



PRESS RELEASE

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AIDEA Gives Notice to Homer Electric Association HEA's Involvement in Healy Clean Coal Project to End

(Anchorage) – Today the Alaska Industrial Development and Export Authority (AIDEA), as part of its continuing efforts to place the Healy Clean Coal Project (HCCP) into operation, delivered to Homer Electric Association (HEA), a notice of termination of the November 16, 2006 Project Development Agreement between AIDEA and HEA. The termination will be effective on August 20, 2009.

Until recently, AIDEA believed it was on a timely path to place HCCP into operation and to provide HCCP power to Railbelt consumers. Under a January 9, 2009 Settlement Term Sheet, AIDEA, HEA and Golden Valley Electric Association (GVEA) agreed to jointly develop HCCP. The Settlement Term Sheet provided that AIDEA would sell HCCP to GVEA, and HEA and GVEA would obtain HCCP power. The agreement also would have ended litigation between AIDEA and GVEA.

The Settlement Term Sheet obligated the parties to meet an August 1, 2009 deadline to conclude all definitive agreements required to implement the sale of HCCP. The parties had made good progress in reaching these agreements when, on May 12, 2009, the HEA Board of Directors directed HEA's General Manager to "transition [HEA] away from involvement in HCCP." After this action, work stopped on the negotiation of the definitive agreements.

AIDEA repeatedly asked HEA to clarify the meaning of the Board's action. However, AIDEA received no response that would indicate that HEA desired to have any further involvement in the HCCP project. As a result of today's termination notice, AIDEA and GVEA will be able to continue to expeditiously develop HCCP.

HCCP is a valuable energy generating asset that is capable of providing reliable, economic power to help meet the Railbelt's ever-increasing energy needs. The public interest requires that HCCP be developed as soon as possible. AIDEA continues to work towards its goal of placing HCCP on-line for the benefit of Railbelt electric consumers.

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