

HB

20

# HOUSE COMMITTEE REPORT

(5) Date Referred: January 11, 1993      FURTHER REFERRALS:      Labor & Commerce  
 Finance

Date of Committee Action: 3-23-93

The COMMUNITY AND REGIONAL AFFAIRS Committee considered:      HB 20

HOUSE BILL NO. 20      ELECTRICAL SERVICE EXTENSION FUND GRANTS

"An Act relating to the electrical service extension fund."

RECOMMENDATIONS:       the same title  
 be replaced with \_\_\_\_\_  a new title  
 have attached amendments(s)  
 do pass  
 do not pass  
 no recommendations  
 individual recommendations  
 additional referral to the \_\_\_\_\_ Committee

ADOPTS: \_\_\_\_\_ letter of Intent

ATTACHES NEW FISCAL NOTE(S):      (Dept)      APPROVES PREVIOUS:      (Dept/Date)  
 fiscal impact \_\_\_\_\_       fiscal note(s) \_\_\_\_\_  
 zero fiscal note CED       zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>E. J. Willis</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>John N. Davis</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
<i>[Signature]</i>	<input checked="" type="checkbox"/>	<i>[Signature]</i>		<input checked="" type="checkbox"/>	
		<i>Auley Olberg</i>		<input checked="" type="checkbox"/>	

*Auley Olberg*  
 CHAIRMAN'S SIGNATURE



# Alaska State Legislature

Official Business

State Capitol  
Juneau, AK 99801-1182

SPONSOR STATEMENT  
BY REPRESENTATIVE CURT MENARD  
FOR HB 20, ELECTRICAL SERVICE EXTENSION FUND

I introduced HB 20 to help ensure that the Electrical Service Extension Fund is used for the purpose the sponsor (of the enabling legislation) intended, which is to help provide service to private residences and small businesses not currently served by an electric utility.

In 1991 the Legislature established an electrical service extension fund as a separate fund in the AEA (AS44.83.370). The authority makes grants from the fund, first, for the costs of site preparation and construction for the extension of service to private residences and small businesses not yet served by an electric utility. If the fund is not exhausted by these grants, then the Alaska Energy Authority (AEA) may make grants for improvements to existing utilities. AEA adopted emergency regulations to implement the statute in September, 1991 and the regulations became permanent in April, 1992.

In 1992 the Legislature appropriated \$1.85 million to the Fund during its first special session (1992 SLA).

AEA awarded \$1.1 million to GVEA for extending electrical service to McKinley Village. While 21 grant applications had been received in 1992, only four of them were received at the time the GVEA grant award was made.

In my view, the decision to award the grant to McKinley Village was inappropriate because management made the decision to earmark \$1.1 million for GVEA. Since the statute did not address a specific grant application period, AEA could make the award to GVEA (and because there were only three other applicants at the time and there were sufficient funds to award all four grants).

HB 20 would accomplish several things.

First, it changes who makes the final decision for grant awards. Currently, the executive director makes the decisions. Under the bill the AEA directors would make the decision after receiving recommendations from the executive director. It would also require the directors to state, in writing, the reasons for awarding or denying applications.

Secondly, the bill would establish a grant application period and can only consider applications received within the established period. Lastly, the bill requires the executive director to perform a cost benefit ratio and to prioritize applications that extend service to existing residences or small businesses at the lowest cost per new customer, thereby giving highest priority for

Page two  
Sponsor Statement  
Rep. Curt Menard

grants that provide new electric hookups to as many small businesses and residents as possible.

The Department of Commerce indicates they will be revising the regulations for the Electric Service Extension Fund Program and intend to accomplish in regulation the statutory changes in HB 20. Passage of HB 20 would simply assure that the regulatory changes occur.

**HB 20: "An Act relating to the Electrical Service Extension Fund."**

Over the next four months, Alaska Energy Authority will be redrafting and seeking public comment on changes to existing regulations for the Electric Service Extension Fund (ESEF) Program. The regulations will be revised to more clearly define procedures for awarding grants and to clarify the selection criteria described in the existing ESEF regulations. The Energy Authority intends to make changes to the ESEF regulations in a full public forum. Copies of draft regulations will be directly mailed to electric utilities in Alaska for public comment, and notice of the draft regulations' availability for public review will be published in statewide newspapers.

Proposed revisions to the regulations include many of the items addressed in the proposed HB 20. For example, the Energy Authority will be making an offer of Electric Service Extension Fund grant money using a public Request for Proposals (RFP) process. As is customary with the state's RFP process, there will be opening and closing dates for electric utility applications and no applications will be accepted prior to or following RFP application dates. A standard application form, including specific requests for information and describing program terms and conditions, will be included in the RFP. An evaluation committee will verify the eligibility of project costs and evaluate applications as to technical and financial feasibility and other factors described in the current regulations. Proposals will then be ranked based on a cost-benefit ratio and the evaluation committee will prepare its consolidated comments on evaluation results. This information will be available for public review after a formal Notice of Grant Awards.

The Energy Authority has no objection to HB 20's proposed changes to the program's regulations. If this bill is approved by the Legislature, the Energy Authority will incorporate the bill's language into the regulations.

  
Paul Fuhs, Commissioner2-1-93  
Date

dgl/026pp.co

FISCAL NOTE

STATE OF ALASKA  
1993 LEGISLATIVE SESSION

BILL NO. HB 20

Revision Date: \_\_\_\_\_  
Title: An Act relating to the Electrical Service Extension Fund  
Sponsor: Menard  
Requestor: \_\_\_\_\_

Department Affected: Commerce and Economic Development  
BRU: \_\_\_\_\_  
Component: \_\_\_\_\_  
COMPONENT SERIAL NO. \_\_\_\_\_

EXPENDITURES/REVENUES:

OPERATING	FY 94	FY 95	FY 96	FY 97	FY 98	FY 99
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
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REVENUE FUND SOURCE:	0	0	0	0	0	0
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FUNDING:

1002 Federal Receipts	0	0	0	0	0	0
1003 GF Match	0	0	0	0	0	0
1004 GF	0	0	0	0	0	0
1005 GF/Program Receipts	0	0	0	0	0	0
1006 GF/MHTIA	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

Estimate of current year (FY 93) impact: \_\_\_\_\_

ANALYSIS: (Attach a separate page if necessary.)  
SEE ATTACHED POSITION PAPER

Prepared by: Ronald A. Garzini, Executive Director  
Division: Alaska Energy Authority

Phone: 261-7233  
Date: 2/1/93

Approved by Commissioner: Paul Fuhs  
Agency: Commerce and Economic Development

Date: 2-1-93

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For further distribution information call the Governor's Legislative Office

(g) Money in the rural electrification revolving loan fund may be used by the legislature to make appropriations for costs of administering the fund.

(h) On June 30 of each fiscal year the unexpended and unobligated cash balance of the fund that is attributable to loans owned by the fund lapses into the general fund. (§ 1 ch 118 SLA 1981; am §§ 10 — 13 ch 89 SLA 1983; am § 68 ch 36 SLA 1990)

**Effect of amendments.** — The 1990 amendment, effective May 12, 1990, added subsections (g) and (h).

#### Article 8A. Electrical Service Extension Grant Program.

##### Section

370. Electrical service extension fund established

##### Sec. 44.83.370. Electrical service extension fund established.

(a) The electrical service extension fund is established as a separate fund in the authority. The fund consists only of money appropriated to it by the legislature.

(b) The authority may make grants from the electrical service extension fund to certificated electric utilities and to electric utilities exempt from certification under AS 42.05.711, as a first priority, to pay for costs of site preparation and construction for the extension of electrical service to private residences and small businesses not currently served by an electric utility and, as a second priority, for making improvements to existing utilities. The amount of a grant made under this section may not exceed 60 percent of the total cost of construction of the project. The costs considered in making a grant may not include costs of planning, feasibility studies, or design.

(c) An electric utility that has received a grant under this section may charge a connection fee for initial connection to the electrical service made available because of the construction. The connection fee for each residential or commercial structure shall conform to the line extension policy of the utility.

(d) The authority shall adopt regulations under the Administrative Procedure Act (AS 44.62) to implement this section.

(e) In this section, "certificated" means holding a certificate of public convenience and necessity issued by the Alaska Public Utilities Commission under AS 42.05. (§ 1 ch 38 SLA 1991)

**Effective dates.** — Section 1, ch. 38, SLA 1991, which enacted this section, took effect on September 10, 1991.

# **Alaska Energy Authority**

## **Electrical Service Line Extension Fund**

### **Information Sheet**

(August 6, 1992)

#### Program Description:

The electrical service line extension fund, ESEF, was established by the Alaska Legislature in 1991 to provide matching funds to electric utilities to help defray the high cost of extending electrical service to residences and small businesses (less than \$10 million in annual gross sales). The fund provides for grants up to 80% of site preparation and construction costs for qualifying line extension projects. Matching funding for at least 40% of these costs must be contributed by the applicant. Costs of project planning, feasibility studies and design are not eligible. Projects to improve existing distribution facilities are also eligible, but are given lower priority.

The Alaska Energy Authority (AEA) has approximately \$700,000 in the fund, and is accepting applications for qualified projects through 5:00 pm, September 15, 1992. Applications received in the AEA Tudor road office after the deadline will not be considered. AEA will not be held responsible for delays in delivery of applications resulting from weather, lost mail or other causes beyond AEA's control.

Certified electric utilities and electric utilities exempt from certification under AS 42.05.711 may apply for cost sharing grants under the ESEF program.

#### Grant Schedule

AEA intends to notify applicants of grant awards by October 1. Grantees will be required to meet the following deadlines, or their awards will be subject to termination.

- Obtain necessary rights of way and permits and begin construction no later than June 1, 1993.
- Complete construction no later than November 30, 1993.

#### Qualification Review

AEA will evaluate grant proposals to determine a project's qualification under the program. The following requirements must be met for projects to qualify:

1. Project will meet area needs by serving private residences and/or small businesses who have agreed to terms and fees for the utility connection. AEA will require applicants to verify customers willingness to connect to service from the project by providing letters of intent, power sales agreements or other written verification of the customers willingness to connect to the new service.
2. The project is technically feasible. Plans submitted will be evaluated by AEA to ensure they are:
  - within accepted industry standards for design and construction (REA, NESC)
  - permits and rights of way are obtainable within project schedule
  - project start up and completion dates as proposed are realistic
  - proposed project start-up date is no later than June 1, 1993
  - proposed completion date is no later than November 30, 1993
3. The project is financially feasible.
  - Grant request does not exceed 60% of allowed (site preparation and construction) costs.
  - Utility demonstrates it has available funds to pay 40% of the site preparation and construction costs and 100% of all non-eligible costs of planning, feasibility and design.
  - The project budget is within industry norms for construction conditions.

#### Project Selection

Qualifying proposals for extending new electrical service to private residences and small businesses not currently served by an electric utility will be given priority over project proposals to improve existing facilities.

For proposals to extend service to new customers, qualifying projects will be ranked by the dollar amount of eligible project costs per existing residence and small business connected as a result of the project. Those projects with lower eligible project costs per connection will be given priority.

If funds are available after all qualifying line extension projects extending service to new customers have been considered, remaining funds may be awarded to applicants with proposals to upgrade existing distribution systems. These projects will be ranked based on an assessment of benefit to utility customers.

### Application Procedure

An application form is provided with this packet. Applicants are responsible for ensuring that AEA has adequate information to effectively review and evaluate proposals. During the review period, AEA may request additional information as necessary to evaluate proposals.

Applications and supporting documentation should be submitted in a sealed manila envelope addressed as follows:

Electrical Service Extension Fund Grant Program  
Alaska Energy Authority  
PO Box 190869  
Anchorage, Alaska 99519-0869

Alternatively, applications may be hand delivered from 8 am to 5 pm Monday through Friday to The Alaska Energy Authority, 701 East Tudor Road, Anchorage.

AEA is accepting applications for qualified projects through 5:00 pm, September 15, 1992. Applications received in the AEA Tudor road office after the deadline will not be considered. AEA will not be held responsible for delays in delivery of applications resulting from weather, lost mail or other causes beyond AEA's control.

### Grant Agreements

Upon final selection of project proposals, AEA will enter into grant agreements with the successful applicants. Grantees will have 60 days from the date of grant award to submit project plans for AEA review and approval. The grant agreements will be performance based. In the event of project cost over-runs, AEA will not pay more than its budgeted share. The grant agreements will require applicants to invoice for grant payments based on actual project costs. AEA will not pay in excess of 75% of its share of project costs until the project is energized, inspected and verified to be in conformance with design as submitted in project plans, applicable codes and acceptable workmanship. Agreements will also set some limits on eligible costs for payroll, non-payroll and overhead, and require applicants to maintain certain levels of general liability and property damage insurance.

### Program Contact

Further questions concerning the application process should be directed to Rick Rogers, Development Specialist at 261-7227.

**Alaska Energy Authority**

**Electrical Service Extension Fund Grants Application**

**Legal Authority under which  
Applicant Organization Created**

\_\_\_\_\_  
**Date of Application**

\_\_\_\_\_  
**Legal Name of Applicant**

**Is your organization a certificated electric utility under Alaska Statute** \_\_\_\_\_  
**42.05.7117** **yes** **no**

**If not, why is it exempt from certification?**

\_\_\_\_\_  
\_\_\_\_\_  
**Applicant's official correspondent or representative for purposes of this application:**

\_\_\_\_\_  
**(Name)**

\_\_\_\_\_  
**(Telephone Number)**

\_\_\_\_\_  
**(Title)**

\_\_\_\_\_  
**(FAX Number)**

**Address:**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
**Principal Officers and Titles (Chief Executive Officer, General Manager, etc)**

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

### Advisors and Consultants

State names and addresses of engineer, legal council, financial advisor or consultant, design, economic or other advisors or consultants

_____	_____
_____	_____
_____	_____
_____	_____

### Project Cost and Number of Hook-ups<sup>1</sup>

Total amount of grant requested:	_____
Total amount of site preparation and construction costs to be contributed by your organization:	_____
Total non-qualifying costs (feasibility, design, planning)	_____
Total project cost:	_____
Total number of existing private residences and qualifying small businesses that will be connected as a result of this project (line extension projects only).	_____

### Project Description

In a brief, separate report, describe how state grant funds distributed under this program will be used for your organization's proposed project. The following information must be included:

1. Physical location of the line extension or facilities improvements. Include a description of how the proposed project meets the needs of the area to be served and how the project will benefit the area.
2. A description of the physical components (hardware) and electrical characteristics (voltage, phases, standards and specifications, other information that accurately describes the project). Information provided must be sufficient to allow project evaluators to determine technical feasibility of project.
3. A project budget showing how state grant and applicant matching funds will be spent for the project. An estimate of the startup and completion dates for each phase/activity (in months from date of grant award).

4. Whether state grant funds will be used to extend service to private residences or small business, or to make improvements to existing electric utility facilities.

5. The number of existing residences and small businesses that will be served by the project. "Small business" means a commercial enterprise operated for profit and engaged in lawful business activity with not more than \$10,000,000 in annual gross sales, and does not include a business that is a division or subsidiary of a large parent company that does not qualify as a small business.

6. A description of permits and rights-of-way required for construction of the project and a schedule for their acquisition that will allow for construction to proceed prior to June 1, 1993.

7. Copy of proposed/actual power sales agreements or other documentation verifying customer commitments to hook up and purchase power under your organization's current fee schedule (line extension projects only). This documentation is critical for prioritizing grant awards.

8. A description of your organization's capability to contribute 40% of the total cost of project construction and site preparation. This should include funding sources (state, federal, applicant operating revenues, etc). If the utility's 40% share of project cost comes from outside source funds, identify whether funds are in the form of a loan, grant or other form of payment. *(Do not include planning, feasibility studies or design costs in calculating state-contributed or applicant share of total project costs. These costs are ineligible under this program).*

9. A description or examples of what type of accounting reports will be used to document 60% state grant share and 40% applicant share of eligible project costs.

10. A certified copy of a resolution or other official action of your organization's governing body authorizing application for state funds under the Electrical Service Extension Fund Grant Program.

#### **NOTE**

(a) The Energy Authority reserves the right to request additional information in evaluating the applicant's project proposal. This information must be provided by the date indicated at the time of the request. An Application may be deemed ineligible if deadlines are not met.

(b) Applications must be received by the Energy Authority no later than September 15, 1992, at 6:00 p.m. Applications must be sealed in a manila envelope and addressed as follows:

Electrical Service Extension Fund Grant Program  
Alaska Energy Authority  
P.O. Box 190869  
Anchorage, Alaska 99519-0869

AEA 1992q3 :xtanapp.doc\p1w

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



P.O. Box 113200  
Juneau, AK 99811-3200  
(907) 465-3795  
FAX (907) 463-4885

September 29, 1992

TO: Representative Ron Larson, Chairman  
Legislative Budget & Audit Committee

FROM: Mike Greany   
Legislative Fiscal Analyst

RE: Senator Menard's Letter/Electrical Service Extension Fund

The attached memorandum and information packet was prepared by Dave Tonkovich of our staff in response to Senator Menard's letter forwarded from your office.

It appears that the Alaska Energy Authority is following their understanding of the intent of the legislature by its actions this past session.

Please advise if anything further is needed on this.

# ALASKA STATE LEGISLATURE

## LEGISLATIVE BUDGET AND AUDIT COMMITTEE

Division of Legislative Finance



P.O. Box 113200  
Juneau, AK 99811-3200  
(907) 465-3795  
FAX (907) 463-4885

### MEMORANDUM

DATE: September 28, 1992

TO: Mike Greany, Director  
Division of Legislative Finance

FROM: David Tonkovich, Revenue Analyst <sup>ORT</sup>  
Legislative Finance Division

SUBJ: Electrical Service Extension Fund Appropriations

This memo provides information on the Electrical Service Extension Fund (ESEF). The statutory reference for this fund is AS 44.83.370. An initial review examines purposes and appropriations to the fund and well as regulations for grants from the fund. With that background, the award to Golden Valley Electrical Association for the McKinley Village Line Extension Project will then be discussed.

The electrical service extension fund was established by the Alaska Legislature in 1991. The purpose is to provide matching funds to electric utilities to help defray the high cost of extending electrical service to residences and small businesses (less than \$10 million in annual gross sales). The fund provides grants for up to 60% of site preparation and construction costs for qualifying extension projects. Matching funding for at least 40% of these costs must be contributed by the applicant. Costs of project planning, feasibility studies and design are not eligible. Projects to improve existing distribution facilities are also eligible but are given lower priority.

Appropriations were made to the Electrical Service Extension Fund in both FY92 and 93. The citations for these appropriations follow:

CH 96. SLA 91. Sec. 81 appropriated \$1,000,000 from the general fund.

CH 5, SLA 92, Sec. 152 (p. 38) appropriated \$1,850,000 from the general fund.

Two appropriations from the fund went to the Alaska Energy Authority to defray costs directly associated with the implementation of administrative regulations and administration of grants for the program. Both are found in CH 5, SLA 92.

Sec. 83 \$33,000 was appropriated for the fiscal year ending June 30, 1992.

Sec. 84 \$37,500 was appropriated for the fiscal year ending June 30, 1993.

Regulations for this program are found in 3 AAC 94.600-690. A copy of those regulations is attached. A good source of information on the program is found in an attached information sheet developed by the Alaska Energy Authority, dated August 6, 1992. That sheet describes the program and presents information on the grant schedule, project qualification requirements, project selection criteria, application procedures and grant agreements. Allocations of monies currently in the fund will be made by October 1.

This background provides the necessary framework for a review of the grant to McKinley Village. Most of this information is based on a conversation with Brent Petrie, Manager of Agency Operations for the Authority.

The Governor's original capital budget contained general fund requests of \$1,500,000 for McKinley Village electrification and \$750,000 for the ESEF. Apparently, the McKinley project was in and out of the capital budget at various stages of the deliberations. According to Mr. Petrie, Senator Pourchot met with members of the governor's staff who were advocating the McKinley Village project. The Electrical Service Extension Fund was proposed as an option but could not be used for the entire project because of the 40% match requirement. The decision was ultimately made to add \$1,100,000 in general funds to the \$750,000 originally planned for the Electrical Service Extension Fund. A separate appropriation of \$400,000 provided the necessary match and was made in CH 5, SLA 92, Sec. 141. That appropriation was made to the Energy Authority for electric line extension projects within the Denali Borough.

In summary, the McKinley village extension will be funded out of the ESEF (\$1,100,000) and from the Denali Borough appropriation (\$400,000). After the appropriations for administrative expenses about \$700,000 remains in the fund.

Applications for the remaining funds are proceeding according to rules laid out in the attached information sheet. Those awards will be made by October 1, 1992. Golden Valley Electrical had submitted an application for grant funds prior to the institution of this application process. This was done on the expectation that they would receive a direct general fund appropriation for the McKinley Village project.

According to Mr. Petrie, the project meets technical, population, and other criteria for use of ESEF funds. The area is currently unserved by central electricity, has between 50-65 customers, and can be readily tied into the Anchorage-Fairbanks intertie at Cantwell. At the present time the grant agreement is under review and the utility will have to submit drawings and plans for the project. Mr. Petrie was unsure of the payment format but expected that installments would be paid as work progressed.

**DIVISION OF LEGAL SERVICES**

**LEGISLATIVE AFFAIRS AGENCY  
STATE OF ALASKA**

(907) 465-3867 or 465-2456  
FAX (907) 465-2029  
Mail Stop 3101

130 Seward Street, Suite 409  
Juneau, Alaska 99801-2105

**MEMORANDUM**

October 14, 1992

**SUBJECT:** Electrical service extension fund

**TO:** Senator Curt Menard  
ATTN: Bill Siedler

**FROM:** Teresa B. Cramer *TPC*  
Legislative Counsel

You have asked for an opinion concerning the grant priorities established for the electrical service extension fund and the ability of the Alaska Energy Authority to use money appropriated to the electrical service extension fund (AS 44.83.370) without considering whether the project meets the grant priorities set out in that statute and in 3 AAC 94.640.

**Grant criteria for the electrical service extension fund**

The electrical service extension fund is established in AS 44.83.370. Subsection (b) provides for grants from the fund:

(b) The authority may make grants from the electrical service extension fund to certificated electric utilities and to electric utilities exempt from certification under AS 42.05.711, as a first priority, to pay for costs of site preparation and construction for the extension of electrical service to private residences and small businesses not currently served by an electric utility and, as a second priority, for making improvements to existing utilities. The amount of a grant made under this section may not exceed 60 percent of the total cost of construction of the project. The costs considered in making a grant may not include costs of planning, feasibility studies, or design.

The statute creates two categories of grants. First priority is to be given to applications for grants to pay the costs of site preparation and construction for the extension of electrical service. As a second priority, the AEA may award grants for improving existing utilities.

Senator Curt Menard  
October 14, 1992  
Page 2

The statute does not set out what standards the agency should apply in making decisions when there is insufficient money to fund all of the applications for grants that fall within the first priority. The regulations, adopted under AS 44.83.470(d), do establish a standard. Under 3 AAC 94.640(c),

[i]f two or more applicants are otherwise equally qualified to receive a grant, the grant will be awarded for the project that will serve the greatest number of existing residences or small businesses based on the dollar amount spent to extend the electrical service.

It is not entirely clear what the regulation means by "equally qualified." The regulations establish requirements that projects must meet. Under 3 AAC 94.620(b), the AEA is required to review applications and state whether the project meets the needs of the area, is technically and financially feasible, and whether the applicant has secured the necessary permits and certificates. It is possible that under 3 AAC 94.640(c), the AEA is intended to rank applications on these qualifications and then, among those that receive equal ratings, select on the basis stated in that subsection. On the other hand, the qualifications stated in statute and in 3 AAC 94.640(b) concern whether the project is for site preparation and construction for the extension of electrical service or for improving existing utilities. If this is the intended criterion then the AEA would group all of those properly completed applications for grants for the extension of electrical service and then, among those, apply the standard set out in 3 AAC 94.640(c).

#### Use of appropriation

In my opinion, the AEA is bound by the stated purpose of the appropriation and may not change the purpose except by amendment to the appropriation.

As I understand the information Bill Siedler of your staff has provided, the appropriation item in question was to the electrical service extension fund. Under art. 9, sec. 13 of the state constitution, state money may not be spent except as authorized by law. The section states:

No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void.

The Alaska Attorney General has said that this section gives the legislature total and absolute power over the expenditure of state funds. Op. Alaska Atty Gen., February 28, 1977. The legislature has implemented this constitutional provision through the Executive Budget Act (AS 37.07). The only specific reference to the power of the executive to make transfers is contained in AS 37.07.080(e) which provides

Senator Curt Menard  
October 14, 1992  
Page 3

Transfers or changes between objects of expenditures or between allocations may be made by the head of a state agency upon approval of the [Office [of Management and Budget]. Transfers may not be made between appropriations except as provided in an act making the transfers between appropriations.

} \*

Under this statute, the AEA may not use money appropriated to the electrical service extension fund for a purpose other than the fund. As discussed earlier in this memorandum, the fund sets out purposes for which grants may be made. In my opinion, unless the AEA secures an amendment to the appropriation to the electrical service extension fund, it may only spend an appropriation to the fund in accordance with the statute establishing the fund and regulations adopted under the statute.

} \*

If I can be of further assistance, please let me know.

TC:lmb:gc  
92-172.lmb

# MEMORANDUM.

State of Alaska

Department of Law

TO Senator Curt Menard  
Alaska Legislature

Ron Garzini  
Executive Director  
Alaska Energy Authority

DATE October 22, 1992 RECEIVED  
FILE NO 661-93-0224 OCT 23 1992  
TEL NO 259-5161 ALASKA ENERGY AUTHORITY  
SUBJECT Alaska Energy Authority  
Electrical Service  
Extension Fund

FROM: Carolyn E. Jones *cef*  
Assistant Attorney General  
Transportation Section, Anchorage

## SUMMARY

This memorandum responds to your separate but related requests for legal advice regarding the Electrical Service Extension Fund ("the Fund") administered by the Alaska Energy Authority (AEA).<sup>1</sup> We conclude that the AEA is required to evaluate applications for grants from the Fund based on the date they are received. If there is insufficient money in the Fund to award grants to all the contemporaneous applications, then the applications must be evaluated competitively on a cost/benefit analysis. The application for a \$1.1 million grant from the Electrical Service Extension Fund to Golden Valley Electric Association (GVEA) for the extension of electrical service to McKinley Village was one of four applications filed in May and June, 1992. Because there was sufficient money in the Fund to award all four grants if the applicants were otherwise eligible, the applications did not have to be evaluated on a cost/benefit analysis.

The money remaining in the Fund would be available for any subsequent applications. Applications received in July, 1992 should be evaluated in the order received. Those applications submitted in response to the August 3, 1992 solicitation will all have to compete for the remaining money in the Fund. Those applications that are otherwise eligible but not funded because the

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<sup>1</sup> We understand that Senator Menard also requested and received advice from the Division of Legal Services regarding expenditures from the Fund. We have reviewed the October 14, 1992 memorandum by Teresa Cramer. None of the opinions in the Cramer memorandum are inconsistent with or contradict the opinions here. The Cramer memorandum did not consider the relevance of 3 AAC 94.640(a) to the advice requested of our office nor did that memorandum address the factual background regarding the actual applications on file with the AEA. Those issues are fully addressed in this memorandum.

Fund is exhausted will be eligible for priority consideration for next year's appropriation to the Fund.

Despite the size of the grant for McKinley Village, nothing in the legislation, appropriations bill or AEA regulations prohibits the grant award. GVEA may also meet the matching fund requirement of 44.83.370(b) with a separate appropriation not related to the Fund.

### ANALYSIS

#### A. Establishing Priority Between Competing Applications

In 1991 the Alaska Legislature established an electrical service extension fund as a separate fund in the AEA. AS 44.83.370. The authority may make grants from the fund, first, for the costs of site preparation and construction for the extension of service to private residences and small businesses not then served by an electric utility. AS 44.83.370(b). If the fund is not exhausted by these grants, then the AEA may make grants for improvements to existing utilities.

The AEA adopted emergency regulations to implement the statute in September, 1991 and the regulations became permanent in April, 1992. The regulations set out how the grants may be used; the information required in the grant application; the standards for review of the application by the AEA; the requirement for inspection of the applicant's records and facilities, and the establishment of a grant priority in case of competing applications. 3 AAC 94.600 -- 94.640.

?! { Of particular relevance here are those provisions which describe the relative priority of competing grant applications. 3 AAC 94.640 specifically provides that "applications for a grant under AS 44.83.370 will be reviewed in the order received by the authority." This provision should be read as establishing a threshold priority for evaluating the applications and awarding limited funds based upon the order of receipt of the grant applications. While not a model of clarity, this priority is a reasonable effort to address the concern that at some point, there has to be a cutoff date and the grants awarded.<sup>2</sup> }

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<sup>2</sup> In light of the serious problems noted here, we urge the AEA to consider amending its regulations if the agency is dissatisfied with the current evaluation procedure.

Senator Curt Menard  
Alaska Energy Authority  
Electrical Service Extension Fund

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661-93-0224

If competing applications were filed contemporaneously, then applications for new line extensions take priority over applications for improvements to existing lines. Finally, competing applications for new service or competing applications for improvements are evaluated on a cost/benefit analysis.

Both requests for advice concern the AEA's authority to give McKinley Village a \$1.1 million grant from the fund. As we understand the facts, the 1992 Legislature appropriated \$1.85 million to the Electrical Service Extension Fund on May 16, 1992 during the First Special Session. 1992 SLA chap. 5 (1st SS) sec 152, p. 38, line 4. The Governor signed the bill on July 16, 1992 with an effective date of July 1, 1992 for sections 141 and 152 of the bill. CSSB 483, Sec. 201 at p. 128, line 10.

When Mr. Garzini became executive director of AEA on July 6, 1992, these four applications were already on file for grants from the Fund:

Bean Creek: \$99,224, filed on 5/29/92;

Willow Lake: \$106,470, filed on 6/4/92;

Copper Center: \$58,449, filed on 6/4/92;

McKinley Village \$1.1 mill., filed on 6/30/92.

Mr. Garzini understood that his predecessor had made a prior commitment to grant \$1.1 million to GVEA for the McKinley Village grant but that no priority existed as to the other three applications. In a letter dated August 3, 1992, he then invited eligible utilities to submit applications for the approximately \$750,000 remaining in the fund no later than September 15, 1992. The three applicants who had previously filed for grants would compete with the applicants who responded to the August letter while the McKinley Village application would not compete with any other application.

These assumptions were incorrect. Notwithstanding any informal agreements made by Mr. Garzini's predecessor, each of the four applications named above should have been evaluated for a grant according to the terms of 3 AAC 94.600 -- 94.640. The application for Bean Creek was the first filed and the first in priority. 3 AAC 94.640(a). If the application met the criteria for a grant, then the AEA should have awarded the applicant \$99,224. The remaining three applicants should have been similarly evaluated in the order received. Since the requests for the four grants did not exceed the entire Fund balance, the applications

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were not competing and did not have to meet the cost/benefit criteria of 3 AAC 94.640(c).

Assuming the four applicants all qualified for grants from the Fund, the amount allocated would be \$1,364,193.00. The balance remaining in the Fund would be \$485,807. This is the only money available for grants to subsequent applicants.

The AEA has two additional pools of applicants. Three applications were received in July after Mr. Garzini became the AEA's Executive Director:

S. Big Lake, filed on 7/8/92;

Yakutat, filed on 7/9/92;

Emswiler, filed on 7/29/92.

These applications should also be evaluated in the order received.

The third pool of applicants responded to a solicitation sent out by the AEA on August 3, 1992. In that letter, Mr. Garzini invited interested utilities to submit applications no later than September 15, 1992 for the unallocated moneys in the Fund. By the September 15th deadline, the AEA had received 12 new requests for money to extend service to residences and businesses not currently served.

The intent of the solicitation was to find a fair method to allocate a finite amount of money in the fund. Thus, the September 15th filing date created a single filing date for all applicants regardless of whether an application was received, for example, on August 4th or September 15th. All the applicants would then compete with each other and be evaluated on a cost/benefit analysis under 3 AAC 94.640(c).

Unfortunately the creation of a single filing date for the applicants -- regardless of when the application was filed -- violated the provisions of 3 AAC 94.640(a) which provides that applications will be evaluated in the order received.

It would be pointless and fundamentally unfair, however, to require the AEA to reject the 12 applications and start the process all over. Since the applications are already prepared, it is likely that most of them would arrive in the AEA office on or about the same date and would still have to be evaluated as competing applications. It would also be unfair to now evaluate these 12 applications on the basis of which one was received first.

The solicitation was quite specific that applicants had until September 15th to file the application. There was no indication that filing before that deadline would give an application filed in August a priority over an application filed, for example, on September 15th. Therefore we recommend that the AEA evaluate the 12 remaining applications as if they were all filed on September 15, 1992 and award the grants to the applications that have the best cost to benefit ratio under 3 AAC 94.640(c).

**B. Determining the Size of the Grant**

Assuming that the McKinley Village application meets the criteria described above, the amount of the grant would be \$1.1 million -- about 61% of the entire appropriation. Nothing in the language of the enabling legislation, the appropriations bill or in the AEA's regulations restricts the size of the grant.<sup>3</sup>

In these circumstances, legislative intent is resolved by looking at the authority's enabling language. 1984 Inf. Op. Att'y Gen. (May 30; 661-84-0476). We have previously concluded that the AEA has broad powers to accomplish its statutory purposes. "In the absence of legislative expression of a preference as to how the authority should accomplish its objectives, we believe that the authority has the discretion to choose the means that will best serve the public interest." *Id.* at 4. Since neither the statutes nor the regulations limit the amount of the fund that may be granted for any one electrical service extension project, we believe that the authority may grant 61% of the fund or \$1.1 million to GVEA for the McKinley Village project.

**C. Meeting the Requirement for Matching Funds**

Senator Menard also asked whether GVEA meets the 40%

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<sup>3</sup> The only legislative history found in this regard actually supports the size of this grant as well as its allocation to McKinley Village. The Governor's capital projects bill provided for \$1,500,000 for McKinley Village electrification -- the total amount represented by the grant and the appropriation for matching funds. See HB 561, p. 7, line 5; SB 450, p. 7, line 5. An excerpt from the minutes of the Senate Finance Committee reports that the proposed appropriation to the Fund was increased by \$1.1 million contemporaneously with an appropriation of \$400,000 to be the AEA "to be used as matching funds for electric line extension projects within the Denali Borough." Co-chairman Pat Pourchot noted his understanding that the increase in the appropriation was a high priority of the Governor.

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Alaska Energy Authority  
Electrical Service Extension Fund

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October 22, 1992  
661-93-0224

matching fund requirement of AS 44.83.370(b) where part of the matching funds comes from a separate legislative appropriation of \$400,000. See 1992 SLA chap. 5 (1st SS), Sec. 141 at p. 29, lines 2 - 3 ("The sum of \$400,000 is appropriated from the general fund to the Alaska Energy Authority to be used as matching funds for electric line extension projects within the Denali Borough.")

AS 44.83.370(b) provides only that the grant may not exceed 60% of the total cost of extending electrical service. It does not stipulate the source of the remaining 40% nor does it specifically prohibit the use of other appropriations to provide the matching funds. On the other hand, the language appropriating the \$400,000 to McKinley Village is quite specific that the money is to be used as matching funds for electric line extension projects within the Denali Borough. Given the general language of AS 44.83.370(b) and the specific appropriations language that the \$400,000 be used as matching funds, the Energy Authority may appropriately conclude that GVEA has supplied the necessary matching funds to qualify for the grant.

#### CONCLUSION

Notwithstanding any informal agreements to award \$1.1 million of the fund to the McKinley Village application, the grant must comply with the AEA's current regulations. The AEA's regulations require applications for grants from the Electrical Service Line Extension Fund to be reviewed in the order received. Competing contemporaneous applications that request more money than is available in the fund are subjected to a cost/benefit analysis. The Bean Creek, Willow Lake, Copper Center and McKinley Village application must be reviewed in the order received. If eligible, there is enough money in the Fund for these four grants. Similarly, the July applications should be evaluated in the order received. Any applications received in response to the August 3, 1992 solicitation would be reviewed only after the original four applicants and the July applications, and must be evaluated according to a cost/benefit analysis.

The AEA may award an electrical service extension grant to McKinley Village even where the grant would use 61% of the moneys in the fund. Furthermore, GVEA may meet the 40% matching fund requirement with separate moneys appropriated by the legislature for electric line extension projects within the Denali Borough.

CEJ:bb

CC: Dale DC



GOLDEN VALLEY ELECTRIC ASSOCIATION INC.

To: Bill	From: Rick Rogers
Co. Senator Munnard's	Co. ASA
Dept. Office	Phone # 261-7227
Fax # 376-6180	Fax # 561-8584

\* As Requested

June 26, 1992

RECEIVED

JUN 30 1992

ALASKA ENERGY AUTHORITY

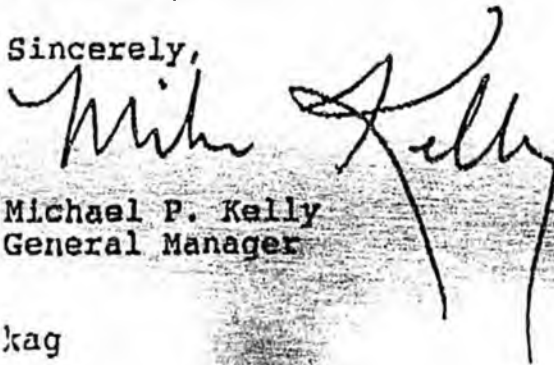
Mr. Charlie Bussell  
 Executive Director  
 Alaska Energy Authority  
 P O Box 190869  
 Anchorage AK 99519-0869

Dear Mr. Bussell:

Enclosed is Golden Valley Electric Association's Electrical Service Extension Fund Grant Application for the Cantwell to McKinley Village distribution powerline extension. The acceptance of the grant by Golden Valley Electric Association is contingent on the receipt of the \$400,000 grant in the capital budget for additional powerline extensions in the Denali Borough.

If you have any questions, please contact Dave Johnson at 452-1151, ext. 206.

Sincerely,



Michael P. Kelly  
 General Manager

kag

enc.

(SB483)



		ALLOCATIONS	ITEMS	GENERAL FUND	OTHER FUNDS
1	DEPARTMENT OF COMMERCE & ECONOMIC DEVELOPMENT (CONT.)				
2					
3					
4	<del>ELECTRICAL SERVICE EXTENSION FUND (ED 99)</del>		1,850,000	1,850,000	
5	KING COVE HYDROELECTRIC PROJECT CONSTRUCTION (ED 26)		2,500,000	2,500,000	
6		*****	*****		
7		***** DEPARTMENT OF MILITARY & VETERANS AFFAIRS	*****		
8		*****	*****		
9	PUBLIC PROTECTION				
10	ARMY GUARD FACILITIES				
11	SCHEDULED RENEWAL/REPLACEMENT/CODE UPGRADE (ED 99)		250,000	250,000	
12	CONSTRUCTION/CONTINGENCY/PLANNING (ED 99)		2,000,000		
13		*****	*****		
14		***** DEPARTMENT OF NATURAL RESOURCES	*****		
15		*****	*****		
16	HEALTH				
17	MENTAL HEALTH TRUST LAND SETTLEMENT IMPLEMENTATION (ED 99)		1,500,000	1,500,000	
18	NATURAL RESOURCE MANAGEMENT				
19	STATE LAND STATUS GEOGRAPHIC INFORMATION SYSTEM PROJECT (ED 99)		300,000	300,000	
20	RECORDER'S OFFICE/UCC RECORDS PROTECTION AND ACCESS PROJECT (ED 99)		50,000	50,000	
21	OIL AND GAS ROYALTY ACCOUNTING SYSTEM HARDWARE AND SOFTWARE UPGRADES (ED 99)		50,000	50,000	
22	LAND AND WATER MANAGEMENT				
23	STATEHOOD ENTITLEMENT SELECTIONS (ED 99)		1,500,000	1,500,000	

1 Regional Electrical Authority for the Chilkat Valley electrification project.

2 \* Sec. 141. The sum of \$400,000 is appropriated from the general fund to the Alaska Energy  
3 Authority to be used as matching funds for electric line extension projects within the Denali Borough.

4 \* Sec. 142. Section 49, ch. 130, SLA 1986, as amended by sec. 42, ch. 3, FSSLA 1987, is amended  
5 to read:

6 Sec. 49. The unexpended and unobligated balance of the appropriation made in sec. 2,  
7 ch. 24, SLA 1984, page 20, line 8 (Tanana Valley Community College Student Housing  
8 Purchase/Bidder Designed Construction - \$1,000,000) is repealed and reappropriated to the  
9 University of Alaska, Tanana Valley Community College, for lease and renovation of a new  
10 campus facility and for deferred maintenance projects.

11 \* Sec. 143. Section 158, ch. 3, FSSLA 1987, page 55, line 15 is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
14 [MUSEUM BUILDING] life safety		
15 renovations <u>and deferred maintenance</u>		
16 <u>projects</u> (ED 20)	50,000	50,000

17 \* Sec. 144. Section 139, ch. 208, SLA 1990, page 79, line 11 is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
20 Fairbanks campus, <u>land</u> [GOLD HILL CLIFFS]		
21 acquisition <u>and deferred maintenance projects</u>		
22 [(: CLIMATIC CHANGE PROJECT)] (ED 19-21)	85,200	85,200

23 \* Sec. 145. Section 139, ch. 208, SLA 1990, page 79, line 15 is amended to read:

	APPROPRIATION	GENERAL
	ITEMS	FUND
26 Elvey building code corrections <u>and</u>		
27 <u>deferred maintenance projects</u>		
28 (ED 19-21)	2,210,000	2,210,000

29 \* Sec. 146. Section 141, ch. 208, SLA 1990, page 111, line 19 is amended to read:

	ALLOCATIONS
31 Fairbanks campus, upper dorm	

# A Fax From The Alaska Energy Authority



A Public Corporation of the State of Alaska  
Walter J. Hickel, Governor  
Ronald A. Garzanti, Executive Director

**Mailing Address:**  
Alaska Energy Authority  
P.O. Box 190869  
Anchorage, AK 99519-0869

**Physical Address:**  
Alaska Energy Authority  
701 East Tudor Road, 2nd Floor  
Anchorage, AK 99503

Main Telephone Number (907) 561-7877

Fax Number: (907) 561-8584

Deliver Fax to: Nancy Memenway

Company Name: Per. Menard's

Company Address: \_\_\_\_\_

Fax Phone #: 465-2864 or 463-5661

Sender: DAVID DENIG - CHAKROFF

Sender's Phone #: 561-7877

# of Pages Sent: 8

Date Fax Sent: 2/5/93 (Including this cover sheet)

If you don't receive all of this fax, please call:  
Anchorage: (907) 261-7263

SPECIAL INSTRUCTIONS TO FAX RECIPIENT: Per your request  
I am sending the portion of GUEA's  
APPLICATION PACKET THAT DESCRIBES THE  
MCKINLEY VILLAGE PROJECT. LET ME KNOW  
IF I CAN BE OF FURTHER ASSISTANCE.

*[Handwritten signature]*

ALASKA ENERGY AUTHORITY GRANT APPLICATION  
ELECTRICAL SERVICE EXTENSION FUND  
CANTWELL TO MCKINLEY VILLAGE

1. State the legal name of the applicant and the legal authority under which it was created.

Golden Valley Electric Association, Inc. (hereafter "GVEA")

Certificate of Incorporation attached (Exhibit A)

2. State that it is a certified electric utility.

GVEA holds a certificate of Public Convenience and Necessity issued by the Alaska Public Utilities Commission, Certificate #13 (Attached - Exhibit B) (List of inclusive service areas also attached)

3. Include a certified copy of the resolution or other official action by the governing body authorizing the application for a grant.

Attached is the GVEA Board of Directors' Resolution authorizing the General Manager, Michael P. Kelly, to submit a grant application for the Cantwell to McKinley Village line extension (Exhibit C).

4. State the name, title and address of the correspondent or representative of the applicant for the purpose of the application.

David Johnson  
New Service Coordinator  
Golden Valley Electric Association, Inc.  
P O Box 71249  
Fairbanks AK 99707-1249  
Phone: (907) 452-1151, ext. 206

5. State the names and titles of the principal officers, including the chief executive officer or general manager, of the applicant.

7  
General Manager - Michael P. Kelly  
Board President - Ronald Bergh  
Board Vice President - Rick Schikora  
Board Secretary - Bill Digan  
Board Treasurer - Dan Osborne  
Board Member - Dwight Nissen  
Board Member - June James  
Board Member - Ivan Fosheim

AEA Grant Application - Cantwell to McKinley Village

Page 7

6. State the name and address of the engineer, legal counsel, financial advisor, and any management, engineering, design, economic, or other advisors or consultants which the applicant may have for the project.

Golden Valley Electric Association, Inc. - Administrative Services Department, Member Services Department, Engineering Services Department, and Administration.

Legal Counsel - Cory Borgeson  
Association Attorney  
Birch Morton Bittner  
100 Cushman Street, Suite 311  
Fairbanks AK 99701

7. State the total amount of grant requested.

TOTAL AMOUNT OF GRANT REQUEST                      \$1,100,000.00

(Refer to Exhibit D)

8. Describe the use to which the grant funds will be applied.

- a. The location of the line extension: The line extension will be made from the village of Cantwell along the Parks Highway corridor to McKinley Village. The approximate length of the extension is 23 miles including 1.5 miles of taps to extend electrical service to residents who are a distance off the Parks Highway. (See Exhibit E)
- b. The physical components and the electrical characteristic of the project: The line extension will be constructed to the standard overhead distribution specifications set forth by the Rural Electrification Act. The line will be constructed three phase along the Parks Highway; the local taps will be constructed single phase. Pressure treated wood poles and cross arms will be utilized and the conductor will be 336 MCM ASSR to minimize voltage drop and accommodate future additional load.
- c. The proposed allocation of grant funds to each purpose or to each phase of a project and the expected date of start-up and completion of each phase: Design of the new line will commence immediately upon award of the grant funds with tentative completion of construction early in 1994. The various segments of the project will be scheduled as shown on Exhibit F.
- d. Whether the grant will be used to extend service to private residences or small businesses, or to make improvements to existing facilities: The grant would be used to extend electrical distribution lines to a projected 100 new electrical connections over the next ten years. Of this number, it is estimated that 70 connects will be residential and 30 will be small businesses. Presently, 58 applications have been received including one community center/fire hall.

AEA Grant Application - Cantwell to McKinley Village

Page 3

- a. The number of existing residences and small businesses that will be served by the project: The following applicants have committed to receiving electrical service from the project immediately:

Tommy D. and Joan Adams  
\*Alascom Inc.  
Lawrence and Lois Alice  
Jane Anderson  
Margie Anton  
\*Baker Investments Inc., DBA McKinley Wilderness Lodge  
Loran W. and Marion Benham  
Lloyd D. Selvill  
Jane K. Bryant  
Michael L. Bugbee  
Robert Butterfield  
\*Carlo Creek Lodge  
\*James W. Caswell  
Patrick & Ursula Condran  
Ken & Mary Clair Curtis  
\*D & D Leasing/Donald Peterson  
Lois Dellemolle  
Ronald C. Dane  
\*Denali Cabins, Inc. (Danae R. Kroll) (2 meters)  
\*Denali Foundation  
\*Denali Grizzly Bear  
\*Denali Wilderness  
Harold and Claire Eastwood  
Bradley W. Ebel  
John W. Esala  
Bruce and Joan Foote  
Todd R. Franson  
Martin W. Grosnick  
Raisis G. James  
\*Jere-A-tad Lodge Inc.  
Stephen E. Jones  
Stephen E. Jones  
Jeff King  
Dennis R. Kogl  
\*Gary Kroll/AK Raft Adventures  
Gary Kroll  
\*Katanuska Telephone Association  
\*McKinley Village Lodge (2 meters)  
Linda Wellman  
\*William and Astrid Nancarrow  
William and Astrid Nancarrow  
William and Astrid Nancarrow  
William and Astrid Nancarrow  
Patrick & Ariety O'Connor  
\*Gerald and Elaine Pollock  
James Raisis  
Jack Reiland  
Vivian P. Spurgin  
Otto A. and Billie Stoepler, Jr.  
Otto A. and Billie Stoepler, Jr.

AEA Grant Application - Cantwell to McKinley Village

Page 4

\*McKinley Community Center  
Bryant J. Swift  
Timothy F. Taylor  
Ralph Tingey  
Charles M. Travers  
Randy and Amanda Vanderwood  
Joseph R. Welna  
Kenneth B. Wilbert

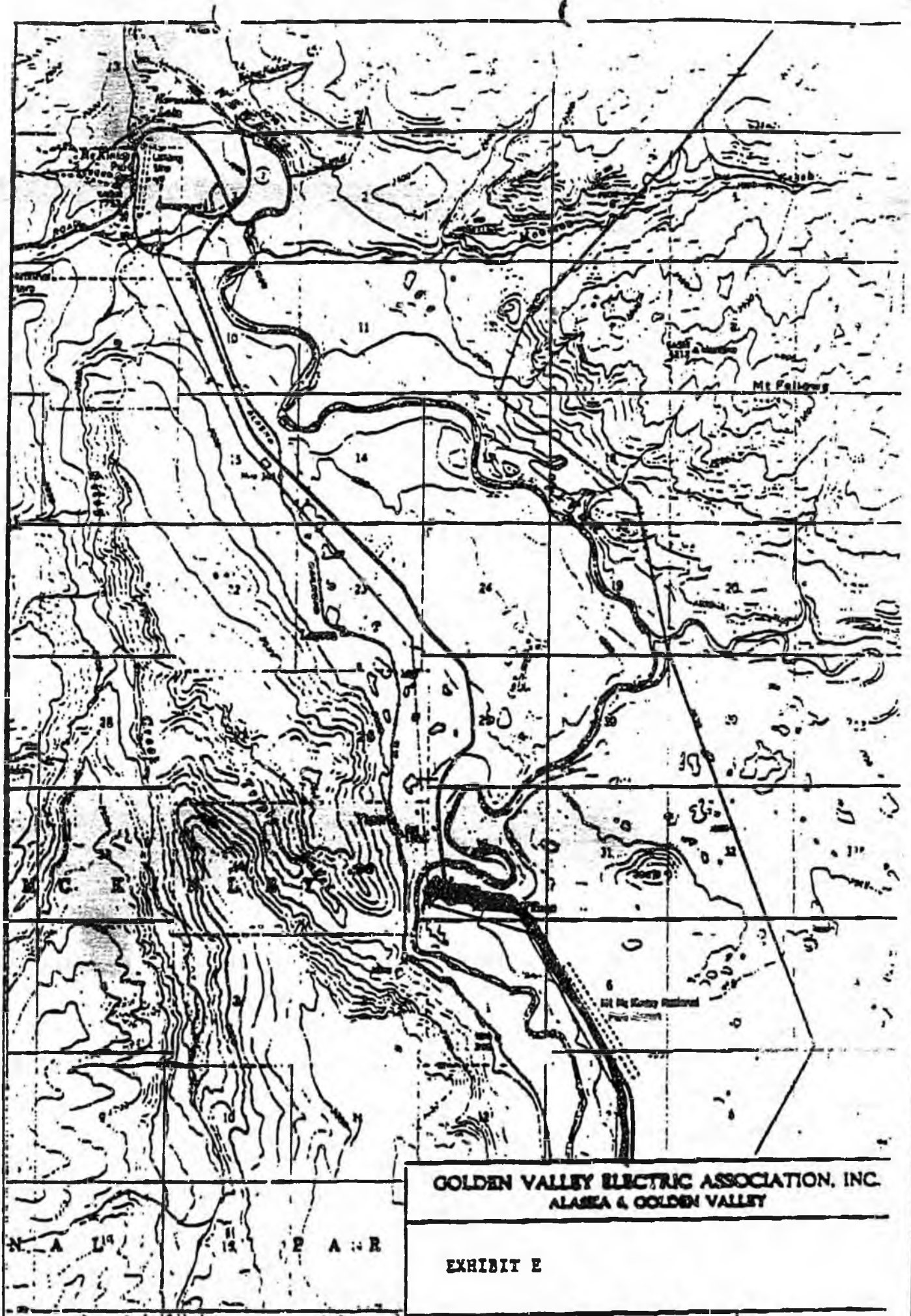
\*Small businesses

9. Provide evidence that all permits and rights-of-way needed for the construction of the project can be secured in time to allow construction to proceed on the schedule provided under subsection 355(8) (c).

The proposed routing is adjacent to the existing Parks Highway. Although GVEA has not officially applied for a permit to construct a powerline in the road right-of-way, we did ask the Department of Transportation and Public Facilities to issue an opinion on the feasibility of obtaining a permit. Attached as Exhibit G is a letter from the Department of Transportation and Public Facilities stating their non-objection. Permits are usually issued within one week of submittal. A portion of the extension may be constructed in the Alaska Energy Authority's Fairbanks to Anchorage intertie right-of-way.

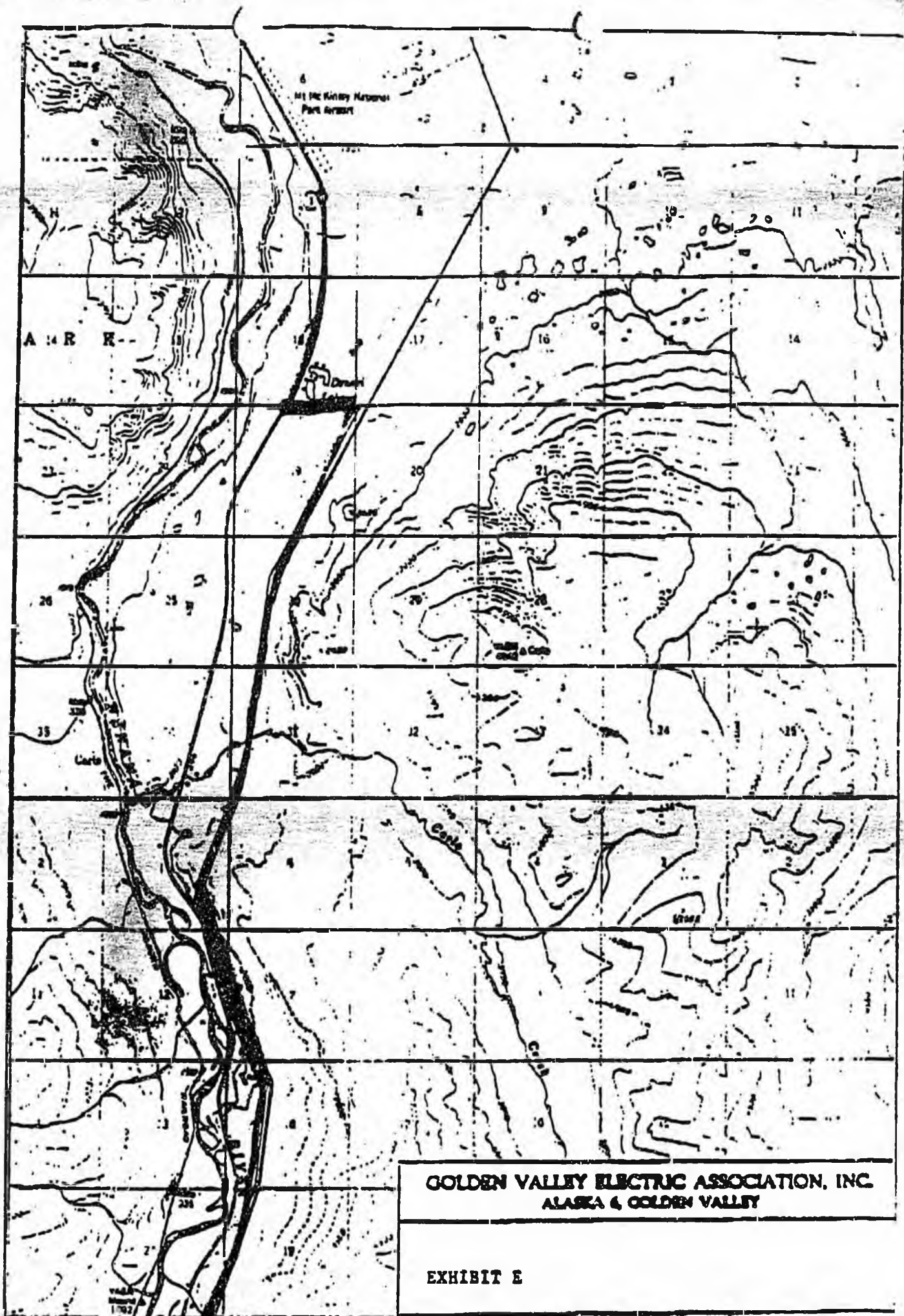
10. Provide evidence that the utility is capable of contributing 40% of the total cost of construction of the project, exclusive of the costs of planning, feasibility studies, or design.

Attached is a letter from GVEA's Chief Financial Officer, Robert Hansen, (Exhibit H) stating that the Association has sufficient funds to cover the appropriate share of the cost of the line extension in excess of the grant as provided in our tariffed line extension policy (Exhibit I). In addition to the Association's line extension funds, each prospective member has committed to pay a \$2400 contribution in aid of construction. The Association will invest an additional amount to cover the cost of the larger wire size to limit voltage drop and accommodate future load.



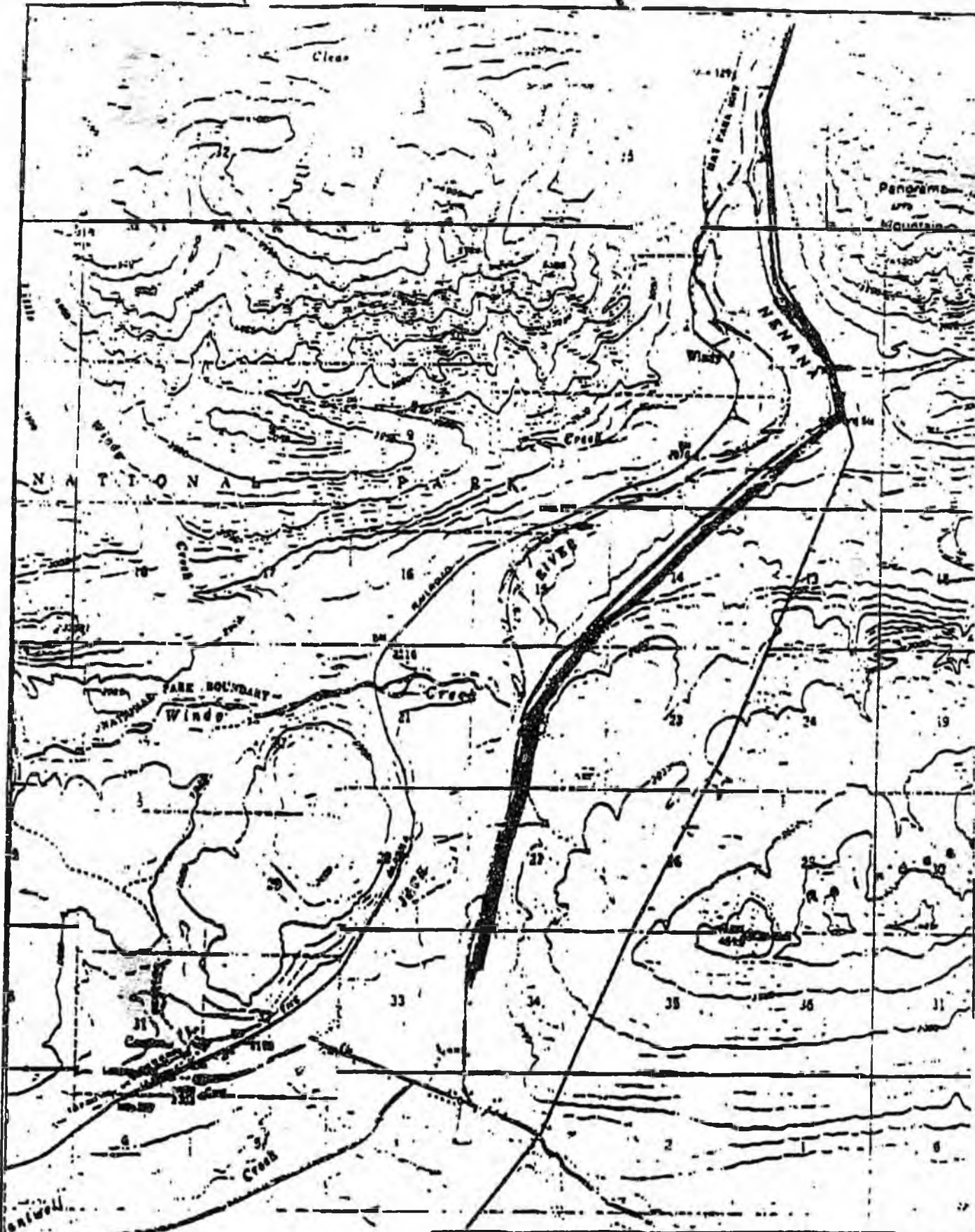
**GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.**  
**ALASKA & GOLDEN VALLEY**

**EXHIBIT E**



GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.  
ALASKA & GOLDEN VALLEY

EXHIBIT E



GOLDEN VALLEY ELECTRIC ASSOCIATION, INC.  
ALASKA & GOLDEN VALLEY

EXHIBIT E

<b>PROJECT TITLE:</b> Electrical Service Extension Grant Program				
<b>LOCATION:</b> Statewide		<b>COMPLETION DATE:</b> Continuous		<b>ELECTION DISTRICT:</b> 99
<b>PROGRAM:</b> Energy Development			<b>TYPE:</b> New Construction	
<b>FUNDING:</b>				
		<b>CAPITAL REQUEST</b>	<b>OPERATING COSTS</b>	<b>NEW POSITIONS (PFT):</b>
1002	FEDERAL RECEIPTS			
1003	GENERAL FUND MATCH			
1004	GENERAL FUND	5,000.0		
1007	INTER-AGENCY RECEIPTS			
<b>TOTALS:</b>		5,000.0		

**PROJECT DESCRIPTION AND JUSTIFICATION:**

This is a matching grant program that provides up to 60% of the cost of eligible projects proposed by utilities for extending electrical service to private residences and small businesses not currently served by an electrical utility and, as a second priority, for making improvements to existing utilities.

During the 1991 legislative session, House Bill 226 was adopted by the Legislature and subsequently signed into law, creating the Electrical Service Extension Grant Program and establishing the Electrical Service Extension Fund (AS 44.83.370) in the Alaska Energy Authority (AEA). The Fund consists only of money appropriated to it by the Legislature. Funding of \$2,850,000 was appropriated for line extension matching grants during fiscal years 1992 and 1993. Grants from the fund are awarded to certified utilities under the following statutory criteria: 1) the amount of a grant made from the Fund may not exceed 60% of the total cost of construction of the project and, 2) the costs considered in making a grant may not include costs of planning, feasibility studies, or design. In addition, the utility receiving a grant may charge an initial connection fee for the new electrical service being made available.

AEA awarded FY93 grants from the fund during October, 1992. Based on approximately \$4 million in grant requests from eligible utilities and potential public to be serviced, we anticipate no remaining FY93 grant monies to carry over into FY94.

The following grant applications could not be approved in FY93 due to lack of funds: City of False Pass, False Pass Harbor (\$45,929); City of Wrangell, South Wrangell (\$300,000); Cordova Electric Coop., Whittier Road (\$178,692); Copper Valley Electric Coop., Copper Center (\$58,449); Homer Electric Association, Dolina (\$205,800), Gume (\$19,644); Tlingit-Haida Rural Electric Association, Yakutat (\$107,160); Thome Bay Utility (\$742,420); Kotzebue Electric (\$96,899); and McGrath Light & Power (\$150,000).

In addition to the applications received in FY93 for which no funds are available, a survey of Alaskan utilities reflects potential FY94 applications of \$3,865,879.

<b>CAPITAL PROJECTS</b>
CP1 <b>DESCRIPTION</b>
PRIORITY <u>12</u> OF <u>21</u>

AGENCY Commerce and Economic Development  
 BRU Alaska Energy Authority

Page <u>1</u> of <u>1</u>
Revised Date: _____

**FY84**



HOUSE COMMUNITY AND REGIONAL AFFAIRS

DATE: 2/23/93

PLACE: Rm 124

SUBJECT OF MEETING:  
 \* SSHB 1  
 \* SJR 20

NAME	REPRESENTING	BUSINESS/PERSONAL MAILING ADDRESS	ZIP	(H) PHONE	(W) PHONE	DO YOU WANT TO TESTIFY?		WHAT SUBJECT/ WHICH BILL?
						Y	N	
Kent Swisher	AML	217 Second St Juneau	99501		586-1325	<input checked="" type="radio"/>	<input type="radio"/>	SSHB 1
Russell Heath	AEL	POB 22151 Juneau	99502		963-3366	<input checked="" type="radio"/>	<input type="radio"/>	HR1
Jim Rowler	SE CONFEDER	124 W. 5 Juneau	99801		463-5445	<input checked="" type="radio"/>	<input type="radio"/>	NS1
Jeff Otteson	DOTPK	3132 Channel Dr. Juneau	99501		465-6954	<input checked="" type="radio"/>	<input type="radio"/>	HR1
Juanita Hensley	DPS/DMU	PO Box 20120	99702		465-4335	<input type="radio"/>	<input type="radio"/>	HR1 - questions only
Janice Adair	DEC					<input checked="" type="radio"/>	<input type="radio"/>	
Bruce Geraghty	DCRA	Juneau		4700		<input type="radio"/>	<input type="radio"/>	SJR 20
Wm A. Wyatt	THE ETAK CORP.	THE ETAK CORP. 4792-S BUSINESS PARK BLVD. ANCHORAGE AK 99503	99503		501-7101	<input checked="" type="radio"/>	<input type="radio"/>	
Shirley Armstrong	Red R. Phillips	Cap. 103			4949	<input type="radio"/>	<input type="radio"/>	
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