

AP/AL: Appropriation **Project Type:** Energy
Category: Development
Location: Statewide **House District:** Statewide (HD 1-40)
Impact House District: Statewide (HD 1-40) **Contact:** Curtis Thayer
Estimated Project Dates: 07/01/2020 - 06/30/2025 **Contact Phone:** (907)771-3000

Brief Summary and Statement of Need:

Electric utility systems are part of the basic infrastructure of rural communities. New power systems are designed to meet accepted utility standards for safety, reliability, and environmental protections.

Funding:	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026	Total
1002 Fed Rcpts	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$12,500,000	\$75,000,000
1169 PCE Endow	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$5,000,000	\$30,000,000
Total:	\$17,500,000	\$17,500,000	\$17,500,000	\$17,500,000	\$17,500,000	\$17,500,000	\$105,000,000

☐ 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 Ch19 SLA2018 P2 L22 SB142 \$21,900,000
 Sec18 Ch2 SLA2016 P35 L28 SB138 \$1,053,858
 Sec1 Ch2 SLA2016 P2 L20 SB138 \$1,446,142
 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

Declining funds available for Rural Power System Upgrades means that rural power systems are not upgraded timely. As a result, communities are left with aging systems that are at risk of failure. Of 172 communities needing rural power systems upgrades, 98 projects have been completed in total.

Project Description/Justification:

The Alaska Energy Authority (AEA) works in partnership with the Denali Commission to identify projects for funding. At this time, the preliminary projects identified are in the following communities:

Rampart, Nikolai, Nelson Lagoon, and Napaskiak. AEA and the Denali Commission continue to refine project selection and cost estimates.

State funds are used to leverage federal funds to expand the number of communities served by this program which advances sustainable, efficient energy infrastructure projects that decrease energy costs in rural Alaska over the long term.

State matching funds are required for Denali Commission funded construction projects. A match of 20% for distressed communities and 50% for non-distressed communities is required. The distressed community list is maintained by the Denali Commission.

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.

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.

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