

August 1, 2008

Lois Lester, President of the Board
Matanuska Electric Association
P.O. Box 2929
Palmer AK 99645

Re: Invitation to collaborate on the Teeland-Douglas Transmission Line

Dear Ms. Lester:

Thank you for allowing the Teeland-Douglas Project Team to make a presentation to the Matanuska Electric Association (MEA) Board on July 28, 2008. As a follow-up to that meeting, the Alaska Energy Authority (AEA) seeks to work with MEA staff on some of the engineering details of this important project. There are several design issues that could impact your system; we would like our contractor, ML&P, and MEA to reach joint decisions on these matters:

1. **SHARED ROW** - The new towers can be located adjacent to the existing MEA towers and utilize some common right-of-way. This will minimize the additional right-of-way requirements to the neighboring property owners. *How much of the existing MEA right-of-way can be shared on this Project?*
2. **CONNECTION AT DOUGLAS SUBSTATION** - The Douglas Substation is presently supplied directly from the Intertie at 138kV. There are at least three possible connections after construction of the new line:
 - a. If MEA wants to change the existing line back to 115kV and supply Douglas from that voltage, then the existing transformer will need to be modified to the 115kV supply voltage. This arrangement will limit the reliability to a radial (dead-end) line because the Intertie will bypass the Douglas Substation.
 - b. It would be possible to install a new transformer from 138kV to 115kV. This would allow MEA to serve Douglas at their 115kV voltage and still allow for a loop feed (the Intertie would provide the second source). This is similar to the present setup with Douglas on the Intertie loop.
 - c. Douglas could remain as-is. The new 138kV line would supply the existing transformer.

Which on of the above scenarios best fits with MEA's needs?

3. **RELOCATION OF MEA CIRCUIT** - There are options on the type of tower to be installed for the new line. The towers can be either capable of a single circuit (3-wires)

Ms Lois Lester
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Page 2 of 2

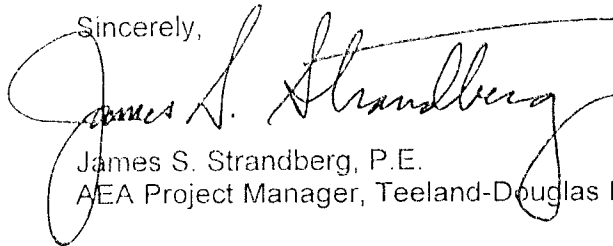
or a double circuit (6-wires). *Does MEA wish to be included on a double circuit tower or be left as-is on their existing line?*

We propose MEA's and ML&P's technical personnel work together over the next 60 to 90 days to resolve these and any other issues. We seek to work with you to develop a joint cooperative approach for the project that minimizes impact to the MEA service area and its rate payers.

Please respond directly to ML&P project manager Doug Hall (263-5453), and copy Louis Agi (263-5884), Kim Robinson (263-5889), and me.

Again, we appreciated the hospitality you and your staff afforded us at the board meeting. We look for ways the project can both benefit MEA and the Railbelt Electrical Grid, and to establish and maintain a positive trust relationship with MEA.

Sincerely,



James S. Strandberg, P.E.
AEA Project Manager, Teeland-Douglas Intertie Project

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cc: Mr. Steve Haagenson, AEA Executive Director
Mr. Russell Nogg, Chairman, ML&P Commission
Mr. Jim Posey, ML&P General Manager
Mr. Wayne Carmony, MEA General Manager