

S B

238

SB 238 - Power Project Revolving Loan Fund

Senate Bill 238, submitted at the request of Governor, relates to the powers of the Alaska Energy Authority. This legislation converts the existing power project fund from a fund supported by the general fund to a revolving loan fund financed primarily by the sale of bonds. The new revolving loan fund will allow communities around the state to apply for small project loans which otherwise would not be feasible.

SB 238 also authorizes the agency to sell waste heat directly to retail customers. This will allow the Alaska Energy Authority to assist cities and schools with reducing their expenses for heating fuel. Utilization of waste heat saves heating fuel costs which in turn provides a long-term savings to the State and local governments.

SB 238 will allow the Alaska Energy Authority to assist in the financing for small, feasible energy projects which it currently is unable to do. I support this legislation and I recommend passage of SB 238.

ADDITIONAL INFORMATION

1. The AEA will sell revenue bonds to finance this revolving loan fund, but there are limits in place regarding the size of projects for which AEA can loan money. A single project over 1.5 megawatt OR a transmission line for more than \$3 million must follow the 21 step project approval process which necessitates legislature approval. THEREFORE, the revolving loan fund will only be used for relatively small projects.

2. The principal and interests of loans made under the existing power project fund minus administrative costs will return to the general fund.

3. The sheet entitled WASTE HEAT PROJECTS AND PROGRAM outlines AEA's involvement in the waste heat program.



238

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 23, 1989

The Honorable Tim Kelly
President of the Senate
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Mr. President:

Under the authority of art. III, sec. 18, of the Alaska Constitution, I am transmitting a bill relating to the powers of the Alaska Power Authority. This bill has two main components:

1. the conversion of the power project fund from a fund supported by the general fund to a revolving loan fund financed primarily by the sale of bonds, and
2. the authorization permitting the agency to sell waste heat directly to retail customers.

With regard to the first of these components, the authority would sell bonds to finance loans from the power project revolving loan fund. The fund would consist of appropriations, repayments of principal to the fund, interest on loans made from the fund, income from investment of money in the fund, and the proceeds of bond sales. The authority would pledge the money repaid to the fund as security for bond debt service, but the balance from appropriated money would be returned to the general fund at the end of each fiscal year.

Although temporary retention of interest and income in the fund raises an issue under the dedicated-fund prohibition of art. IX, sec. 7, of the Alaska Constitution, the Department of Law believes that the constitutionality of that "dedication" of interest and income would be defensible. 1982 Op. Att'y Gen. No. 13 (Nov. 30).

The bill provides a mechanism for the authority to recover money to which the borrower is entitled under the power cost equalization program, or from another state agency, when the borrower is in default on its loan payments to the fund.

The list of eligible borrowers would be expanded from those utilities eligible under AS 44.83.170 to include school districts, regional educational attendance areas, regional housing authorities, and certain business enterprises (defined in sec. 14 of the bill). The list of activities eligible for loans would be expanded to include the acquisition of an existing power project, the acquisition of bulk fuel reserves, or other energy resources, and consumer end-use improvements to reduce the demand for energy.

In addition, the loan fund would no longer be limited to costs associated with a "small-scale power production facility." Instead, AS 44.83.170(b)(1)(B) would refer to "power projects," as including those activities described in the bill. The definition of "small-scale power production facility" would be repealed. Sections 5 and 15 of the bill.

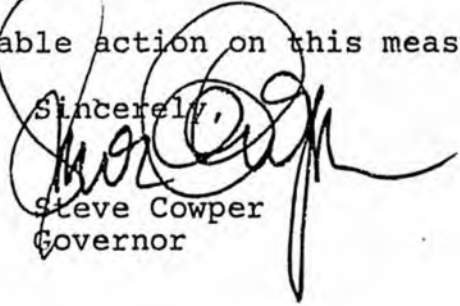
Under existing law, the authority sells energy to utilities, who then pass the energy on to their retail customers. This bill would permit the authority to bypass the utilities and to sell waste heat directly to retail consumers. The waste heat sold by the APA would displace other heat sources, such as diesel fuel and oil, currently being used to heat the retail customers' facilities.

The proposed amendments described above necessitate the following additional changes in existing statutes. In order to enhance marketability of bonds, AS 44.83.187(a) is amended in sec. 12 of the bill so that projects financed by the power project revolving loan fund would not be subject to OMB review, and approval by the legislature, under AS 44.83.177 -- 44.83.185. The statement of the enumerated powers of the authority would be amended by sec. 2 of the bill, to reflect the authority's power to sell waste heat to retail consumers. The requirement that loan repayments be deposited in the general fund would be repealed (in sec. 15) since those payments would be paid into the power project revolving loan fund and used as security for the bond financing.

Additionally, the bill would make several technical corrections. One is that the reference in AS 44.83.187(a)(1) (sec. 12 of the bill) to the renewable resources fund would be eliminated since that fund was repealed in 1984. Section 16, ch. 161, SLA 1984. Another is that the terms "cities" and "boroughs" would be deleted from two lists in AS 44.83.170(b) which also include "municipalities." As defined in AS 29.71.800, the term "municipality" includes cities and boroughs, making the separate references unnecessary. Section 5 of the bill.

I urge your prompt and favorable action on this measure.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Cowper", written over the typed name and title.

Steve Cowper
Governor

238

FISCAL NOTE

REQUEST:

Revision Date: _____ Agency Affected: AK Power Authority
 Title: Act relating to Power Project BRU: _____
 fund _____
 Sponsor: Rules Components: _____
 Requestor: Governor

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0


FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS : (Attach a separate page if necessary)

Prepared by:  Phone: 465-3575
 Division: APA Date: 17 March 89
 Approved by Commissioner: _____ Date: _____
 Agency: _____

Distribution (by preparer):
 Legislative Finance
 Legislative Sponsor
 Requestor
 Office of Management and Budget
 Impacted Agency(ies)

STATE OF ALASKA
1989 LEGISLATIVE SESSION

BILL VERSION: SB 238

PUBLISH DATE: 3/23/89

FISCAL NOTE

REQUEST:

Revision Date: _____
Title: An Act relating to the power project fund,
and to the powers of the Alaska Power Authority to
Sponsor: Labor & Commerce & Finance
Requestor: Governor

Agency Affected: Alaska Power Authority

BRU: _____

Components: _____

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 89	FY 90	FY 91	FY 92	FY 93	FY 94
PERSONAL SERVICES	0	0	0	0	0	0
TRAVEL	0	0	0	0	0	0
CONTRACTUAL	0	0	0	0	0	0
SUPPLIES	0	0	0	0	0	0
EQUIPMENT	0	0	0	0	0	0
LAND & STRUCTURES	0	0	0	0	0	0
GRANTS, CLAIMS	0	0	0	0	0	0
MISCELLANEOUS	0	0	0	0	0	0
TOTAL OPERATING	0	0	0	0	0	0
CAPITAL	0	0	0	0	0	0
REVENUE	0	0	0	0	0	0

FUNDING: (Thousands of Dollars)

GENERAL FUND	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
OTHER	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME	0	0	0	0	0	0
TEMPORARY	0	0	0	0	0	0

ANALYSIS : (Attach a separate page if necessary)

Prepared by: for Robert E. LeResche
Division: Alaska Power Authority

Phone: 465-3675
Date: 3/29/89

Approved by Commissioner: _____
Agency: Commerce and Economic Development

Date: 3/29/89

Distribution (by preparer):

- Legislative Finance
- Legislative Sponsor
- Requestor
- Office of Management and Budget
- Impacted Agency(ies)

SENATE AMENDMENT

By Senator Eliason

To: Committee Substitute SENATE BILL No. 238 (Fin)

To: _____ HOUSE BILL No. _____

PAGE: LINE:

4 28

Delete "reserves"

Alaska Power Authority

WASTE HEAT PROJECTS AND PROGRAM

In the early 1980's the Alaska Power Authority entered into construction agreements to build thirteen waste heat systems in rural Alaska. Through the agreements, electric utilities serving these rural communities were responsible for the operation and maintenance of the systems and the sale of waste heat to schools, city halls and other public facilities.

The systems were constructed and put into operation, although nine (9) of the systems were not maintained as planned and required under the agreements. Because of the inoperable condition of the systems, the customers of the local utilities were not receiving the benefits of waste heat. Local utilities cited a number of reasons as to why they were not providing for waste heat sales to the intended customers. Among these were that the utility operators did not have the adequate skills or interest in maintaining the systems and a number of utilities decided they did not want to accept the responsibility for heat and preferred to remain entirely in the business of electricity sales.

As the systems were still viable, the Alaska Power Authority took back the systems, refurbished them and established a preventative maintenance and inspection program which currently is in place. The cost of refurbishing and the necessary O & M was addressed and is financed through a shared savings contract. Presently, under the agreements in place, this provides consumers of waste heat with a 20 -50% savings in heating fuel costs.

As a result of the APA's expertise and experience in the area of waste heat recovery system design and construction, the systems are now standardized and are proving to be relatively easy to operate and maintain after installation. Customers are generally schools and public facilities or large buildings, usually 2 to 3 buildings in each community. Utilization of waste heat clearly saves heating fuel costs which in turn provides a long-term savings to the State and local governments.

The waste heat provisions proposed in SB 238 are a result of the APA's efforts in looking into ways to assist cities and schools with reducing their expenses for heating fuel, and as an avenue to finance these systems without the reliance on general fund monies. Financing of waste heat systems as proposed in SB 238 will save general fund dollars. The retail sales language as proposed in the bill was included on the recommendation of bond counsel. This language clarifies the APA's ability to sell heat for other than resale and the provisions apply only to heat.

Alaska Power Authority

WASTE HEAT RECOVERY SYSTEMS

In cooperation with the Alaska Village Electric Cooperative, the Power Authority has repaired and recommissioned seven waste heat recovery systems in Grayling, Elim, Savoonga, Kaltag, Kiana, Ambler and Shungnak. These communities and/or their associated school districts have signed 15-year operation, maintenance and heat sales agreements for those systems. Under the agreements, the city or school district pays the Power Authority 50% of the cost it would otherwise incur if it used fuel oil to heat schools or other public buildings now heated by waste heat. The Power Authority uses these revenues to pay for operation costs of the waste heat systems.

Ten separate agreements are currently in place:

Bering Straits School District:	Elim Savoonga
City of:	Kiana Grayling Ambler Shungnak
Iditarod School District:	Grayling Kiana
Northwest School District:	Shungnak Ambler
Total FY89 billings to date: =	\$27,087.00*

* This represents one half of the fuel savings accruing from these waste heat sales agreements.

Alaska Power Authority

WASTE HEAT FORMULA

$$\begin{aligned} \text{COST OF WASTE HEAT (\$)} = & \text{BASE FUEL SAVINGS (gal)} \\ & \times \text{ACTUAL GENERATION (kwh)} \\ & + \text{BASE GENERATION (kwh)} \\ & \times \text{FUEL PRICE (\$/gal)} \\ & \times .50 \end{aligned}$$

This gives one half of the cost savings, or the amount due to the Power Authority on a monthly basis for the nine winter months the agreements are in effect.

**AMBLER WASTE HEAT PROJECT
HEAT SALES AGREEMENT**

THIS AGREEMENT, entered into this 31st day of MAY, 1988, between the City of Ambler (the City) and the Alaska Power Authority (the Power Authority), outlines the responsibilities of the parties hereto and the procedures to be followed in connection with the calculation and submittal of payment for heat delivered to the City from the Ambler Waste Heat Project, hereinafter referred to as the "Project."

Article A. ALASKA POWER AUTHORITY COVENANTS

The Power Authority will:

1. Each month obtain from the Alaska Village Electric Cooperative (AVEC) the average fuel price and the kilowatt hour production for Ambler for the previous month.

2. Based on the information provided by the AVEC, calculate the cost of waste heat for the previous month using the formula:

$$\text{COST OF WASTE HEAT (\$)} = \text{BASE FUEL SAVINGS (gal)} \\ \times \text{ACTUAL GENERATION (kwh)} + \text{BASE GENERATION (kwh)} \\ \times \text{AVEC FUEL PRICE (\$/gal)} \times .50$$

The BASE FUEL SAVINGS has been calculated through a computer simulation of the system, assuming that the total building use without waste heat is 17,444 gallons per year.

BASE FUEL SAVINGS:

January	2,144 gallons	July	0 gallons
February	2,077 gallons	August	0 gallons
March	1,444 gallons	September	967 gallons
April	1,299 gallons	October	1,504 gallons
May	1,027 gallons	November	2,000 gallons
June	0 gallons	December	1,885 gallons

Total Annual Savings: 14,347 gallons

The BASE GENERATION is as follows:

January	78,701 kwh	July	47,358 kwh
February	77,102 kwh	August	51,268 kwh
March	55,378 kwh	September	63,766 kwh
April	50,543 kwh	October	85,426 kwh
May	39,860 kwh	November	79,619 kwh
June	49,041 kwh	December	70,085 kwh

Ambler Heat Sale Agreement
Page 2 of 3

The above formula would have produced the following COST OF WASTE HEAT in the base year if the average fuel price were \$1.23/gallon:

January	\$1,318	July	\$ 0
February	\$1,277	August	\$ 0
March	\$ 887	September	\$ 595
April	\$ 798	October	\$ 925
May	\$ 631	November	\$1,229
June	\$ 0	December	\$1,159

Total Annual Cost: \$8,819

If additions are made to the waste heat recapture system, the school, or the pump house, the above formula will be subject to review by the parties to this Agreement.

3. Reduce monthly charges by 3% for each day the waste heat system has been out of service, provided that the City notifies the Power Authority about the outage no later than the following business day.

4. Invoice the City each month for 25 percent of the COST OF WASTE HEAT as calculated above.

Article B. CITY OF AMBLER COVENANTS

The City will:

1. Immediately notify the Power Authority in case an error is found in an invoice or in case no invoice has been received by the 15th of the second month following the month of service.

2. Pay to the Power Authority 25 percent of the amount determined by the formula outlined in Article A, Section 2 above within 30 days after receipt of invoice.

3. Pay to the Power Authority interest of 1.5% per month on any undisputed amount which has not been paid within 30 days after receipt of invoice.

Ambler Heat Sale Agreement
Page 3 of 3

THIS AGREEMENT has been reviewed, agreed to, and executed by the following parties:

ALASKA POWER AUTHORITY

Robert E. LeResche
Robert E. LeResche
Executive Director

5/19/88
Date

STATE OF ALASKA }
THIRD JUDICIAL DISTRICT } ss.

The foregoing Agreement was acknowledged before me this *19th* day of *May*, 1988, by Robert E. LeResche, the Executive Director of the Alaska Power Authority, an Alaskan Corporation, on behalf of the corporation.

Harriet J. Atkinson-Kee
Notary Public, State of Alaska
My commission expires: *8/31/90*

Approved:
Cecilia S. Jones *5-18-88*
Assistant Attorney General Date

CITY OF AMBLER

Arthur Douglas
Mayor

7/9/88
Date

STATE OF ALASKA }
THIRD JUDICIAL DISTRICT } ss.

The foregoing Agreement was acknowledged before me this *21* day of *July*, 1988, by *Arthur Douglas* Mayor of the City of Ambler.



Sarah Ingeborg Petrusen
Notary Public, State of Alaska
My commission expires: _____



ALASKA RURAL ELECTRIC COOPERATIVE ASSOCIATION, INC.

237 E. FIREWEED LANE • SUITE 301
ANCHORAGE, ALASKA 99503 • (907) 276-3235

April 5, 1989

Senator Richard Eliason
Senate Labor and Commerce Committee

RE: Senate Bill 238

Dear Senator Eliason:

I was not able to attend your committee meeting on April 3rd when you considered SB 238, so I would like to submit comments on behalf of our association by this letter.

We support the major thrust of this bill which is to permit the Alaska Power Authority to pledge the revenue stream and other assets of the Power Project Fund as security for bonds, with the bond money then being used for new power project loans. We understand the desire of members of the committee to place a limit on either the size of the project to be financed in this way or on the total amount of bonds that APA can sell under this program before they would need to come back to the legislature for approval. We hope a reasonable agreement can be reached on this point which will permit this program to go forward.

We do have a different kind of concern, however, which I need to bring to the committee's attention. On pages 4 and 5 (Section 5) new language is added to permit school districts, regional education attendance areas, regional housing authorities, and business enterprises to borrow from the Power Project Revolving Fund. It is our understanding that the reason these entities are being added is they would be eligible to borrow money for the fuel supply and energy conservation purposes being added by paragraphs (D) and (E) at the top of page 5. We have no objection to that intent; however, the way this bill is drafted, these new participants in this state loan program could borrow state funds to put in electrical generation facilities.

The loss of this load by the electric utility could drastically increase the cost of power to everyone else in the community, and it increases the cost to the state through the power cost equalization program. In severe cases, the feasibility could be destroyed for the continued existence of the local utility.

DEMOCRACY IN ACTION

Senator Richard Eliason
April 5, 1989
Page 2

We ask that SB 238 be amended in a way to take essentially all of the new language in Section 5 and put it into a separate subsection of AS 44.83.170 so that there can be no misunderstanding: power project loans should go to the schools, housing authorities and businesses only for the purposes of securing fuel supplies and for energy conservation.

Sincerely,

A handwritten signature in cursive script that reads "Dave".

David Hutchens



COPPER VALLEY ELECTRIC ASSOCIATION, INC.

P.O. BOX 45 GLENNALLEN, ALASKA 99588-0045

Glennallen (907) 822-3211
Valdez (907) 835-4301
Telefax # (907) 822-5586

March 30, 1989

The Honorable Dick Eliason
Senate Labor and Commerce Committee
Alaska State Legislature
P.O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Senator Eliason:

As the 1989 legislative session continues, the monetary constraints caused by declining oil revenues seem to be almost insurmountable. Understandably, many important projects must be postponed to prevent over spending, and we appreciate your efforts in these areas.

During the 1988 legislative session there were three projects submitted to the Alaska Power Authority (APA) for consideration. These projects were, Sheep Mountain Phase II, (\$250,000), Lake Louise, (\$1,500,000) and Chistochina (\$1,800,000) line extensions. Funding was not available for these projects and we were advised that they would be considered in 1989. (See attached letter of February 1, 1989)

In November of 1988, the APA 1989 Capital Budget was presented and these projects were not included. We responded to this in our letter of November 22, 1988 (copy attached) and were subsequently allowed to present our case at the APA Board of Directors meeting on Thursday, December 15, 1988. This meeting was via teleconference to Healy, Glennallen and Chistochina. Testimony was provided by several parties as to the need for these projects. It was the consensus of the Board to have APA provide the legislators with the information relating to these projects, and to have APA look at alternate funding sources for these projects.

A description of the projects was sent to the Senate Finance Committee dated March 15, 1989. (copy attached)

We realize that the budget situation will not allow for funding of all these new projects, but we also feel that prioritizing these projects may alleviate some confusion and enhance project viability for critical projects.

SERVING MEMBER-OWNERS IN THE COPPER RIVER BASIN AND VALDEZ

The Sheep Mountain Phase II project (\$250,000) perhaps is the most important project since it is actually the final portion of a project started in 1986. We have included a copy of the 1986 Feasibility Report prepared for this project to provide you with a comprehensive overview of the project.

Since budgeting constraints prohibit the commencement of new and extensive projects, we would ask for your consideration in allowing us to see this project to its completion in 1989. If it would be possible to establish the Chistochina and Lake Louise projects for future funding, the residents would appreciate the action in order to more readily plan their future expenditures.

We hope that you will consider introducing legislation which will appropriate \$250,000 for completion of the Sheep Mountain Phase II Line Extension Project. Again, we appreciate the opportunity to address this issue and express our thanks for your efforts.

We look forward to hearing from you soon.

Sincerely,



R.D. (Doug) Bursey
General Manager

cc: Brent Petrie, APA
Dorothy A. Jones, Mat-Su Borough

Enclosures



COPPER VALLEY ELECTRIC ASSOCIATION, INC.

P.O. BOX 45 GLENNALLEN, ALASKA 99588-0045

Glennallen (907) 822-3211
Valdez (907) 835-4301
Telefax # (907) 822-5586

January 15, 1988

Alaska Power Authority
701 East Tudor
P.O. Box 190869
Anchorage, AK 99519-0869

FILE

ATTN: Brent Petrie

SUBJECT: Grant Funds for Construction of Power lines within
CVEA Service Area

Gentlemen:

Copper Valley Electric Association (CVEA) request the Alaska Power Authority solicit grant funds in behalf of CVEA from the state legislature, during the 1988 legislative session, in the amounts listed below. These funds would be used by CVEA to complete Phase II of the Sheep Mountain Line Extension Project construct a power line into the Lake Louise area to extend CVEA's power lines to the community of Chistochina.

Phase II of the Sheep Mountain Line Extension Project would extend CVEA's overhead power line an additional 4.5 miles along the Glenn Highway and would provide service to approximately 20 residential consumers located between Caribou Creek and Sheep Mountain Lodge. The Lake Louise extension would require the construction of 22 miles of power line and would provide service to four lodges and 4-6 residential consumers. The Chistochina extension would require construction of 25 miles of single phase distribution line and would provide service to an estimated 35 residential consumers, the school and lodge.

CVEA estimates the amount of grants fund need to construct each project is as follows:

Sheep Mtn. Phase II (4.5 miles) - \$250,000
Lake Louise Extension (22 miles) - \$1,500,000
Chistochina Extension (25 miles) - \$1,800,000

SERVING MEMBER-OWNERS IN THE COPPER RIVER BASIN AND VALDEZ

Alaska Power Authority

January 15, 1988

Page 2

Estimated percentage expenditures, by major categories, are listed below.

Materials - 15%

Construction labor - 55%

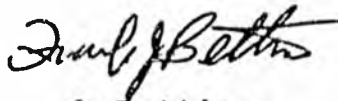
R.O. W. clearing - 5%

R.O.W. permits - 5%

Surveying - 5%

Engineering and Inspection - 15%

Sincerely,



Frank Bettine
Manager of Engineering

GS\FJB\APARQST.FJB



Alaska Power Authority

State of Alaska

RECEIVED

FEB 03 1988

1 February 1988

COPPER VALLEY
ELECTRIC ASSOC.

Mr. Frank Bettine
Manager of Engineering
Copper Valley Electric Association, Inc.
P.O. Box 45
Glennallen, Alaska 99588-0045

SUBJECT: Grant Funds for Construction of Powerlines Within
the CVEA Service Area

Dear Frank:

Thank you for your letter of January 15, 1988, listing three projects which are a priority for extension of CVEA service. This type of input is extremely helpful in formulating our annual capital budget request. Unfortunately, our formal FY89 budget request has already been voted upon by our Board of Directors and the Governor's Office of Management and Budget and has been submitted for legislative approval. However, we would be glad to consider your request in preparing our formal FY90 budget request. That process will formally begin in August 1988 and we could work with you in the meantime to prepare project descriptions and present them to our Board for consideration.

There is another alternative that you may wish to consider if you are in a position to begin construction in 1988. We do have about \$1.7 million in loan funds available in our Rural Electrification Revolving Loan Fund (RERLF) that might meet your needs. I am enclosing a description of the program and you can determine if the projects would be suitable for funding through that program. The advantage with this approach is that we actually have the funds on hand and if an application was received and approved funds could likely be made available in time for the 1988 construction season. The statutory requirements for the RERLF are a bit cumbersome, though, and if you have any questions on the enclosed information please call our loan officer, Mr. Ernie Whitney, at 561-7877 for more information.

- P.O. Box AM Juneau, Alaska 99811 (907) 465-3575
- P.O. Box 190869 701 East Tudor Road Anchorage, Alaska 99519-0869 (907) 561-7877

Mr. Frank Bettine

1 February 1988

Page 2

An additional alternative is to let your elected legislators know your desires on project funding. Although APA's budget has been formally submitted this year, it is still subject to review and change by the legislature.

Please give me a call if you have any questions.

Sincerely,



for Brent N. Petrie
Director, Agency Operations

BNP:momk

Enclosure

cc: Doug Bursey, CVEA
R. LeResche, APA
E. Whitney, APA



Alaska Power Authority

State of Alaska

ALASKA POWER AUTHORITY LOAN PROGRAMS

	<u>Power Project Fund</u> (AS 44.83.170)	<u>Rural Electrification Revolving Loan Fund</u> (AS 44.83.361 + 363)
Eligible Projects	Small scale power production facilities, or facilities for conservation, bulk fuel storage or transmission and distribution. Potable water projects.	Extension of new electric service
Eligible Borrowers	Electric utilities, subdivisions of state government, village councils, regional electric authorities, regional or village corporations, and non-profit marketing cooperatives.	Electric utilities with APUC certificate for area to be served
Loan Size	No limit, depending on fund balance.	\$250,000 or \$500,000 depending on Fund balance*
Loan Term	Maximum of 50 years, usually less to match productive life of assets acquired.	None, but loans will only be made where full repayment is likely within 10 years
Interest Rate	Average municipal bond rate, or a rate which makes the project financially feasible; but not less than 5%.	2%
Security	Required unless borrower is regulated by APUC and has a substantial history of repaying long-term loans.	May be required
Other		Recommendation of local committee required. Project must serve at least 3 new customers

* Utility must make a minimum investment in the project, which equals the cost for acquisition and installation of one transformer, one span of line, one pole and one service drop for each initial customer.

☐ PO. Box AM Juneau, Alaska 99811 (907) 465-3575
 ☒ PO. Box 190869 701 East Tudor Road Anchorage, Alaska 99519-0869 (907) 561-7877



COPPER VALLEY ELECTRIC ASSOCIATION, INC.

P.O. BOX 45 GLENNALLEN, ALASKA 99588-0045

Glennallen (907) 822-3211
Valdez (907) 835-4301
Telefax # (907) 822-5586

COPY

November 22, 1988

Mr. Robert LeResche
Alaska Power Authority
P.O. Box 190369
Anchorage, Alaska 99519-0869

Subject: Sheep Mountain, Lake Louise and Chistochina Line
Extension Projects

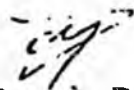
Dear Mr. LeResche:

It has come to our attention that funding for the Sheep Mountain, Lake Louise and Chistochina line extension projects was not included in the FY89 Alaska Power Authority Capital Budget.

These projects were omitted from the FY88 Alaska Power Authority Capital Budget and were to be reviewed for incorporation in the FY89 Capital Budget. It was assumed that funding would be available in 1989 since no information was provided to the contrary. We feel that potential consumers affected by these projects would have been more vocal with their concerns had they known that funding was once again in doubt.

Since the quality of life for almost 100 of our neighbors stands to be greatly improved with the realization of these projects, we respectfully request the Alaska Power Authority reconsider funding of the Sheep Mountain, Lake Louise and Chistochina line extension projects.

Sincerely,


R. D. (Doug) Bursey
General Manager

cc: Sue White, Alaska Power Authority
Senator Jack Coghill
Representative Dick Shultz

Alaska Power Authority

March 15, 1989

The Honorable Rick Uehling, Co-Chairman
Senate Finance Committee
Alaska State Legislature
P. O. Box V
Juneau, AK 99811

Dear Senator Uehling:

The Alaska Power Authority submitted a capital projects budget for fiscal year 1990 in October of last year. After that budget was submitted, four projects were resubmitted to the Authority for further review. Some of these projects have been introduced as part of CSSB130 (Fin), and members of the Legislature have requested our analysis. The purpose of this letter is to describe these projects to you, as instructed by our Board of Directors.

1. Electrification of the area between the entrance of Denali Park and Carlo Creek.

An extension of service for the area just south of the entrance to Denali National Park, down the Parks Highway to Carlo Creek. A transmission line would be run from the Park entrance, down the east side of the Highway for fourteen miles. The cost to the State of this line extension would be approximately \$1.5 million. This extension would be built through a grant agreement with Golden Valley Electric Association. Consumer electric rates charged to customers would be about ten cents per kwh, the same as the rates charged other area residents. Current costs of electricity from self-generation are anywhere from thirty five to forty cents per kwh. Residents conducted a survey which indicated that approximately 14 residences and 14 businesses would hook up to the line immediately if it were constructed. This area is a growing tourist and service center, serving the growing number of visitors to Denali National Park.

Attached is a copy of the survey done by the residents of the community, and a map of the area to be electrified.

2. Lake Louise Extension

An extension of service for the Lake Louise Road from the Glenn Highway to the end of the road, a distance of approximately twenty-two miles. The cost to the State is estimated at \$1.5 million. This extension would be built through a grant agreement with Copper Valley Electric Association. Rates charged would be the same as those paid by other Four Dam Pool customers, five and one half cents per kwh (wholesale). The current cost per kwh in the area is about eighty-five cents. The extension would serve four major lodges and one other business year round, and up to 26 residences. The area is a growing recreational area.

Attached are letters and petitions from area residents.

3. Sheep Mountain Phase II Extension.

An extension of existing power lines approximately four and one half miles south along the Glenn Highway to Sheep Mountain Lodge. Cost to the State is estimated at \$250,000. It would be built through a grant agreement with Copper Valley Electric Association, with resulting wholesale power rates again of five and one half cents per kwh. This area serves the tourism industry and travelers along the Glenn Highway. The extension would serve fifteen customers, including the Sheep Mountain Lodge.

Attached are letter^s and petitions from area residents.

4. Chistochina Extension.

An extension of existing power lines of approximately 25 miles from Gakona Junction north along the Tok cutoff to Chistochina. The cost of this project to the State is estimated at \$1.8 million. This project would also be built through a grant agreement with Copper Valley Electric Association, and would lead to wholesale power rates for the community of 5.5¢ per kwh. The extension would serve a school, a lodge, a Department of Transportation airport, a church, ten other commercial customers and 32 residences in Chistochina. This project would provide power to an entire village that provides full services and caters to tourism.

Attached are letters and petitions from area residents.

Sincerely,

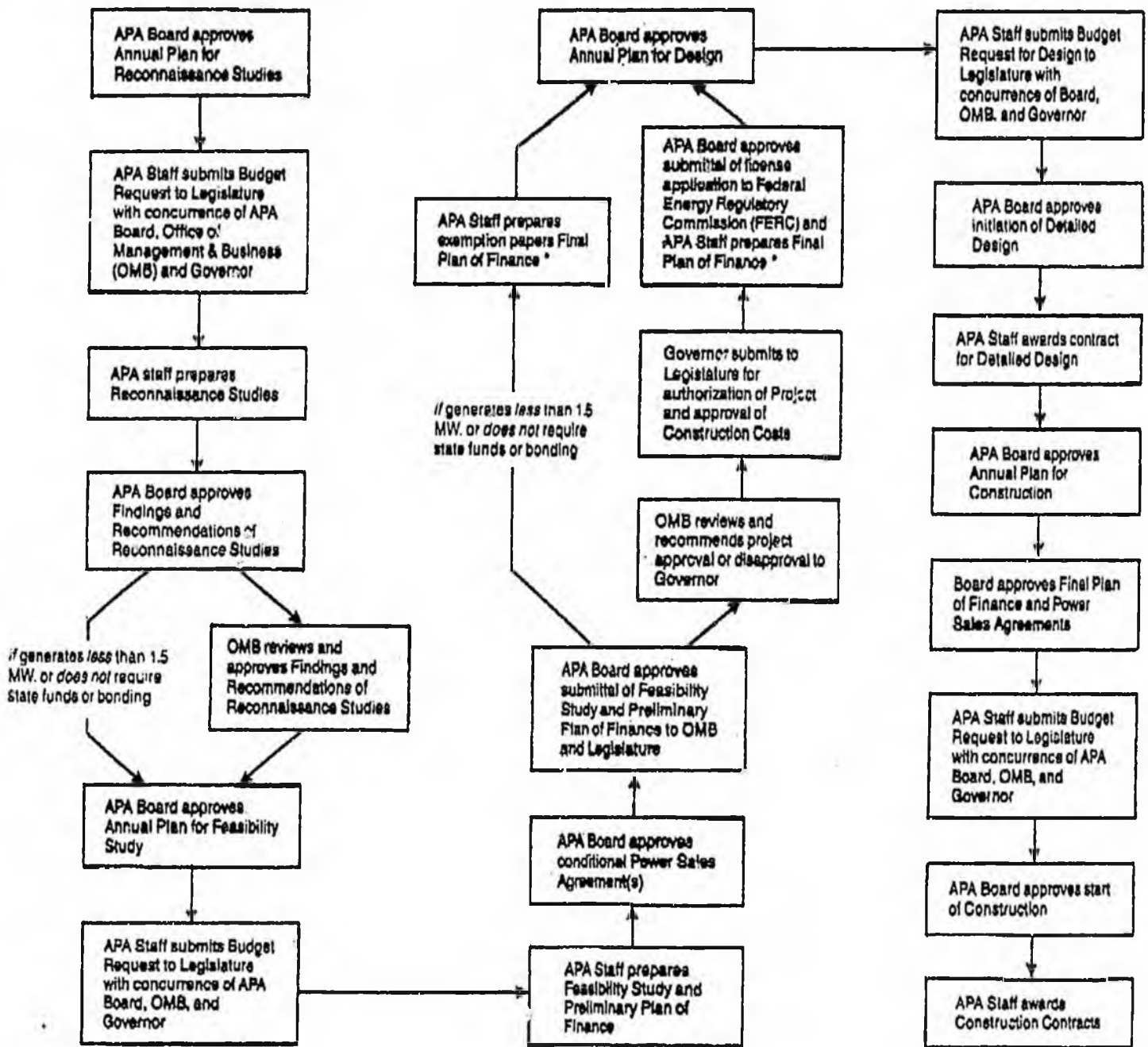

Robert E. LaRoche
Executive Director

REL:pf

cc: Senator Jack Coghill
Senator Jalmar Kerttula
Doug Bursey, General Manager, Copper Valley Electric Association
Mike Kelly, General Manager, Golden Valley Electric Association

Project Approval Process

All significant projects undertaken by the Alaska Power Authority follow the sequence of events outlined below. This project approval process, adopted in 1984, serves to clarify staff, Board, Office of Management and Budget and legislative approvals necessary for project completion. Public and agency input is also identified.



* includes Loan & Bond Agreements, Power Sales Agreements & Operation Agreements

<i>Village</i>	<i>PCE Amount (Cents/kWh)</i>	<i>Consumer Rate (Cents/kWh)</i>	<i>Consumer Rate Increase with 10% PCE Reduction</i>
Akhiok	26.50	n/a	n/a
Akiachak	28.30	22.20	13%
Akiak	18.00	16.90	11%
Allakaket	30.90	30.20	10%
Anaktuvuk	12.00	2.50	48%
Aniak	24.60	18.80	13%
Arctic Village	21.50	49.50	4%
Atka	15.10	n/a	n/a
Aimautluak	24.60	20.00	12%
Atkasuk	12.60	1.50	84%
AVEC Villages*	25.80	11.20	23%
Beaver	27.00	28.20	10%
Bethel	7.20	9.90	7%
Bettles	31.70	22.70	14%
Birch Creek	31.30	27.10	12%
Brevig Mission	21.70	13.90	16%
Buckland	17.00	n/a	n/a
Central	27.60	23.00	12%
Chefornak	17.60	20.10	9%
Chenega Bay	22.20	15.80	14%
Chignik	13.60	17.30	8%
Chitina	23.70	19.40	12%
Circle	36.10	8.50	42%
Clarks Point	15.70	23.30	7%
Coffman Cove	6.20	12.70	5%
Cold Bay	23.30	10.60	22%
Cordova	7.50	12.20	6%
Craig	3.70	15.40	2%
Deering	18.00	24.60	7%
Diomede	12.00	35.20	3%
Eagle (City)	27.10	10.50	26%
Eagle Village	41.80	13.20	32%
Egegik	37.90	19.50	19%
Ekwok	15.70	14.30	11%
Elfin Cove	15.40	13.30	12%
False Pass	14.80	24.00	6%
Fort Yukon	18.80	21.40	9%
Galena	10.10	27.40	4%
Golovin	29.20	15.80	18%
Gustavus	38.50	8.50	45%
Haines	4.00	15.80	3%
Hughes	36.30	14.50	25%
Hydaburg	6.80	14.40	5%
Igiugig	39.80	16.20	25%
Illamna	32.70	10.90	30%

Kaktovik	10.90	4.50	24%
Karluk	27.10	15.00	18%
King Cove	9.40	10.10	9%
Kobuk	21.10	32.40	7%
Kokhanok	38.70	18.60	21%
Koliganek	16.40	8.50	19%
Kongiganak	24.20	22.60	11%
Kotzebue	10.80	13.50	8%
Koyukuk	22.00	n/a	n/a
Kwethluk	16.70	27.30	6%
Kwigillingok	26.10	24.30	11%
Larsen Bay	21.10	17.20	12%
Levelock	31.20	14.30	22%
Manley	38.00	u/a	n/a
Manokotak	21.10	8.90	24%
McGrath	23.10	14.40	16%
Middle Kuskokwim**	38.90	17.20	23%
Naknek	13.10	14.20	9%
Napakiak	38.50	8.50	45%
Napaskiak	38.50	20.50	19%
Nelson Lagoon	21.20	18.90	11%
Newtok	35.10	13.10	27%
Nikolai	20.70	33.20	6%
Nikolski	33.50	24.50	14%
Nome	8.30	6.30	13%
Northway	17.40	12.00	15%
Nuiqsut	12.60	1.50	84%
Nushagak	8.40	12.30	7%
Ouzinkie	12.10	15.20	8%
Pedro Bay	40.00	21.20	19%
Pelican	3.00	12.10	2%
Perryville	16.40	16.20	10%
Pilot Point	20.50	10.80	19%
Point Hope	10.90	4.50	24%
Point Lay	12.00	2.50	48%
Port Heiden	11.50	8.50	14%
Rampart	41.80	18.20	23%
Ruby	23.70	29.80	8%
Saint George	25.50	33.90	8%
Saint Paul	14.40	22.80	6%
Sand Point	4.40	20.80	2%
Sheldon Point	22.50	26.70	8%
Skagway	2.40	16.80	1%
Stevens Village	26.50	33.80	8%
Takotna	12.90	36.60	4%
Tanana	18.40	27.80	7%
Tatitlek	29.20	9.80	30%
Telida	40.40	21.20	19%
Teller	32.50	13.40	24%

Tenakee Springs	21.80	16.30	13%
Tetlin	24.20	20.50	12%
Thorne Bay	13.10	17.10	8%
Tlingit-Haida***	21.70	15.30	14%
Tok	5.00	19.90	3%
Tuluksak	21.30	8.50	25%
Tuntutullak	16.30	31.20	5%
Unalakleet	12.20	14.20	9%
Unalaska	6.20	13.70	5%
Venetle	17.00	43.80	4%
Wainwright	10.90	4.50	24%
White Mountain	21.80	17.20	13%
Yakutat	6.10	15.10	4%

*AVEC Villages:	Alakanuk	Koyuk	Russian Mission
	Ambler	Lower Kalskag	Savoonga
	Chevak	Marshall	Scammon Bay
	Eek	Mekoryuk	Selawik
	Elim	Minto	Shageluk
	Emmonak	Mountain Village	Shaktoolik
	Gambell	New Stuyahok	Shishmaref
	Goodnews Bay	Noatak	Shurgnak
	Grayling	Noorvik	Saint Mary's
	Holy Cross	Nulato	Saint Michael
	Hooper Bay	Nunapitchuk	Stebbins
	Huslia	Old Harbor	Togiak
	Kaltag	Pilot Station	Toksook Bay
	Kiana	Pitkas Point	Tununak
	Kivalina	Quinhagak	Upper Kalskag
			Wales

** Middle Kuskokwim Elec. Coop. Villages

Chauthbaluk
Crooked Creek
Red Devil
Sleetmute
Stony River

***Tlingit-Haida Elec Coop. Villages

Angoon
Hoonah
Kake
Kasaan
Klawock

Alaska Power Authority

SENATE BILL NO. 238 (MARCH 23, 1989)

"An Act relating to the power project fund, and to the powers of the Alaska Power Authority to finance and make loans from the power project fund and to sell waste heat; and providing for an effective date."

The proposed legislation has far reaching statewide impact on, and the support of, electric utilities. In fact, the existing Power Project Fund is a very popular loan program which allows electric utilities and communities to borrow funds for utilities needs.

Enactment of the bill will allow to fund this loan program through issuance of bonds and therefore, it will remove the demand for state appropriations from the General Fund.

It is important to note that no defaults have occurred within this loan program since its inception.

There is tremendous growing interest in the Power Project Loan fund which has been spurred by the reduction of direct grants to communities and utilities for electrification purposes. Communities and utilities are now seeking loans rather than direct grants for electrification, which should work to the long-term advantage of the State of Alaska's economic development.

The Power Project Loan Fund is one of the few State loan programs (perhaps the only one?) where the interest rate typically is the market rate. The fact that Alaskan communities and utilities are expressing such a strong interest in this program despite the lack of a State subsidized interest rate indicates the high priority of their electrification needs.

Recommendation:

Support. The bill is consistent with the program objective and the mandate of Alaska Power Authority; the bill should be enacted.

Submitted by Don Shira, Director of
Operations + Program Development, + Gloria
Manning, Director Finance + Admin
5383/DD48/1

Alaska Power Authority
Project Approval Process
Sequence of Events

March 20, 1984

All significant power projects that are undertaken by the Alaska Power Authority will follow the sequence of events listed below unless modified by Board on a project specific basis. Some events may be concurrent.

Step No.	Description	Approved By			
		Staff	Board	OMB	Leg
1.	Annual Plan for Reconnaissance Studies		X		
2.	Appropriation Request for Reconnaissance Studies		X	X	X
3.	Award Contract for Reconnaissance Study	X			
4.	Authorization to submit Reconnaissance Study to OMB		X		
5.	Approval of Reconnaissance Study			X*	
6.	Annual Plan for Feasibility Studies		X		
7.	Appropriation Request for Feasibility Study		X	X	X
8.	Award Contract for Feasibility Study	X			
9.	Approve conditional Power Sales Agreements		X		
10.	Authorization to submit feasibility study, and preliminary plan of finance to OMB and Legislature		X		
11.	Recommend Project Approval or Disapproval to Governor and Legislature			X*	
12.	Authorization of Project and Construction Cost				X*
13.	Approval to submit license application to FERC		X		
14.	Annual Plan for Design		X		
15.	Appropriation Request for Design		X	X	X
16.	Approval of Initiation of Detailed Design, updated Power Sales Agreements, and Updated Plan of Finance		X		
17.	Award Contract for Detailed Design	X			
18.	Annual Plan for Construction		X		
19.	Approval of Final Plan of Finance and Power Sales Agreements		X		
20.	Appropriation for Construction		X	X	X
21.	Approval of Start of Project Construction		X		
22.	Award Construction Contracts	X			

* Statutory requirements.

Approved


Chairman

Date

4.11.84

Note:

OMB's review is required for new projects that are larger than 1.5 MW for generation projects or cost more than \$3,000,000 for transmission projects.

ALASKA POWER & TELEPHONE COMPANY

P. O. BOX 222 • 702 WATER STREET
PORT TOWNSEND, WASHINGTON 98388
(206) 385-1733

February 1, 1989

Senator Eliason
State of Alaska
P.O. Box V
Juneau, Alaska 99811

Re: Hollis Electrification

Dear Senator Eliason:

The recent cold snap has pointed out the importance of a reliable and cost effective supply of electrical energy. Yet there are many communities in rural Alaska without electricity at all.

We are in the process of developing an electric system for the community of Hollis. We have spent a lot of time and money to get this project to this point. We have received all the necessary approvals needed to begin construction this Spring. As I pointed out in my letter to you dated January 18, 1989, we currently do not have a funding source for this project. I understand that legislation has been or will be introduced that will allow the Alaska Power Authority to sell bonds in order to fund a loan program for projects such as this. We believe this to be a good long term solution for the problem and ask you to support that legislation.

However, we are ready to begin construction this spring, which would allow the Hollis Electrification Project to be completed by October, 1989. What we need is a immediate solution to our funding problem. We are not requesting a grant. We would like a loan at a fair interest rate. The APA has suggested 9% for a term of 10 to 20 years. Conventional lenders are not interested in making loans of this nature and when they are the cost of the funds is prohibitive.

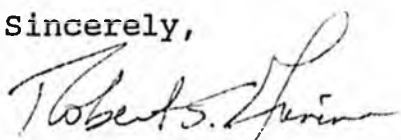
Some how, some way, there's got to be a way of getting this project, that will provide reliable and cost effective electricity to a remote rural community, funded and completed during 1989. I ask your assistance in this regard.

I have enclosed copies of a Petition that is being circulated on Prince of Wales Island. This project has wide support from a large number of Alaskan's living in the area. The petitioners total approximately 200 at this point. I appreciate the support you have given us thus far and the efforts of Laura Fleming on your behalf.

If you need additional information or have questions, please feel free to contact me.

Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "Robert S. Grimm".

Robert S. Grimm
President

cc Hollis Community Council
Robert E. LeResche-APA
Greg Mickelson- AP&T

enc.

PETITION

We the undersigned request the Governor and the Legislature to make an appropriation of \$350,000 to the Alaska Power Authority Loan programs to allow the electrification of the Hollis area. The area is currently without central station power, which is serious hardship upon the residents. This is not a request for a grant. It is a request that the loan programs created by the Legislature, specifically for this type project be modestly funded to allow construction of this basic utility service. The loan would be repaid plus interest to the State of Alaska. An appropriation is needed this year to allow construction during 1989. This project is included in the APA's FY90 Loans budget.

Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Arlene Casle	Box 32, Healyburg AK	285-3044
Patricia Gardner	Box 1, Carc, AK	826-3288
Ray Pearce	10 Box 15, Hollis	
Barlene Kuff	Box 36, Hollis	
Victoria Juzgala	Box 124, Klawock AK	
Mrs. Mrs. William Cox	Box 213, Klawock AK	
Mare Chumovic	PO Box 435, TNB, AK 99919	828-3384H
David Rollins	P.O. Box 431, TNB, AK 99919	828-3943
Kenneth Rollins	PO Box 431, TNB, AK 99919	828-3943
David Sellards	PO Box 169, Klawock	255-2382
Dee Sellards	PO Box 169, Klawock AK	99925
Norm Wagner	P.O. Box 483, Thorne Bay, AK	99919
Bob Dait	Box 113, Effron, AK	99950
Carl Wate	" " " " "	99950

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Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Neil Sandberg	Box 293 Craig	826-3472
Ralph Merrill	Box 220 Craig	826 3866
Al Donnet	Box 80 Klawock AK	
John Dabow	Gen Delio Kbrock AK	
James Bennett	303 Spruce St. KTN	225-5585
Pete Rice	Box 69 Craig	826-3600
Raymond K. Tice	Box 69 Klawock AK	
Michael J. Hutto	Box 1500 Craig	826-3120
Kandy Carney	Box 308 Craig	826 3080
William E. Jones	PO Box 22 Klawock	755-2227
Joe Rallins	P.O. Box 458 CRAIG	826 3911
James S. Williams	Box 164 Klawock	
Ron W. Altman	Box 36 Hollis	
Matthews Cook	Box 22 Hydaburg	

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Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
D. J. Gilbois	Box 307 Craig	826 3 58
Stephen Shawver	Stebrock	755 2 329
Mike Tille	Box 229 Craig	826-3 01
Albert Maloy	Box 236 Craig	826-3 257
Harold Graham	Box 42 Craig	826-33 64
Wanda Pico	Craig	826-36 00
Fred Hamilton Jr.		826-32 29
Mary Lee Perkins	Craig	826-3374
Ray M. [unclear]		826-3027
Ken Jimmy	Craig	826 3130
Edna Pounce	Craig	None
James P. Crosby	Craig	826-3073
Raymond Kelly	Craig	
Richard J. Joller	Craig	826-3521
David Allos	Hollis	None
Martha Wehler	"	"
Hollis Public Library	"	"
John [unclear]		826-3521
Burt [unclear]		826-3472
David R. Meyer		826-3152
Chas [unclear]		755-2329
Gary W. Spang		755 7329
Bruce N. Dumbor		826-3351
Joe Warner		_____
Charles Thorpe		826-3024
Rose Jacek		826-3585
Jim Jacek		826-3585
Fritz LACOUR		826-3585
Donna LACOUR		826-3585

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Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Richard L. Young	20752 ShennSee (Gen Del Craig)	
Mark Gillespie		Gen. Del. Craig
Leon Kelly	P.O. Box 333 Craig AK	
John Childer	Box 19153 Thorne Bay AK	828-3909
Janice Enright	" " "	" "
Larry Lemons	Craig AK	826-3140
Don Kraine	Klawock AK	
Alfred Dennis	Box 71 Craig 99921	
Larry Lowery	Craig 99921	
Arnell R. Cottrell	Craig 99921	
H Paul Warren	Craig 99921	826 8197
Charles Nichols	" " 99921	826-3332
Bruce Linker	Craig 99921	826 3893
Hollis Bill Downie	Craig 99921	825 3340
Juan Williams	Klawock 99925	755-2348
Don Howell	Craig 99921	826-3742
Paul Sharp	HYD 99922	825-3442
Sal Wilkin	Box 127 KLA AK 99925	755-2303
Ken Keyser	PO BOX 403 CRAIG 99921	826 2536
Jim Bernhard	Box 33 HYDABURG	285-3202
Steven Bernhard	Box 33 Hydaburg AK	285-3202
ROBERT WETHERELL	PO Box 500 CRAIG AK 99921	826-3338
Dale Lehman	PO Box 863 Walepuss Ketchikan AK 99950	
David L. Grant	Box 89 Hyd Alaska 99922	
Agonithia Yates	Box 156 Craig, Ak.	9902
John A. Thorne	Box 130 Thorne Bay AK.	99919
Donald J. Staples	Box 130 THORNS BAY	828 3346
Michael S. Walker	Gen. Del. CRAIG 99921	

PETITION

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Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
James A. Gault	Box 19425 Thane Bay	828-3368
Lewis O Johnson	Gen Po Craig	
J.R. Thomas	PO BOX 306 CRAIG AK 99921	
J. Starnard	Box 121 CRAIG 99921	
J. Costales	Box 374 CRAIG 99921	826-5800
Harlan Bruy	Box 92 Klawock AK 99925	
B. Cliff Duffla	Box 29 CRAIG AK 99925	
Ernie Nelson	Box 225 Klawock	
Christine Vandeyne	Box 121 Klawock AK 99925	
Phil Hyatt	GEN D. CRAIG 99921	
Robert Owest	P.O. Box 232 CRAIG AK 99921	
Rose E. Kato	Box 35 Kluw. AK 99925	
Leonard Kato	Bx 35 Kluw. AK 99925	
Quone Duke Hobart	Box 84 Craig AK 826-3800	
Jack Meyers	San Delir Craig AK	
Lorena Macasart	PO Box 2 Klawock AK 99925	
Albert P Macasart	PO Box 2 Klawock AK 99925	
Justine Macasart	PO Box 2 Klawock AK 99925	
Paul C. Johnson	Box 58 Klawock 755-2381	
Joe Warner	PO Box 280 Craig AK	
Tom Warner	Klawock AK	
Mr. Wood	(016) Klawock AK	
Robert Johnson	Craig	
Mary E. Gregg	Craig AK 755-2378 Box 444	
Walter Gregg		
James Mackie	P.O.B 162 CRAIG AK	
James Mackie	P.O 295 Craig AK	
Dennis Strawn	PO Box 314 Craig AK	
Terrence A. Pollock	PO Box 86 Craig AK 99921	

PETITION

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Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Jay Mickelson	Box 209 CRAIG	826-3400
B. J. J.	Box 144 CRAIG	826-3348
Maureen Rudolph	Box 144 CRAIG	826-3635
Bob Bashon	Box 193 CRAIG	826-3348
Russ Williams	Box 208 Klawock (Spruce Circle Harris River Valley)	755-2348
Karrie Sadler	Box 75 CRAIG	826-3273
Roger Sadler	Box 75 CRAIG (HARRIS RIVER SUBDIVISION)	826-3271(WK)
Charles L. Thompson	Box 341 CRAIG	(826-3475)
Charles J. Beck	Box 328 Thorne Bay	828-3913
Deborah Hill	Box 48 CRAIG AK	826-3533
Henry McNeill	Box 13 Klawock AK	755-2374
Constance McNeill	Box 13 Klawock	755-2374
Gerald Jackson Jr.	Box 26 Klawock	755-2922
William J. Woodruff	Box 9430 THORNE BAY	828-3377

PETITION

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Thank you for your consideration.

690

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Fred Lund	PO Box 155 Klavock	7552287
Henry Mc	Ken Del Klavock	
Erin Deaton	Nankati	
Dr. Akley	Box 17 Hollis	
Nelly Akley	Box 17 Hollis	
Robert K. Hansen	P.O. Box 19248 Thorne Bay	
Gayle M. Gault	Craig AK 99921	
Ross M. Gault	Box 1600 Craig AK 99921	
Paul Mata	Box 183 Craig AK 99921	
John Wayne	Box 141 Craig AK 99921	
Gandra Mickelson	Box 209 Craig AK 99921	
Ernie Wear	Box 125 Klavock AK 99921	
Bonnie Z. North	Craig AK 99921	
Philip Walters	Box 309 Craig AK 99921	
Tony Martin	PO Box 217 Klavock 99921	

ALASKA STATE LEGISLATURE - SENATE

SENATOR RICHARD I. ELIASON

RULES COMMITTEE, CHAIRMAN
LABOR & COMMERCE COMMITTEE, VICE CHAIRMAN
LEGISLATIVE COUNCIL
RESOURCES COMMITTEE
FISHERIES SUBCOMMITTEE, CHAIRMAN



P.O. BOX 143
SITKA, ALASKA 99835

P.O. BOX V
JUNEAU, ALASKA 99811
(907) 485-4016

906-385-1733

September 22, 1988

Mr. Robert S. Grimm, President
Alaska Power and Telephone Company
P. O. Box 222
Port Townsend, Washington 98368

Dear Mr. Grimm:

Thank you for your telephone call and for your recent letter concerning AP&T's efforts to secure financing to construct an electrical system to supply power to the community of Hollis.

I certainly support a loan being made to AP&T for this purpose, however I am sure you understand that I am not in a position to make a commitment that funds will be available. I am committed to the concept of making state money available on a loan basis to facilitate electrical power being supplied to rural Alaska, and I will work together with APA in an effort to obtain the moneys to fund projects of this kind.

According to Brent Petrie of APA, some of the projects which have been in progress during the current construction season will be in the process of being closed out in October and November. In December APA will reassess its capital budget situation to determine whether sufficient savings have been incurred to enable the agency to re-direct some of the funds to other projects. I hope that AP&T is he able to obtain funding in this way before the next construction season begins, thus obviating the need for an additional appropriation to the power project loan fund.

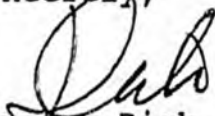
In addition, APA is looking at possibilities for re-structuring its loan program in order to better meet the state's energy needs. I will be following developments in this area with great interest, as the issue of providing affordable power to rural Alaska is of great concern to the majority of my constituents. There will likely be proposals

Mr. Robert S. Grimm
Sept. 22, 1988
page two

on the table for consideration by the legislature during the next legislative session, which convenes in January.

Please keep me informed of developments at your end, and I shall do my best to be of assistance.

Sincerely,


Senator Dick Eliason

ALASKA POWER & TELEPHONE COMPANY

P O BOX 222 • 702 WATER STREET
PORT TOWNSEND, WASHINGTON 98368
(206) 385 1733

January 18, 1989

Senator Eliason
State of Alaska
P.O. Box V
Juneau, Alaska 99811

Re: Hollis Electrification

Dear Senator:

Alaska Power & Telephone Company is the utility providing the communities of Craig and Hydaburg with power & telephone services. In addition, we supply Tlingit & Haida Regional Electrical Authority (THREA) wholesale power at Klawock. We are currently developing the electrical and telephone systems for the community of Hollis. The Alaska Public Utilities Commission has added the Hollis area to our authorized service area. This would have allowed us to construct the systems and begin operations during 1989. However we no longer have a source of financing for the project.

We were planning on borrowing the funds necessary to construct the electric system from the Alaska Power Authority. We recently received correspondence which indicates APA no longer has funds available to loan us. We only need \$350,000 to construct the electric system. We were relying on APA to provide us financing and view this as a serious set back. This project is included in the APA's FY90 Loans Budget.

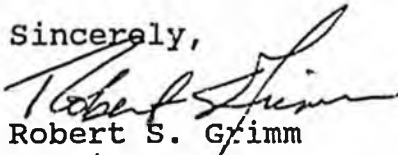
We have the support of the local community organization to construct these systems and were hoping and promising to construct the systems during 1989. I have been unable to find conventional sources of funds that are affordable. This points out the need for some type of loan fund administered by the APA. I understand APA staff plans to re-introduce legislation for the 1989 session which, if adopted, would create an alternative to the present loan programs. The new program would lend money raised through the issuance of revenue bonds for power projects such as Hollis. I think this is needed badly. Power projects in rural Alaska are not attractive to conventional lenders and result in higher rates for electrical power in those areas.

I would like your assistance in seeing if there is a way to fund or if committed but unused funds are available from the APA to make construction of this project feasible during 1989. We are not requesting a grant, we will repay the APA plus interest.

I have enclosed copies of a Petition that is being circulated on Prince of Wales Island. The electrification of the Hollis area has the support of a large number of citizens on the Island. Although the Petition does not specifically endorse the proposed legislation that has been introduced that would allow the APA to sell bonds to fund loan programs for projects such as Hollis, I think it is clear that the petitioners are in favor of a loan program for basic utility projects which are badly needed yet unattractive to conventional lenders.

If you need additional information or have questions, please feel free to contact me.

Sincerely,



Robert S. Grimm
President

cc Hollis Community Council
Robert E. LeResche-APA
Greg Mickelson-AP&T

PETITION

We the undersigned request the Governor and the Legislature to make an appropriation of \$350,000 to the Alaska Power Authority Loan programs to allow the electrification of the Hollis area. The area is currently without central station power, which is serious hardship upon the residents. This is not a request for a grant. It is a request that the loan programs created by the Legislature, specifically for this type project be modestly funded to allow construction of this basic utility service. The loan would be repaid plus interest to the State of Alaska. An appropriation is needed this year to allow construction during 1989. This project is included in the APA's FY90 Loans budget.

Thank you for your consideration.

Name Address Phone

Henry J. Julian Box 33 Hollis 99958

Ray Halvorsen P.O. Box 278 Craig, AK 99921 ^{LOT 47 HARRIS RIVER}

Calvin W. Jensen Box 22 Hollis, AK

Robert J. Cahoon Box 133 Klawock Alaska 99925

Bill Thomas Lot 30 HARRIS RIVER subdiv.

Lewis M. Hunt Box 16 Hollis, Alaska 99950

Paul Chase Box 1 Hollis AK 99950

Johnny Laine Box 20 Hollis AK 99950

John Rommen Box 21 Hollis, AK 99950

Mike Mawer Box 21 Hollis AK 99950

Marty Sharp Box 8 Hollis AK 99950

Alvin Rommen Box 21 Hollis, AK 99950

Theresa Foushard Box 448 Craig AK 99921

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Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
John N. Mott	P.O. BOX 447 CRAIG	826-3327
John Mott	BOX 111 CRAIG	826-3464
John Mott	P.O. Box 8 Craig	826-3662
Lucy Williams	Box 115 Klawock	755-2291
Tom R. Rasmussen	BOX 402 CRAIG	826-3811
Alfred R. Mott	P.O. Box 402 CRAIG	826-3945
Denise James	PO BOX 292 CRAIG	826-3426
John Mott	Box 40 CRAIG	826-3290
John Mott	Box 40 CRAIG	826-3290
John Mott	Box 40 CRAIG	826-3290
John Mott	Box 47 CRAIG	826-3381
Carl A. Waterman	Box 201 CRAIG	826-3205
James J. Green	Box 125 Klawock	755-2961
Bob Dovel	Bx 10 Craig	826-3635
Alan Vanhook	Gen. Deliv. Craig	826-3954

PETITION

We the undersigned request the Governor and the Legislature to make an appropriation of \$350,000 to the Alaska Power Authority Loan programs to allow the electrification of the Hollis area. The area is currently without central station power, which is serious hardship upon the residents. This is not a request for a grant. It is a request that the loan programs created by the Legislature, specifically for this type project be modestly funded to allow construction of this basic utility service. The loan would be repaid plus interest to the State of Alaska. An appropriation is needed this year to allow construction during 1989. This project is included in the APA's FY90 Loans budget.

Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
PAT Rust	Box 309 Craig	826-3334
Barbara	Box 324 Craig	826-3745
Myra Ouellette	PO-188 Craig	826-3343
W. K. K.	Box 58 Craig	826-3370
Verashitodeau	Box 58 Craig	826-3370
Davis W. Deoman	Box 201 Craig	826-3502
Roberta Leichty	Box 47 Craig	826-3381
Edith Mackie	Box 252 Craig	826-3324
Leitner Larvaine	Box 170 Craig	826-3302
W. F. Permenter	Box 196 Klawock	826-2944 work
Jamie Jenkins	PAB 146 Klawock	755-2982
Debra A. Donath	Box 900 Craig	826-2333
Rose Warden	Box 138 Klawock	755-2991
Robin Friese	Gen Del	755-2352

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Thank you for your consideration.

<u>Name</u>	<u>Address</u>	<u>Phone</u>
Barbara Moots	P.O. Box 447, Craig AK	826-2327
Bob Ryan	P.O. Box 103, Craig AK	826-3991
Deborah Quenbargh	Bx 78 Craig AK	826-3539
Thomas R Sinden	P.O. Box 179 Craig AK	no phone
David J. J. Gen. Ad. Craig		826-03942
Deborah Y. Holter	P.O. Box 86	826-3228
Carolyn Dooley	Box 396 Craig AK	826-3275
Luan Williams	S.V.B. 228 Klawock AK	955-2395
Linda L. Hildy	P.O. Box 120 Craig AK 99921	826-3384
Janet L. Brown	Box 11 Craig AK 99921	826-3464
Janette Samell	Bx 157 Klawock AK 99925	826-3070
Sandra M. Meltsm	Bx 209 Craig AK 99921	826-3400
Danny De Townsend	Box 448 Craig AK 99921	826-3888
Kathy D. Ota	Bx 159 Craig AK 99921	826-3777