

SB

126

HFIN

FILE

HOUSE COMMITTEE REPORT

(11)

Date Referred: May 7, 1993

FURTHER REFERRALS:

Date of Committee Action: 5/8/93

The FINANCE Committee considered:

CSSB 126(RLS) am(efd fld)

CSSB 126(RLS) AM(EFD FLD)

APPROP: POWER TRANSMISSION INTERTIES

"An Act making appropriations for grants and loans for hydroelectric projects including power transmission interties, to capitalize certain funds for energy grant and loan programs in the state, including the power cost equalization and rural electric capitalization fund, to the Department of Community and Regional Affairs for operating costs related to power projects and programs and to capitalize the Railbelt energy fund."

RECOMMENDATIONS:

be replaced with HCS CSSB 126 (FN) [X] the same title 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 _____

zero fiscal note(s) _____

SIGNING DQ PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Greg Theriault</i>	X	<i>Mike Savane</i>		✓	
<i>Theriault</i>		<i>Ronald J. Larson</i>		X	
		<i>Mark Hamley</i>		X	
		<i>Terry Martin</i>		2	
		<i>Paul Paul Parnell</i>		X	
		<i>Bruce Grussendorf</i>		X	
		<i>Richard Foster</i>		X	
		<i>John H. [unclear]</i>			
		<i>Paul Brown</i>		✓	
		<i>Sam Mackean</i>		X	

Ronald J. Larson

CHAIRMAN'S SIGNATURE

Alaska Village Electric Cooperative, Inc.

4831 Eagle Street
Anchorage, Alaska 99503-7497
(907) 561-1818
(907) 561-2388 FAX



March 16, 1993

Larry Markley
302 C Assembly Building
211 4th Street
Juneau, Alaska 99801

Post-It™ brand fax transmittal memo 7671		# of pages >
To <i>Larry Markley</i>	From <i>Charlie Walls</i>	
Co. <i>AVEC</i>	Co. <i>AVEC</i>	
Dept.	Phone # <i>561-1818</i>	
FAX # <i>463-3611</i>	FAX # <i>561-2388</i>	

By FAX: 463-3611

Larry,

Our current Capital Projects "wish list" for our 49 villages totals over \$50 million. Of these projects, our tie lines category wish list currently total's some \$13 million in projects. Obviously, we have to prioritize.

Our top priority in the category of tie lines is the Stebbins to St. Michael line, a distance of ten miles. These two communities are connected by a road. Our estimate for total construction costs for this project are:

Construct ten miles of 12.5kV three phase line.....	\$1,000,000
Increase the capacity of St. Michael's generating plant and retire the Stebbins' generating plant.....	\$250,000
	=====
Total project cost estimate	\$1,250,000

We have requested funding from the Alaska Energy Authority on this project in the past. They have indicated they would support funding for this project. What we propose is a matching grant basis, where 75% is funded by a state grant and 25% is funded by AVEC.

If you require further information on our tie line projects, please advise.

Sincerely,

Charles Y. Walls
General Manager

cc: Ron Garzini, AEA

Alaska Village Electric Cooperative, Inc.

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(907) 561-1818
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March 8, 1993
93-M-66E

Mr. Larry Markley
302 C Assembly Building
211 4th Street
Juneau, AK 99801

Re: St. Michael - Stebbins Teline and St. Michael Generation Plant Upgrade

Dear Larry:

In addition to the projects listed on the 1993-1994 Work Plan there is also an additional project that may be of significant importance. That project involves construction of an interconnecting three-phase powerline between St. Michael and Stebbins, a distance of approximately 10 miles and the upgrading of the generation plant at St. Michael in order to adequately serve the additional load of Stebbins.

A funding request for the majority of the cost of this project was originally listed on the AEA's fiscal year 1994 budget request, but was later removed due to a desire to trim the overall request and also due to the lack of an elaborate study clearly setting forth all of the advantages of the proposed intertie. Currently it is understood that the intent is to complete a study in fiscal year 1994 and then go back with a request in fiscal year 1995 to fund construction. There is a general feeling that the request for actual construction funding should be submitted now. A little background information may or may not make this request a little clearer.

In the mid 1980's a new high school was constructed in Stebbins. Within a couple years of completion the school burned to the ground. Plans were made to replace the school and it was proposed to construct a school facility on the scale of the schools built in Anchorage. The estimates for the electrical demand for the new school approached 400 KW.

Alaska Village Electric Cooperative appealed to the Alaska Energy Authority to fund additional generating capacity for the new school and also proposed that St. Michael be served via a tieline. By including St. Michael, overall operating efficiency would improve and the AEA had discretionary funds for energy-efficiency projects.

The Bureau of Indian Affairs was also constructing an interconnecting road between St. Michael and Stebbins which would substantially reduce the cost of constructing and maintaining a powerline between the two communities assuming that right-of-way along the road could be obtained.

There had also been rumors from the time that the Stebbins power plant had been constructed that it would some day have to be moved from its present location near the Stebbins airport. A tieline would in many ways simplify this relocation.

In any event, the AEA provided AVEC with a grant for \$195,000 to install two 250 KW generator sets and control gear which would allow two new units to run in parallel in addition to a third existing unit for a total potential output of approximately 700 KW.

Throughout this time period, AVEC appealed to the Bering Straits School District to reconsider their original plans of an all-electric kitchen including hot water booster heater(s).

The School District never did advise AVEC that they had decided to replace all of the electrically-heated kitchen equipment with propane-fueled equipment, but when the school came on line the peak demand was 134 KW instead of the originally estimated 300-400 KW, and the peak demand for the entire village of Stebbins was 233 KW instead of the originally estimated 400-500 KW. Consequently, either one of the 250 KW generating units could be run in a stand-alone configuration at a relatively high-generating efficiency and adequately service the village.

So everything was going well except for the nagging rumors that the Stebbins power plant might have to be relocated. Otherwise, there was now adequate generating capacity at Stebbins to serve both Stebbins and St. Michael (peak demand of 233 and 162 respectively for a total of 395 KW). The road was completed between Stebbins and St. Michael and the AEA was requesting funding for the tieline.

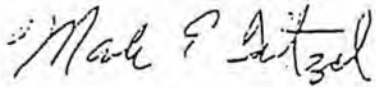
Then the AEA dropped the funding request for the tieline and relatively soon after the D.O.T. finally put into writing (copy attached) their desire to have the Stebbins Power Plant relocated.

Now, if the Stebbins plant must be relocated, instead of serving St. Michael from Stebbins it may be more feasible to serve Stebbins from St. Michael, although this would now require relocating all of the generation equipment in Stebbins to St. Michael. The only other drawback which would affect both of the current plant site locations is the lack of adequate space for the consolidation of all of the fuel tanks from both Stebbins and St. Michael necessary to store an adequate fuel supply for power generation for both communities. St. Michael does have an advantage in the form of an established fuel distributor, one of the few locations

having a workable truck haul facility and adequate commercial storage. However, the delivered cost of fuel has been known to skyrocket when tied into a sole source of this type.

The foregoing information may have muddied the waters more than it cleared it, but in any event, we feel that the St. Michael-Stebbins tieline makes as much or more economic sense than the railbelt interties, and is worthy of being funded.

Sincerely yours,

A handwritten signature in cursive script that reads "Mark E. Teitzel".

Mark E. Teitzel
Assistant General Manager

MET/am

att.

DIVISION OF LEGAL SERVICES

LEGISLATIVE AFFAIRS AGENCY STATE OF ALASKA

(907) 465-3867 or 465-2450
FAX (907) 465-2029
Mail Stop 3101

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

MEMORANDUM

May 8, 1993

SUBJECT: Sectional Summary of CSSB 126 (Rules) am (efd fld). (Appropriations for hydroelectric projects, to capitalize energy grant and loan programs and funds)

TO: Representative Ramona Barnes
Speaker of the House of Representatives

FROM: Teresa B. Cramer *TBC*
Legislative Counsel

You have requested a sectional summary of the above-described bill. As a preliminary matter, note that a sectional summary of a bill is not considered an authoritative interpretation of the bill. The bill itself is the best statement of its contents.

Section 1 appropriates \$43,200,000 from the Railbelt intertie reserve for a grant to Golden Valley Electric Association for construction of the Healy-Fairbanks intertie. Subsections (b) and (c) set out conditions that must be met before the grant can be made.

Sec. 2 appropriates \$46,800,000 from the Railbelt intertie reserve for a grant to Chugach Electric Association for construction of the Anchorage-Kenai Peninsula intertie. Subsections (b) and (c) set out conditions that must be met before the grant can be made.

Sec. 3 appropriates the balance in the Railbelt intertie reserve to the Railbelt energy fund.

Sec. 4 appropriates \$35,000,000 from the Railbelt energy fund to the power project fund in the Department of Community and Regional Affairs for a loan for the Sutton-Glennallen intertie. Subsection (b) directs that repayments of the loan be made to the Railbelt energy fund. Subsections (c) and (d) set out conditions that must be met before the loan can be made.

Representative Ramona Barnes

May 8, 1993

Page 2

Sec. 5 appropriates \$20,000,000 from the Railbelt energy fund to the power project fund in the Department of Community and Regional Affairs for a loan for the Swan Lake-Tyee Lake power transmission intertie. Subsection (b) directs that repayments of the loan be made to the Railbelt energy fund. Subsection (c) sets out conditions that must be met before the loan can be made.

Sec. 6 appropriates \$3,900,000 for the operating costs Community and Regional Affairs will have with its new responsibilities for power projects.

Sec. 7 reappropriates the unexpended and unobligated amounts of appropriations for the Bradley Lake hydroelectric project to the Railbelt energy fund.

Sec. 8 appropriates money from the general fund to the Railbelt energy fund and from the Railbelt energy fund to the power cost equalization and rural electric capitalization fund.

Sec. 9 appropriates \$5,000,000 for a grant for the hydroelectric power project on the Tazimina River and for the associated distribution system.

Sec. 10 transfers the balances in various funds of the Alaska Energy Authority to the Department of Community and Regional Affairs to reflect the transfer of the activities financed by those funds from AEA to DCRA.

Sec. 11 appropriates \$3,000,000 for a grant for the electric transmission line from Seward to the Lawing substation.

Sec. 12 appropriates the revenue stream from the portion of the former power development revolving loan fund that is to be deposited in the Southeast energy fund as a grant for expenses related to the Swan Lake-Tyee Lake power transmission intertie.

Sec. 13 appropriates \$126,600 from federal receipts to DCRA for federally authorized energy programs and projects.

Sec. 14 appropriates to DCRA the retained money held by AEA that is related to programs transferred to the department.

Sec. 15 states that the bill takes effect only if the companion bill, making the substantive changes necessary to support this appropriation bill, is enacted.

TC:pl

93-360.plm

AMENDMENT TO CURRENT VERSION OF SB 126 BY FOSTER

Insert a new section 15.

The sum of \$750,000 is appropriated from the general fund to the Department of Community and Regional Affairs for payment as a grant under AS 37.05.316 to the Alaska Village Electric Cooperative for the consolidation of the St. Michael and Stebbins generation plants and the design and construction of an electrical intertie between St. Michael and Stebbins.

Renumber existing section 15 to 16.

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Co.		Co.	AVEC
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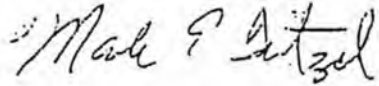
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