



PRESS RELEASE

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AIDEA, GVEA, HEA Announce HCCP Sale Agreement

(Anchorage) – The Alaska Industrial Development and Export Authority (AIDEA), Golden Valley Electric Association (GVEA) and Homer Electric Association, Inc. (HEA) have approved terms for the sale of Healy Clean Coal Project (HCCP) to GVEA (see January 9, 2009 HCCP Settlement Term Sheet which accompanies this Press Release). The action will result in agreements leading to the end of litigation and bring HCCP on-line for the maximum value and benefit to Railbelt electric consumers.

Construction and testing of the experimental plant was completed in the 1990s with federal and state funding, including a grant from the U.S. Department of Energy. HCCP has not been in operation since 2000.

Under the terms approved by AIDEA, GVEA and HEA, the Healy Clean Coal Project will be sold to GVEA for \$50 million. AIDEA will finance the sale at five percent interest and provide GVEA a \$45 million line of credit at six and one-half percent for HCCP restart costs, both amortized over 25 years. Additionally, this agreement provides that HEA will purchase from GVEA half of the plant's energy and capacity starting in 2014.

“Years of conflict have been set aside, and recent good-faith negotiations have produced a positive result for all concerned parties,” said AIDEA Board Chairman Pat Galvin.

“During the negotiations, AIDEA maintained four objectives,” Galvin stated. “First, place HCCP on-line for the benefit of Alaskans. Second, negotiate an agreement for the sale of HCCP. Third, the sale price must be fair and reasonable to AIDEA and should not impact AIDEA's bond rating, financial health, or ability to execute its mission. Finally, retain good business relations with all parties. This historic agreement fulfills these objectives and brings years of dispute to an end. It is a good day for Alaska.”

“Homer Electric Association is fully supportive of the settlement terms,” said HEA Board President Debbie Debnam. “The Healy Clean Coal Project will provide HEA with needed diversification of our fuel sources, and has the potential to produce much-needed low cost power for the Railbelt region.”

A trial between AIDEA and GVEA to resolve current litigation is scheduled to begin on June 1. Under the terms of the Settlement Term Sheet, the parties will postpone certain pre-trial activities until February 15 as work continues on more details of the sales transaction. Reaching agreement on these further details will lead to the trial’s postponement. The trial will be dismissed when the transaction is complete.

“This is excellent news for Interior electric consumers,” said GVEA Board Chairman Bill Nordmark. “The GVEA Board responded to members’ requests to take ownership of this plant and strengthen the local economy by using local coal resources.”

“The settlement terms benefit all the parties involved with the Healy Clean Coal Project. The members of Homer Electric Association and Golden Valley Electric Association will have access to economical, reliable power, and AIDEA will begin to see a return on its investment in the Healy Clean Coal Project,” concluded HEA Board President Debbie Debnam.

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Additional Contacts:

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AIDEA – GVEA – HEA
HCCP Settlement Term Sheet
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Terms

1. GVEA or an entity wholly-owned by GVEA will pay AIDEA \$50,000,000 for HCCP “as is.” GVEA will assume all responsibility and risks associated with the ownership and operations of the plant. AIDEA will offer no warranty for the operational capacity of the plant and condition of the facilities.
2. AIDEA will finance the purchase price with a secured loan, collateral acceptable to AIDEA, at an annual interest rate of 5.0 percent, which will accrue from the date of sale. Payment of principal and interest will commence January 1, 2014 or when HCCP first begins commercial operation, whichever is earlier, and will be amortized over 25 years with no prepayment penalties.
3. AIDEA will provide up to \$45,000,000 as a secured credit facility to GVEA or a GVEA wholly-owned entity, collateral acceptable to AIDEA, for the repairs and modifications to HCCP (including an upgrade of GVEA’s BESS system required to mitigate HCCP issues and up to \$500,000 each for GVEA and HEA’s development costs associated with making HCCP operational) that GVEA deems necessary. The annual interest rate for funds GVEA uses will be 6.5 percent, and will accrue from the date of each draw of funds. Payment of principal and interest will commence January 1, 2014, or when HCCP first begins commercial operation, whichever is earlier, and will be amortized over 25 years with no prepayment penalties. This credit facility will be available to GVEA or a wholly-owned entity of GVEA until December 31, 2012.
4. HEA or an entity wholly-owned by HEA will enter into a power sales agreement with GVEA or a GVEA wholly-owned entity for HCCP unit capacity and energy, effective January 1, 2014. Such sales/purchase agreement will include the following provisions:
 - a) Term will be the economic life of HCCP or retirement of HCCP associated debt; whichever is longer,
 - b) Rates will be based upon the full unit cost of HCCP including capital, startup, environmental and technical costs (any shared costs to be allocated between Healy #1 and HCCP based on approved allocation),
 - c) Up to two HEA management employees will be part of the HCCP management team,
 - d) An HEA employee will be invited to participate in the GVEA Economic Dispatch Committee,
 - e) HEA will be given full access to HCCP records and GVEA will disclose all HCCP records to HEA,
 - f) Unless GVEA and HEA otherwise agree in writing, HCCP capacity and energy will be split 50/50 between GVEA and HEA. The parties will meet annually to determine whether that split will vary for the coming year,

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- g) Pricing of test power will be at the non-firm power rate of the respective utility using the power,
 - h) If energy is not being produced at the HCCP plant for reasons other than forced outage or scheduled outage, i.e. for economic convenience, GVEA will provide replacement capacity and energy, with the capacity charge being equal to the HCCP capacity charge and the energy charge equal to the lesser of the average cost of HCCP energy or the actual cost.
5. Upon AIDEA, GVEA, and HEA's execution of this term sheet:
- a) AIDEA will provide to GVEA all HCCP engineering data,
 - b) AIDEA and GVEA will expeditiously negotiate a mutually acceptable asset sales agreement,
 - c) AIDEA, GVEA, and HEA will expeditiously negotiate and simultaneously execute mutually acceptable definitive agreements for the sale of HCCP, including loan, collateral, security agreements, settlement of claims, and power sales/purchase agreements,
 - d) AIDEA and GVEA will jointly 1) postpone depositions and dispositive motion practice until February 15, 2009, and 2) petition the court to request appropriate amendments to the pretrial order.
6. Upon execution of an asset sales agreement, GVEA and AIDEA will jointly petition the court to stay the civil case between the two parties until the earlier of: (1) August 1, 2009; or (2) ten days after the execution by AIDEA, GVEA, and HEA of definitive agreements implementing the provisions of this term sheet.
7. Upon executing definitive agreements implementing the provisions of this term sheet:
- a) HEA and AIDEA will terminate by agreement the Power Sales Agreement and Project Development Agreement, each dated as of November 16, 2006.
 - b) Within ten days after the execution by AIDEA, GVEA, and HEA of definitive agreements implementing the provisions of this term sheet, GVEA and AIDEA will jointly petition the court to dismiss with prejudice and without recovery of attorneys fees or costs, the civil case between AIDEA and GVEA.
 - c) GVEA's custodial agreement with AIDEA shall terminate upon sale of HCCP.
 - d) AIDEA, GVEA, and HEA will, in writing, each release all known and unknown claims and potential claims against the other arising out of or relating to HCCP that arose on or before the date of the release.

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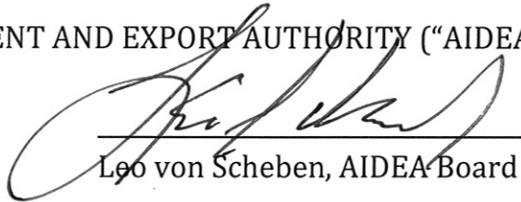
8. AIDEA, GVEA, and HEA each certify that by executing this term sheet it is not in breach of other agreements it may have with any other party.
9. In the event third party intervention concerning HCCP's permits prevents HCCP from beginning commercial operation using HCCP "clean coal" technology prior to January 1, 2014, then after January 1, 2014 and until commencement of commercial operations, AIDEA shall have the option to terminate the asset sales agreement and take full possession of HCCP for the purpose of salvage, provided AIDEA simultaneously releases GVEA from the purchase loan referenced in paragraph 2; however, if AIDEA does not exercise its option referenced in this paragraph, then AIDEA will defer debt payments (principal and interest) associated with this agreement until HCCP begins commercial operations or until AIDEA exercises its option referenced in this paragraph.
10. This term sheet shall terminate upon the earlier of (1) February 15, 2009 if AIDEA and GVEA have not executed a mutually acceptable asset sales agreement, or (2) August 1, 2009, if AIDEA, GVEA, and HEA have not executed mutually acceptable definitive agreements.

Executed (subject to Board approval of each party) this 9th day of January 2009.

ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY ("AIDEA")



Patrick Galvin, AIDEA Chairman



Leo von Scheben, AIDEA Board Member

GOLDEN VALLEY ELECTRIC ASSOCIATION, INC. ("GVEA")

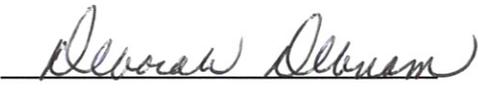


Bill Nordmark, GVEA Chairperson



Dan Osborne, GVEA Vice-Chair

HOMER ELECTRIC ASSOCIATION, INC. ("HEA")



Deborah Debnam, HEA President



David Thomas, HEA Secretary/Treasurer

End of Terms