Golden Valley Electric Association (GVEA) have reached a settlement on the Healy Clean Coal Project (HCCP). The agreement was signed Wednesday by AIDEA Executive Director Randy Simmons and GVEA President Mike Kelly.

Under the comprehensive settlement, GVEA and AIDEA agreed to a course of action that protects the interests of Interior ratepayers and provides for pay back of AIDEA's investment in the HCCP. As a result of this settlement, all litigation has been concluded.

GVEA's Kelly said he's pleased with the settlement because it protects our member-owners and will provide reliable base-load power for our growing utility.

"This is a fair deal for everybody," Kelly said. "We have a commitment to deliver reliable power at low rates. We're proud of the fact that we have not raised electric rates in 18 years. This settlement means that we will have a plant that benefits Interior Alaskans for decades. Golden Valley can continue to provide the reliable, low-cost power that our members expect and deserve."

The \$267 million project had multiple goals: to test clean-coal technology with combustion and air emissions equipment; develop technology to burn waste coal that otherwise would not be used to produce energy, provide a reliable and economic power source in Interior Alaska, provide payback of AIDEA's investment; and create jobs and economic development in Alaska.

"All goals have been accomplished," AIDEA's Simmons said. "The Healy project developed and tested clean coal technology using waste coal, provided economic development, and it will provide additional power to meet the needs of Interior Alaska".

The settlement allows GVEA the opportunity to retrofit the Plant to conventional combustor technology. "Our current belief is that we can economically retrofit the Plant to operate in an efficient and environmentally sound fashion using proven technology," said Kelly.

If GVEA does not retrofit the plant to conventional technology, the settlement describes the business terms were GVEA to attempt to operate under the demonstration technology. “We believe we have reached a fair economic deal, which gives GVEA operating flexibility and offers AIDEA a fair return on the substantial public investment in the plant,” said Simmons. “This is one of those rare ‘win-win’ solutions.”

One of the main objectives of the Healy Clean Coal Project, which grew out of a nationwide competition sponsored by the U.S. Department of Energy, was to demonstrate and test new clean coal technologies. Alaska was one of 13 applicants. The HCCP received a DOE grant to test new technologies to help solve the international problem of acid rain.

Under the settlement, the three alternatives provided by AIDEA and GVEA are: a complete retrofit of the plant, a limited retrofit if the full retrofit is not possible for any reason, or termination of GVEA’s involvement.

With the settlement now signed, AIDEA will turn custody of the plant over to GVEA, as originally planned. The plant will remain shut down for a period of up to one year, pending a feasibility study of retrofitting the plant to conventional low NOx combustor technology.

The Healy Clean Coal Project has been in development since 1991. Project funding included \$117 million from DOE, a state appropriation of \$25 million, and \$85 million from an AIDEA bond sale. Additional funding was from interest earnings, power revenues and contributions from project participants. ###