

AP/AL: Appropriation **Project Type:** Energy
Category: Development
Location: Statewide **House District:** Statewide (HD 1-40)
Impact House District: Statewide (HD 1-40) **Contact:** Sara Fisher-Goad
Estimated Project Dates: 07/01/2016 - 06/30/2021 **Contact Phone:** (907)771-3000

Brief Summary and Statement of Need:

Electric utility systems are part of the basic infrastructure of rural communities. The power plant and distribution systems in rural communities may not meet accepted utility standards for safety, reliability, and environmental protections. Due to high costs and limited economies of scale, most local communities cannot make the capital investments needed to meet accepted utility standards.

Funding:	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	Total
1002 Fed Rcpts	\$3,150,000						\$3,150,000
1004 Gen Fund	\$2,500,000	\$3,675,000	\$3,675,000	\$3,675,000	\$3,675,000	\$3,675,000	\$20,875,000
Total:	\$5,650,000	\$3,675,000	\$3,675,000	\$3,675,000	\$3,675,000	\$3,675,000	\$24,025,000

☐ State Match Required
 ☐ One-Time Project
 ☐ Phased - new
 ☐ Phased - underway
☒ On-Going
 0% = Minimum State Match % Required
☐ Amendment
☐ Mental Health Bill

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Prior Funding History / Additional Information:

Sec1 Ch18 SLA2014 P6 L9 SB119 \$5,120,000
 Sec1 Ch16 SLA2013 P4 L18 SB18 \$10,800,000
 Sec1 Ch17 SLA2012 P6 L13 SB160 \$13,000,000
 Sec4 Ch5 SLA2011 P127 L21 SB46 \$10,000,000
 Sec7 Ch43 SLA2010 P20 L29 SB230 \$9,000,000

Project Description/Justification:

This program concentrates on power production and delivery, including diesel powerhouse, heat recovery, and electrical distribution. Efficiency, reliability, safety and sustainability are primary drivers throughout the conceptual design, final design and construction process. It is not uncommon to see a 30-40 percent increase in fuel savings after a new powerhouse project is completed.

After completion of the project, the rural utility is required to employ a qualified operator to ensure that the system is properly operated and maintained. Alaska Energy Authority (AEA) provides training and technical assistance to assist the community with proper operation of the new facility.

This program began in 1997 and has expanded since FY1999 with federal funding from the Denali

Commission. Federal funding for rural power systems upgrades have been in decline since FY2011 and any available federal funds for construction projects now require a 20% - 50% match, depending on whether the community is considered distressed.

AEA will use this funding as match for available federal funds. Funds would be used to match the next priority project(s) in Port Heiden, Clark's Point and Port Alsworth.