

**HB**

**143**

<TARGET><BILL>HB 143</BILL><SUBJECT>HB  
143</SUBJECT><COMM>HFIN29</COMM></TARGET>



# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 143  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB143CS(FIN)-DCCED-AIDEA-03-24-16  
Title: AIDEA BONDS, LOANS, FUND; AEA LOAN  
Sponsor: MUNOZ  
Requester: (H) Rules

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alaska Industrial Development and Export  
Authority  
Allocation: Alaska Industrial Development and Export  
Authority  
OMB Component Number: 1234

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Updated analysis to reflect changes from initial bill to CSHB 143(FIN).

Prepared By: John Springsteen, Director  
Division: Alaska Industrial Development Export Authority  
Approved By: Catherine Reardon, Director  
Agency: Division of Administrative Services, DCCED

Phone: (907)771-3000  
Date: 03/24/2016 09:25 AM  
Date: 03/24/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. CSHB 143(FIN)

**Analysis**

HB143 would authorize the Alaska Industrial Development and Export Authority (AIDEA) to issue conduit bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project. It is expected that the costs of issuing these bonds would be included in the bond sale. The bonds authorized by HB 143 are not to be included in calculating AIDEA's 12-month bond limit (under 44.88.095(a)). AIDEA estimates that there will be no fiscal impact as a result of this bond issuance.

**CS FOR HOUSE BILL NO. 143(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

**BY THE HOUSE FINANCE COMMITTEE**

**Offered:  
Referred:**

**Sponsor(s): REPRESENTATIVE MUÑOZ**

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act authorizing the Alaska Industrial Development and Export Authority to issue**  
2 **bonds to finance the infrastructure and construction costs of the Sweetheart Lake**  
3 **hydroelectric project."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 LEGISLATIVE APPROVAL; SWEETHEART LAKE HYDROELECTRIC  
8 PROJECT. (a) The Alaska Industrial Development and Export Authority may issue bonds to  
9 finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project.  
10 The bonds issued under this section shall be payable exclusively from the revenue derived  
11 from the project. The principal amount of the bonds provided by the authority for the  
12 Sweetheart Lake hydroelectric project may not exceed \$120,000,000 and may include the  
13 costs of issuing bonds considered reasonable and appropriate by the authority.

14 (b) The revenue bonds authorized by this section and the interest due on them do not

1 constitute a general obligation of the state or of the authority.

2 (c) The bonds authorized by this section may not be considered in calculating the  
3 authority's bonding limitation for a 12-month period under AS 44.88.095(a).

4 \* **Sec. 2.** This Act is repealed June 30, 2020.

*Adopted  
3/22/16*

29-LS0599\S  
Wallace  
3/22/16

**CS FOR HOUSE BILL NO. 143(FIN)**

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-NINTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
Referred:

Sponsor(s): REPRESENTATIVE MUÑOZ

**A BILL**

**FOR AN ACT ENTITLED**

1 **"An Act authorizing the Alaska Industrial Development and Export Authority to issue**  
2 **bonds to finance the infrastructure and construction costs of the Sweetheart Lake**  
3 **hydroelectric project."**

4 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

5 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
6 to read:

7 LEGISLATIVE APPROVAL; SWEETHEART LAKE HYDROELECTRIC  
8 PROJECT. (a) The Alaska Industrial Development and Export Authority may issue bonds to  
9 finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project.  
10 The bonds issued under this section shall be payable exclusively from the revenue derived  
11 from the project. The principal amount of the bonds provided by the authority for the  
12 Sweetheart Lake hydroelectric project may not exceed \$120,000,000 and may include the  
13 costs of issuing bonds considered reasonable and appropriate by the authority.

14 (b) The revenue bonds authorized by this section and the interest due on them do not

1 constitute a general obligation of the state or of the authority.

2 (c) The bonds authorized by this section may not be considered in calculating the  
3 authority's bonding limitation for a 12-month period under AS 44.88.095(a).

4 \* **Sec. 2.** This Act is repealed June 30, 2020.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 143  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB143-DCCED-AIDEA-03-18-16  
Title: AIDEA BONDS, LOANS, FUND; AEA LOAN  
Sponsor: MUNOZ  
Requester: (H) Finance

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alaska Industrial Development and Export  
Authority  
Allocation: Alaska Industrial Development and Export  
Authority  
OMB Component Number: 1234

## Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates					
			FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Fund Source (Operating Only)

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

## Positions

Full-time								
Part-time								
Temporary								

## Change in Revenues

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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2017) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

## ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency?  No  
If yes, by what date are the regulations to be adopted, amended or repealed?

## Why this fiscal note differs from previous version:

Updated for new fiscal year.

Prepared By: John Springsteen, Director Phone: (907)771-3000  
Division: Alaska Industrial Development Export Authority Date: 03/18/2016 11:30 AM  
Approved By: Catherine Reardon, Director Date: 03/18/16  
Agency: Division of Administrative Services, DCCED

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. HB 143

**Analysis**

HB143 would authorize the Alaska Industrial Development and Export Authority (AIDEA) to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project. It is expected that the costs of issuing this bond will be included in the bond sale. AIDEA estimates that there will be no fiscal impact as a result of this bond issuance.

# Fiscal Note

State of Alaska  
2016 Legislative Session

Bill Version: HB 143  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB143-DCCED-REA-03-18-16  
Title: AIDEA BONDS, LOANS, FUND; AEA LOAN  
Sponsor: MUNOZ  
Requester: (H) Finance

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alaska Energy Authority  
Allocation: Alaska Energy Authority Rural Energy Assistance  
OMB Component Number: 2600

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017 Appropriation Requested	Included in Governor's FY2017 Request	Out-Year Cost Estimates				
			FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
<b>OPERATING EXPENDITURES</b>	<b>FY 2017</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>	<b>FY 2022</b>
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

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**Estimated SUPPLEMENTAL (FY2016) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2017) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? n/a

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: Sara Fisher-Goad, Executive Director  
Division: Alaska Energy Authority  
Approved By: Catherine Reardon  
Agency: Division of Administrative Services, DCCED

Phone: (907)771-3012  
Date: 03/18/2016 07:45 PM  
Date: 03/18/16

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2016 LEGISLATIVE SESSION

BILL NO. HB 143

**Analysis**

HB 143 provides the Alaska Energy Authority (AEA) the required legislative approval under AS 42.45.010 for a Power Project Fund (PPF) loan in an amount not to exceed \$22,000,000 to the Lynn Canal Transmission Corporation (LCTC) for the transmission electrification of the Veteran's Memorial Highway.

Although HB 143 provides AEA with the required authorization for a loan, the PPF does not have a balance sufficient to fund a \$22,000,000 loan. The PPF currently has approximately \$9,700,000 in uncommitted funds. Without additional funds, AEA would be able to provide a loan of approximately \$5,000,000. Due to declining grant funds, AEA has seen an increase in PPF loan activity to small rural utilities for basic infrastructure improvements.

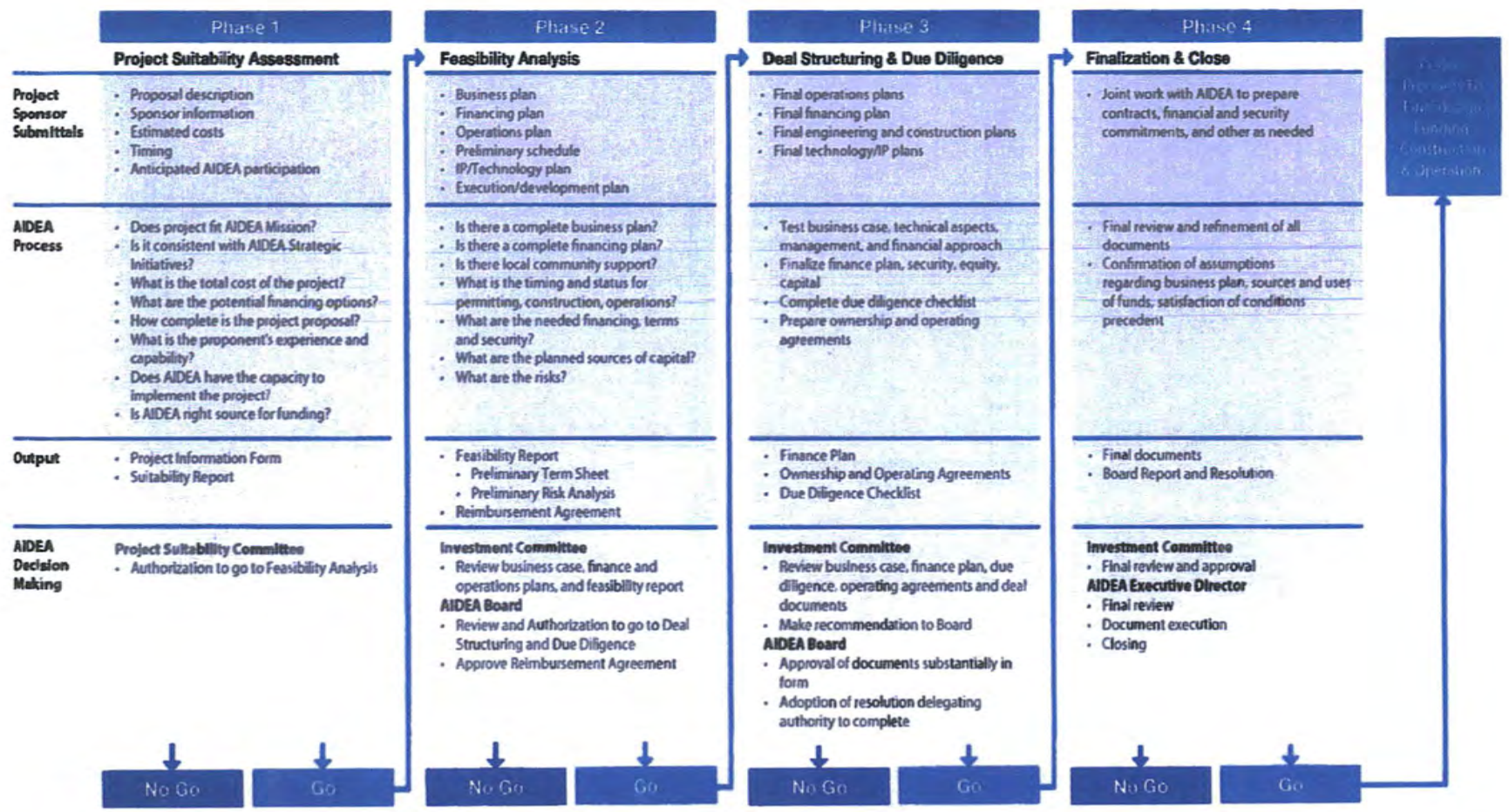
Independent of the legislative authorization and upon receipt of a PPF loan application, AEA will complete project due diligence analysis of the financial, economic, and technical feasibility of the project per AS 42.45.010.

There is no additional AEA operating cost attributed to this legislation. This is a zero fiscal note.

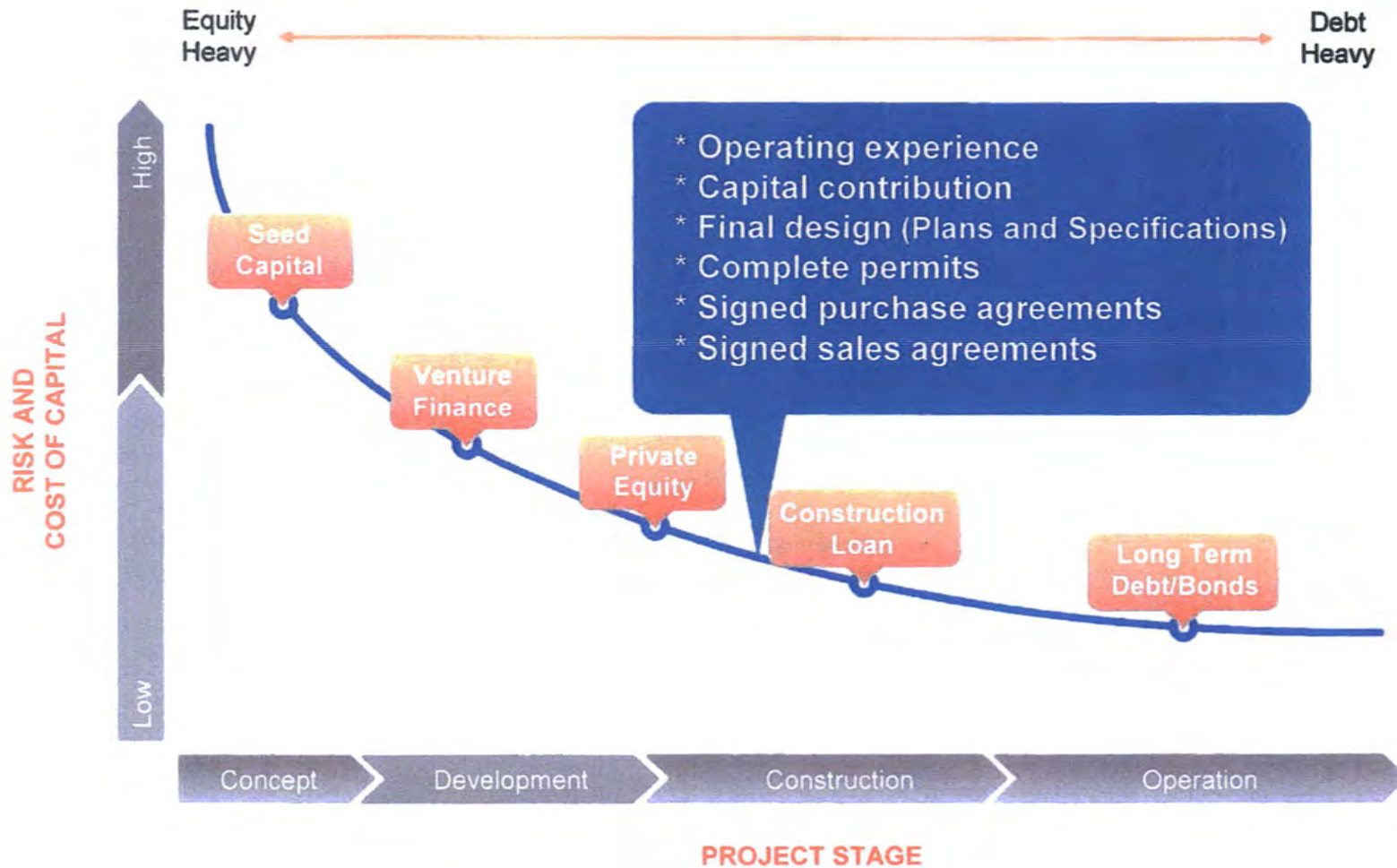


# Analysis & Decision-Making

## Established analysis and decision making process



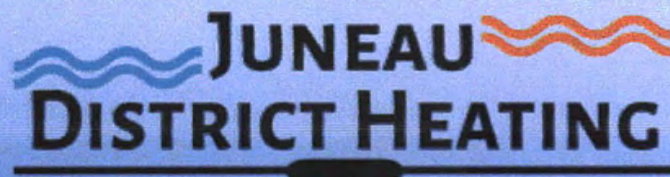
# AIDEA Entry Point & Criteria



3/22/16



Alaska Jobs Energizing Alaska's Future



JUNEAU HYDROPOWER &  
LYNN CANAL TRANSMISSION



# SWEETHEART LAKE HYDROELECTRIC FACILITY

Hydropower  
is a clean  
and  
renewable  
Juneau Fuel  
Source

Juneau  
pioneered  
Hydropower  
Development  
in Alaska



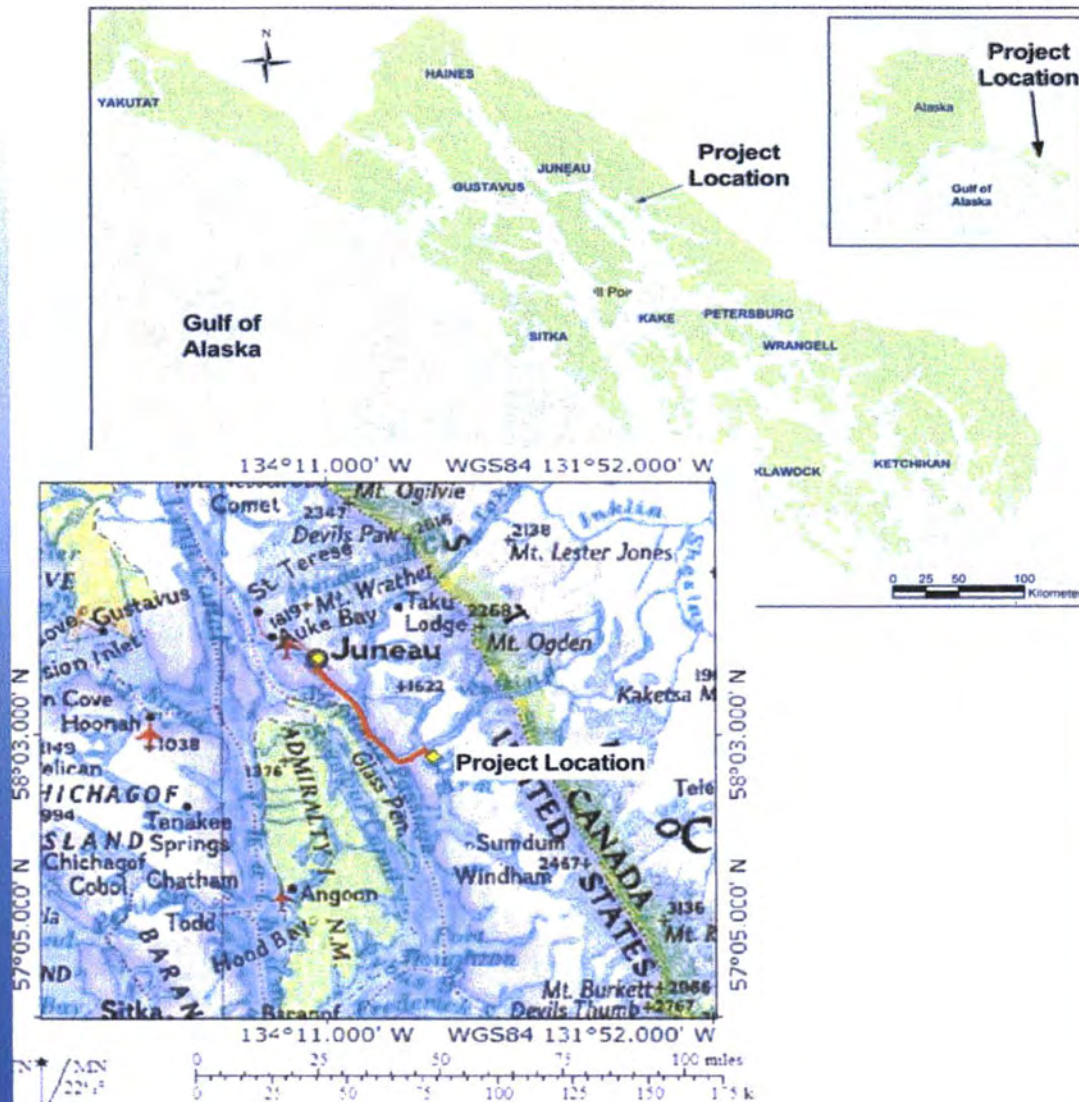
Construct  
2016-2018

Located 35 miles south of Juneau, but only 8 miles from the State of Alaska owned Snettisham transmission line.

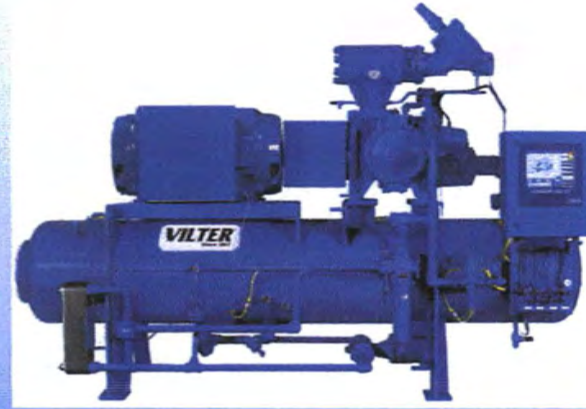
Power for Mines and Juneau Heating District

Capacity- 19.8 MW (Megawatts)

Generation- 116,000 MWh annually



# JUNEAU DISTRICT HEATING



ALASKA BASED TECHNOLOGY HEATING THE  
CAPITAL WITH LOCAL RESOURCES



## **JUNEAU DISTRICT HEATING WILL:**

- ▶ **Harvest heat from Gastineau Channel-Juneau**
- ▶ **Convert Gastineau Channel heat to produce 3 units of heat energy for every 1 unit of electrical energy input**
- ▶ **Circulate heat energy (180°F to 190°F) to heating district via pipe distribution network**
- ▶ **Create Sustainable Jobs while lowering heating costs**

## ▶ **Coeur Alaska Kensington Mine**

- ▶ **Reduction of Operating Costs by displacing diesel electricity with lower cost hydropower**
- ▶ **Lengthening Mine Life-Lengthening employment & tax base**
- ▶ **Using local hydropower resources**

## ▶ **Juneau District Heating**

- ▶ **Provides electricity to run pumps and compressors for Juneau District Heating to circulate heat around Juneau**
- ▶ **Reduce heating cost for State government, schools and downtown Juneau**
- ▶ **Energy Security for the Capital City-avalanches, energy for future growth**

# **JUNEAU HYDROPOWER ENERGY ENERGIZES THE ECONOMY**



## LYNN CANAL TRANSMISSION CORPORATION: INTERTIE

*"Connecting  
Southeast  
Alaskans with  
affordable  
and locally  
produced  
energy"*



- ▶ 3 AAC 50.770 (c) Rates for purchases of electric power must be just and reasonable and in the public interest and must not discriminate against qualifying facilities or adversely affect the consumers of the electric utility. **RATES CANNOT GO UP**
- ▶ **AEL&P receives administration and transmission fees** for use of their transmission lines. These fees are reimbursed to ratepayers whenever the AEL&P revenue exceeds their RCA regulated 12.88% Return on Equity. **RATES GO DOWN**
- ▶ **Improved business competitiveness- Hydropower beats diesel**

## WHY JUNEAU'S ELECTRICITY COSTS GO DOWN



- ▶ Centralized production of heating in a District Heating system provides economies of scale and savings unattainable by individual property owners or governmental agencies. **EFFICIENCIES LOWER COSTS**
- ▶ Heat Pumps are 300% Efficient. **These savings are passed on to provide lower cost heating**
- ▶ Local and Sustainable heat from Gastineau Channel. **Elimination of fossil fuel volatility and price shocks**
- ▶ **Competition and free markets drive prices down**

## WHY JUNEAU'S HEATING COSTS GO DOWN



# SWEETHEART LAKE HYDROELECTRIC BENEFITS

- ▶ **\$125 Million Private Capital investment in Juneau's Future.**
- ▶ **Long Term and Sustainable Energy Security for Juneau.**
- ▶ **Local Construction and Service-Support Employment. 85 Construction Jobs and 35 indirect jobs**
- ▶ **Economic Development and Economic Stability during State Revenue declines.**
- ▶ **Juneau District Heating additional Juneau Job Creation - \$25M project creating over 30 construction jobs and 25 indirect jobs. Operations will require 5 to 10 employees**
- ▶ **Reduce Juneau's cost of living and cost of doing business**



# LYNN CANAL TRANSMISSION CORPORATION BENEFITS

- ▶ **\$22 Million Private Capital investment in Juneau's Future.**
- ▶ **Low cost Intertie solution for North Juneau and future Lynn Canal transmission connection to Haines and Skagway.**
- ▶ **Local Construction and Service-Support Employment. 30 Construction Jobs and 15 indirect jobs**
- ▶ **Economic Development and Economic Stability during State Revenue declines.**
- ▶ **Reduce Juneau's cost of living and cost of doing business**



## JUNEAU DISTRICT HEATING BENEFITS

- ▶ Juneau Job Creation - \$25M project creating over 30 construction jobs and 25 indirect jobs. Operations will require 5 to 10 employees
- ▶ Reduce Juneau's cost of living and cost of doing business for government
- ▶ Enhance Juneau's energy security, local economy, and improve safety
- ▶ Reduce developer risk through lower heating costs and price certainty
- ▶ Keeps Local Alaska Energy Dollars...local
- ▶ Help Juneau meet and beat its GHG reduction goal- CBJ Res 2593

*Alaska is a center of innovation, heat pump technology can create  
Alaska energy solutions*

- ▶ **Alaska Based Technology- Started in Juneau**
- ▶ **Technology Template for other Alaska coastal communities**
- ▶ **Alaska “Know- How” combined with bountiful Alaska Energy resources + World Class Team Members**
- ▶ **Alaska Leadership and Alaskan “Can Do” Attitude**

**OUR TEAM WILL MAKE IT HAPPEN**



29-LS0599\E  
Wallace  
3/26/15

**CS FOR HOUSE BILL NO. 143( )**  
**IN THE LEGISLATURE OF THE STATE OF ALASKA**  
**TWENTY-NINTH LEGISLATURE - FIRST SESSION**

**BY**

**Offered:**  
**Referred:**

**Sponsor(s): REPRESENTATIVE MUÑOZ**

**A BILL**  
**FOR AN ACT ENTITLED**

1 **"An Act authorizing the Alaska Industrial Development and Export Authority to issue**  
2 **bonds to finance the infrastructure and construction costs of the Sweetheart Lake**  
3 **hydroelectric project; and relating to legislative approval for loans from the power**  
4 **project fund to the Lynn Canal Transmission Corporation and the City of King Cove."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 \* **Section 1.** The uncodified law of the State of Alaska is amended by adding a new section  
7 to read:

8 **LEGISLATIVE APPROVAL; SWEETHEART LAKE HYDROELECTRIC**  
9 **PROJECT.** (a) The Alaska Industrial Development and Export Authority may issue bonds to  
10 finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project.  
11 The Sweetheart Lake hydroelectric facility shall be owned and operated by the authority or  
12 financed under AS 44.88.172. The principal amount of the bonds provided by the authority  
13 for the Sweetheart Lake hydroelectric project may not exceed \$120,000,000 and may include  
14 the costs of issuing bonds considered reasonable and appropriate by the Alaska Industrial

1 Development and Export Authority.

2 (b) This section constitutes legislative approval required by AS 44.88.095(g).

3 \* **Sec. 2.** The uncodified law of the State of Alaska is amended by adding a new section to  
4 read:

5 **LEGISLATIVE APPROVAL OF LOAN FROM THE POWER PROJECT FUND.** (a)

6 If the Alaska Energy Authority approves a loan to the Lynn Canal Transmission Corporation  
7 for the transmission electrification of the Veteran's Memorial Highway to include the  
8 interconnection and electrification for a large Alaska employer, the legislature authorizes the  
9 Alaska Energy Authority to loan an amount not to exceed \$22,000,000 from the power project  
10 fund (AS 42.45.010) to the Lynn Canal Transmission Corporation for the transmission  
11 electrification of the Veteran's Memorial Highway. This subsection constitutes legislative  
12 approval under AS 42.45.010(j) for a loan from the fund that exceeds \$5,000,000.

13 (b) If the Alaska Energy Authority approves a loan to the City of King Cove for the  
14 Waterfall Creek hydroelectric project, the legislature authorizes the Alaska Energy Authority  
15 to loan an amount not to exceed \$3,000,000 from the power project fund (AS 42.45.010) to  
16 the City of King Cove for the Waterfall Creek hydroelectric project. This subsection  
17 constitutes legislative approval under AS 42.45.010(j) for a loan from the fund for a project in  
18 which the cumulative state involvement exceeds \$5,000,000.

19 \* **Sec. 3.** Sections 1 and 2 of this Act are repealed June 30, 2019.

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: HB 143  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB143-DCCED-AEA-03-27-15  
Title: AIDEA BONDS, LOANS, FUND; AEA LOAN  
Sponsor: MUNOZ  
Requester: (H) Finance

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alaska Energy Authority  
Allocation: Alaska Energy Authority Rural Energy Assistance  
OMB Component Number: 2600

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2016 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>	<b>FY 2016</b>	<b>FY 2016</b>					
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

<b>Change in Revenues</b>							
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 *(separate supplemental appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2016) cost:** 0.0 *(separate capital appropriation required)*  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed?

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: <u>Sara Fisher-Goad, Executive Director</u>	Phone: <u>(907)771-3000</u>
Division: <u>Alaska Energy Authority</u>	Date: <u>03/27/2015 12:00 PM</u>
Approved By: <u>Catherine Reardon, Director</u>	Date: <u>03/27/15</u>
Agency: <u>Division of Administrative Services, DCCED</u>	

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. HB143

**Analysis**

HB 143 provides the Alaska Energy Authority (AEA) the required legislative approval under AS 42.45.010 for a Power Project Fund (PPF) loan in an amount not to exceed \$22,000,000 to the Lynn Canal Transmission Corporation (LCTC) for the transmission electrification of the Veteran's Memorial Highway.

Although HB 143 provides AEA with required authorization for a loan, the PPF does not have a balance sufficient to fund a \$22,000,000 loan. The PPF currently has approximately \$13,000,000 in uncommitted funds. Without additional funds AEA would be able to provide a loan of approximately \$9,000,000.

There is no additional AEA operating cost attributed to this legislation. This is a zero fiscal note.

# Fiscal Note

State of Alaska  
2015 Legislative Session

Bill Version: HB 143  
Fiscal Note Number: \_\_\_\_\_  
( ) Publish Date: \_\_\_\_\_

Identifier: HB143-DCCED-AIDEA-03-27-15  
Title: AIDEA BONDS, LOANS, FUND; AEA LOAN  
Sponsor: MUNOZ  
Requester: (H) Finance

Department: Department of Commerce, Community and  
Economic Development  
Appropriation: Alaska Industrial Development and Export  
Authority  
Allocation: Alaska Industrial Development and Export  
Authority  
OMB Component Number: 1234

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2016 Appropriation Requested	Included in Governor's FY2016 Request	Out-Year Cost Estimates					
			FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
<b>OPERATING EXPENDITURES</b>								
Personal Services								
Travel								
Services								
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
<b>Total Operating</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

None								
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time								
Part-time								
Temporary								

<b>Change in Revenues</b>								
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**Estimated SUPPLEMENTAL (FY2015) cost:** 0.0 (separate supplemental appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**Estimated CAPITAL (FY2016) cost:** 0.0 (separate capital appropriation required)  
(discuss reasons and fund source(s) in analysis section)

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No  
If yes, by what date are the regulations to be adopted, amended or repealed? N/A

**Why this fiscal note differs from previous version:**

Not applicable, initial version.

Prepared By: John Springsteen, Executive Director Phone: (907)771-3028  
Division: Alaska Industrial Development and Export Authority Date: 03/27/2015 05:04 PM  
Approved By: Catherine Reardon, Director Date: 03/27/15  
Agency: Division of Administrative Services, DCCED

FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2015 LEGISLATIVE SESSION

BILL NO. HB 143

**Analysis**

HB143 would authorize the Alaska Industrial Development and Export Authority (AIDEA) to issue bonds to finance the infrastructure and construction costs of the Sweetheart Lake hydroelectric project. It is expected that the costs of issuing this bond will be included in the bond sale. AIDEA estimates that there will be no fiscal impact as a result of this bond issuance.



# REPRESENTATIVE CATHY MUÑOZ

CS House Bill 143 (FIN)

## SPONSOR STATEMENT

House Bill 143 authorizes the Alaska Industrial Development and Export Authority to issue up to \$120 million in bonds to finance a hydroelectric project at Sweetheart Lake, approximately 43 miles south of Juneau. Project bond issuances in excess of \$25 million dollars considered by AIDEA for financing must be approved by the legislature.

AIDEA would vet and perform due diligence on these projects to determine whether they qualify for such financing, and it would have the option to own the Sweetheart Lake hydroelectric project.

Hydroelectric power is a clean, effective, and affordable source of energy in coastal, rainforest Alaska – a region that can use it to offset high costs that block or throttle industries such as mining and the processing of fish, agriculture, and forest products. Mining, tourism, and fish processing are booming and are vital to the area's economy. They also create demands for more energy which, when met, can foster more growth and prosperity.

Affordable energy is a keystone of a healthy and sustainable economy. It ensures Alaska families, businesses, and job-creating industries may grow and thrive. HB 143 would help a region take steps toward unlocking its great energy and resource potential and move toward having a stronger and more diversified economy.



# REPRESENTATIVE CATHY MUÑOZ

House Bill 143

## SPONSOR STATEMENT

House Bill 143 authorizes the Alaska Industrial Development and Export Authority to issue up to \$120 million in bonds to finance a hydroelectric project at Sweetheart Lake, approximately 43 miles south of Juneau. It also allows the agency to provide a loan, if approved, of up to \$22 million to build a power transmission line to the Kensington Gold Mine, within the City and Borough of Juneau.

AIDEA would vet and perform due diligence on these projects to determine whether they qualify for such financing, and it would have the option to own the Sweetheart Lake hydroelectric project.

Hydroelectric power is a clean, effective, and affordable source of energy in coastal, rainforest Alaska – a region that can use it to offset high costs that block or throttle industries such as mining and the processing of fish, agriculture, and forest products. Mining, tourism, and fish processing are booming and are vital to the area's economy. They also create demands for more energy which, when met, can foster more growth and prosperity.

Affordable energy is a keystone of a healthy and sustainable economy. It ensures Alaska families, businesses, and job-creating industries may grow and thrive. HB 143 would help a region take steps toward unlocking its great energy and resource potential and move toward having a stronger and more diversified economy.

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**From:** Rep. Steve Thompson  
**Sent:** Friday, April 03, 2015 3:13 PM  
**To:** Helen Phillips  
**Subject:** FW: House Bill 100, Agrium

**From:** Thomas McGrath [mailto:[tommcgrath@gci.net](mailto:tommcgrath@gci.net)]  
**Sent:** Friday, April 03, 2015 2:38 PM  
**To:** Rep. Steve Thompson  
**Subject:** House Bill 100, Agrium

Dear Representative Thompson:

I would like to encourage you to pass House Bill 100 this year as it is beneficial to Alaska and especially south Central Alaska to have Agrium operational.

At a time when we are taking a hit with the lower than normal oil prices and the associated consequences Agrium back in operation would be a boon to Jobs, associated businesses and would consequently benefit the state of Alaska.

Thank You

Tom McGrath

250-4302



# International Union of Operating Engineers

LOCAL 302 • Washington and Alaska • AFL-CIO

Daren Konopaski, *Business Manager and General Vice President*

Corey Baxter, *District 8 Representative*

January 29, 2016

Representative Cathy Munoz  
State Capitol Room 501  
Juneau AK, 99801

RE: HB 143 AIDEA Loan Authorizations

Dear Representative Munoz,

The International Union of Operating Engineers Local 302 would like to make the following comments supporting the Sweetheart Lake Hydroelectric project which will bring economic development activities that will impact and benefit Juneau and Southeast Alaska once it gets the authorization provided under HB 143.

1. This project will create direct and indirect family wage jobs for the Juneau economy and the Juneau work force which is crucial to help sustain our local economy and provide an economic stimulus for the Juneau Construction trades.
2. The project will create opportunity for business growth and clean industry attraction to the Capital city for industries that desire and use large amounts of renewable generated electricity.
3. This project would provide hydropower electricity to local mines displacing expensive electricity generated from fossil fuel sources. The cost savings could extend the mine's life of operations and help preserve Juneau's private employment in this industry sector.
4. The Sweetheart Lake Hydropower EIS identifies the new recreational infrastructure improvements and identifies the Juneau Hydropower collaboration with the Douglas Island Pink and Chum hatchery (DIPAC) to improve personal use and recreational fishing opportunities for our community.

The Operating Engineers Local 302 believes that it is in the best interest of the State of Alaska to approve HB 143 and look forward to the economic benefits that this project will bring.

Thank you for your consideration.

Sincerely,

Corey Baxter  
District 8 Representative  
International Union of Operating Engineers Local 302



January 25, 2016

Federal Energy Regulatory Commission  
US Army Corps, Alaska Region

RE: Sweetheart Lake Hydroelectric Project. P-13563-003. Need for immediate power

To whom it may concern,

The Kensington mine, located in the Borough of Juneau, Alaska, is owned and operated by Coeur Alaska. The site directly employs 330 people along with approximately 50 contractors. The annual operating budget for Kensington Mine is approximately \$120 million with diesel power generation being second only to payroll as the single largest operating expense. Low cost, reliable hydropower electricity has the potential to have a significant positive impact on Kensington's operating margin as well as the stability and longevity of the project. The immediate demand for low cost hydropower electricity at the Kensington Mine already exists, the more expeditiously it is made available, the sooner it can begin to yield positive benefits to the operations and sustainability of the mine project.

Sincerely,



---

Wayne Zigarlick  
VP & General Manager Coeur Alaska



February 17, 2016

Rep. Cathy Munoz  
Alaska State Legislature  
State Capitol, 120 4<sup>th</sup> Street  
Room 501  
Juneau, AK 99801-1182

Dear Representative Munoz:

House Bill 143 would provide the necessary authorization from the Legislature for AIDEA to issue bonds in order to assist in the financing of the construction of the Sweetheart Lake Hydro project under AS 44.88.172. It is AIDEA's understanding that Juneau Hydropower, Inc. is developing the Sweetheart Lake project. Juneau Hydropower has filed for their FERC license and is working through the EIS process. Sweetheart Lake has a planned capacity of 19.8 MW (for comparison, Snettisham is 78.2 MW). The project would be designed to fully supply the Kensington mine with firm power year round. Supplying the Kensington mine with Sweetheart Lake power, however, is dependent upon completion of Phase 1 of the Lynn Canal Transmission project. Additional power generated may be sold to AEL&P. AEL&P currently serves the Greens Creek mine but has to interrupt service when they lack generation capacity.

The economic benefits of the project include potential lower energy cost for local power customers, including Kensington mine. Kensington mine is an important economic driver of the regional economy. Sweetheart Lake hydropower could potentially lower the operating costs of Kensington mine and extend the economic life of the mine. Environmental benefits may also be realized by switching from diesel power to cleaner hydro power.

AIDEA would need to complete suitability, feasibility and due diligence analyses on the potential project prior to endorsing the Sweetheart Lake Hydro project, or stating that it could finance the project under AS 44.88.172. Based on the preliminary description of the project and the potential economic and environmental benefits of the project, this project may meet the project suitability requirements for AIDEA to evaluate financing the project under AS 44.88.172. Based on the size of project and the type of project, any financing that AIDEA would provide for this project would require the issuance of a bond. For AIDEA to move forward in financing this project, AIDEA would require the authorization provided under House Bill 143.

If have any questions, please let me know.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Springsteen", is written over a horizontal line.

John Springsteen  
Executive Director - AIDEA



## Waterfall Creek Hydroelectric Project

March 2015

Waterfall Creek will be the second run-of-the-river hydroelectric facility owned and operated by the City of King Cove. This project will consist of a concrete diversion/intake structure, 4,500' HDPE penstock pipeline, 16"x40" metal powerhouse on a concrete slab, Pelton impulse turbine and induction generator, remote-automatic control system, and 5,000' access road. This facility is expected to produce 1 megawatt (MW) of annual energy.

The project is fully designed, permitted, and construction bid ready. The City anticipates project construction this year (2015) with the facility being fully operation by the end of the year. Waterfall Creek, along with our existing Delta Creek hydro facility (constructed in 1994), will produce more than 75% of the City's annual power demand of 5MW.

King Cove's renewable energy status is indeed unique, almost anywhere throughout Alaska. The City's accomplishments will significantly contribute to the State's overall goal of being 50% renewable energy by 2020.

The total project cost estimate is \$6.6million. This is based on a detailed independent cost estimate using the 100% completed engineering design plans. The City's final funding plan for Waterfall Creek is detailed below. Combined State grant (\$4.3 million) and debt funding (\$1.7 million) of \$6.0 million is anticipated for the project.

State – Grant Funding	
AEA – Renewable Energy Fund #5	\$ 200,000
AEA – Renewable Energy Fund #6	\$2,600,000
AEA – Renewable Energy Fund #8 <sup>a</sup>	<u>\$1,500,000</u>
	<u>\$4,300,000</u>
State – Debt Funding	
Power Project Fund <sup>b</sup>	\$1,200,000
Alaska Municipal Bond Bank <sup>c</sup>	<u>\$500,000</u>
	\$1,700,000
Local – Cash Funding <sup>d</sup>	<u>\$600,000</u>
<b>Total Project Funding</b>	<b>\$6,600,000</b>

<sup>a</sup> Anticipated FY16 budget

<sup>b</sup> Anticipated approval – summer 2015

<sup>c</sup> Approved/disbursed – summer 2014

<sup>d</sup> Approved combination of cash from City & Aleutians East Borough



3075 Vintage Blvd., Suite 200, Juneau, Alaska 99801-7109 (907) 790-4990 Fax (907) 790-4999

March 30, 2015

Representative Cathy Munoz  
State Capitol, Room 501  
Juneau, AK 99801

RE: HB 143 AIDEA & AEA Loan Authorizations

Dear Representative Munoz:

I am writing to express the support of Goldbelt, Incorporated for HB 143. This needed legislation will provide AIDEA loan authorization to Juneau Hydropower Inc. for the Sweetheart Lake Hydroelectric Project and AEA loan authorization to the Lynn Canal Transmission Corporation for electrifying the Veterans Memorial Highway. I will also express the continued support of Goldbelt, the urban corporation for approximately 3400 shareholders of Juneau origin, for the electrification of the Veterans Memorial Highway.

Additionally, in my capacity as the Chairman of the Public Works and Facilities Committee for the City and Borough of Juneau, in 2011 I advocated for Resolution 2632, that expresses CBJ support for the State of Alaska in funding the extension of electrical power along the Veterans Memorial Highway to Cascade Point to improve highway safety, provide expanded emergency services, reduce electrical costs and carbon emissions, and facilitate economic development. All of these reasons and needs remain valid.

Please share this letter of support with your legislative colleagues. Thank you for this opportunity to provide comment.

Respectfully,

Randy Wanamaker, Vice Chairman  
Goldbelt, Incorporated

cc: Goldbelt, Inc.  
Duff Mitchell



March 11, 2015

Honorable Cathy Muñoz  
Alaska House of Representatives  
State Capitol, Room 501  
Juneau, AK 99801-1182

Dear Representative Muñoz:

House Bill 143 would provide the necessary authorization from the Legislature for AIDEA to issue bonds in order to assist in the financing of the construction of the Sweetheart Lake Hydro project under 44.88.172. It is AIDEA's understanding that Juneau Hydropower, Inc. is developing the Sweetheart Lake project. Juneau Hydropower has filed for their FERC license and working through the EIS process. Sweetheart Lake has a planned capacity of 19.8 MW (for comparison, Snettisham is 78.2 MW). The project would be designed to fully supply the Kensington mine with firm power year round. Additional power generation may be sold to AEL&P. AEL&P currently serves the Greens Creek mine but has to routinely interrupt service when they lack the hydropower capacity.

The potential economic benefits of the project are lower energy cost for local power customers such as the Kensington mine and other potential industry. Kensington mine is an important economic driver of the regional economy and Sweetheart Lake hydropower may significantly lower the operating costs of Kensington mine, providing long term economic benefit to the mine and potentially extending the mine life. There would also be potential environment benefits by allowing the Kensington mine and other industry to switch from high cost diesel power to less expensive cleaner Hydro power. Supplying the Kensington mine with Sweetheart Lake power, however, is dependent completion of Phase 1 of the Lynn Canal Transmission project.

AIDEA would need to complete a feasibility and due diligence analysis on the potential project prior to endorsing the Sweetheart Lake Hydro project or stating that it could finance the project under 44.88.172. Based on the preliminary description of the project and the potential economic and environment benefits of the project, this project may meet the project suitability requirements for AIDEA to evaluate financing the project under 44.88.172. Based on the size of project and the type of project, any financing that AIDEA would provide for this project would

Honorable Cathy Muñoz  
March 11, 2015  
Page Two

require the issuance of a bond. For AIDEA to move forward in financing this project, AIDEA would require the authorization provided under House Bill 143.

If have any questions, please let me know.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ted Leonard". The signature is written in black ink and is positioned above the typed name.

Ted Leonard  
Executive Director



March 16, 2015

The Honorable Cathy Muñoz  
Alaska House of Representatives  
State Capitol, Room 501  
Juneau, AK 99801

Dear Representative Muñoz:

House Bill 143 provides the Alaska Energy Authority (AEA) the required legislative approval under AS 42.45.010 for a Power Project Fund (PPF) loan in an amount not to exceed \$22,000,000 to the Lynn Canal Transmission Corporation (LCTC) for the transmission electrification of the Veteran's Memorial Highway.

The project includes approximately 35 miles of transmission line from the existing Lena Cove substation to Kensington Mine. Project benefits include: providing power to properties north of Juneau that are currently off the grid and connecting to the Kensington Mine. Total estimated cost last reported to AEA was \$29,000,000. This project is contingent on development of the Sweetheart Lake Hydroelectric Project proposed by Juneau Hydropower, LLC.

Sweetheart Lake has the potential to significantly offset existing diesel electric generation at the Kensington Mine and to support additional demand growth in the Juneau area. Juneau Hydropower has performed preliminary engineering, submitted a license application, and proposed a preliminary financing arrangement. The Federal Energy Regulatory Commission has issued a notice of intent to prepare an environmental impact statement and is soliciting comments under p-13563. The Lynn Canal transmission proposal connecting the Kensington mine is not included as a component of the Sweetheart Lake Hydroelectric project.

Independent of the legislative authorization and upon receipt of a PPF loan application AEA will complete project due diligence analysis of the financial, economic and technical feasibility of the project per AS 42.45.010. After analysis is complete, the PPF loan Committee, comprised of the AEA executive director and four directors, will make a recommendation to the AEA Board of Directors who have final approval authority for loans greater than \$2,000,000.

Although HB 143 provides AEA with required authorization for a loan, the PPF does not have a balance sufficient to fund a \$22,000,000 loan. The PPF currently has approximately \$13,000,000 in uncommitted funds. Without additional funds AEA would be able to provide a loan of approximately \$9,000,000.

Please contact me with any questions.

Sincerely,

Sara Fisher-Goad  
Executive Director



Alaska Power & Telephone Company

193 Otto Street

Port Townsend, WA 98368

3/23/2015

Members of the Alaska State Legislature,

**The purpose of this letter is to express Alaska Power & Telephone Company's strong support for House Bill 143, which proposes "legislative approval for a loan from the power project fund to the Lynn Canal Transmission Corporation."**

Alaska Power & Telephone (AP&T) was founded in Alaska in 1957, just prior to statehood, and currently provides services in 39 communities, including electrical utility services in the interconnected Lynn Canal communities of Haines, Skagway, and surrounding areas. Over the last 58 years, our company has invested substantially in creation of transmission infrastructure, which has allowed us to utilize energy generation assets in a more economic manner, and serve our customers more affordably.

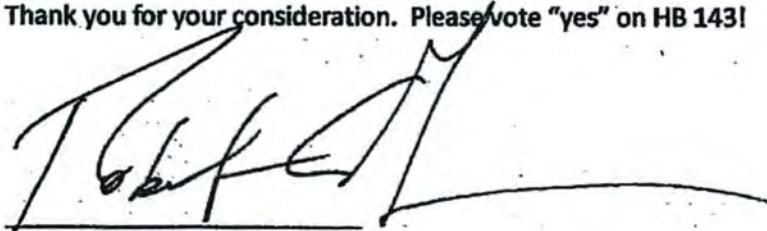
AP&T believes that the Lynn Canal Transmission Corporation's (LCTC's) proposed transmission interconnection between Juneau and the Kensington Mine, and the Kensington Mine and the Lynn Canal communities of Haines and Skagway, will create many tremendous economic benefits for the State of Alaska, and Southeast Alaska.

- **Economic Development for Juneau.** The LCTC project will electrify the existing Veteran's Memorial Highway, allowing for new economic development at private property near the highway.
- **Support for Kensington Mine.** The LCTC project will create an opportunity to provide the diesel-dependent Kensington Mine with cleaner, more affordable energy from renewable hydropower sources, such as the proposed Sweetheart Lake project.
  - More affordable energy will result in improved economics which prolong the life of the Kensington mine, extending state and local tax revenues and high-paying mining sector jobs much further into the future.

- **More Affordable, Reliable Incumbent Utility Operations.** Following the interconnection of Juneau with the Kensington mine, transmission can be extended from the Kensington mine to the Lynn Canal communities of Haines and Skagway. Once interconnected, utilities serving the communities of Juneau, Skagway, and Haines will be able to operate existing energy assets in a more affordable manner.
- **More Affordable Development of New Renewables.** Future renewable energy assets can be developed more affordably, due to: 1) increased economies of scale produced by newly interconnected communities, and 2) the proximity of the LCTC transmission system to prospective renewable energy assets.
- **Long Term: Whitehorse to Juneau Intertie.** The Yukon Government, in partnership with the State of Alaska, is currently studying the possibility of creating a transmission interconnection between Whitehorse, YT and Skagway, AK. In the event this project is completed successfully, Juneau would be part of a new transmission system which extends to Yukon Territory, and Whitehorse. This creates many opportunities in terms of more affordable operation of existing assets, improved economics of scale, and development of new renewables. Plans are already moving forwards for a new fiber optic connection between Juneau and Skagway, with plans for extending fiber to Whitehorse.

AP&T believes that it is in the best interest of the State of Alaska, as well as the communities of Juneau, Skagway, and Haines, to approve HB143, and provide Power Project Fund borrowing authorization to the Lynn Canal Transmission Corporation. While much of the transmission in Alaska has been built with grants, the LCTC project can be constructed using low interest loans. This approach assures that the State of Alaska will be repaid its initial investment, while also receiving the substantial benefit stream associated with new economic development, extended operations at the Kensington Mine, more affordable operation of existing utility assets, and access to new renewables for future growth.

Thank you for your consideration. Please vote "yes" on HB 143!



Robert S. Grimm  
President & CEO, Alaska Power & Telephone Company  
P.O. Box 3222  
193 Otto Street  
Port Townsend, WA 98368  
800-982-0136 x120  
[Bob.g@aptalaska.com](mailto:Bob.g@aptalaska.com)

**COEUR**  
**ALASKA**  
KENSINGTON GOLD MINE

**Wayne Zigarlick**  
General Manager

March 21, 2012

Senator Dennis Egan  
Representative Cathy Munoz  
Representative Beth Kerttula

Dear Juneau Delegation,

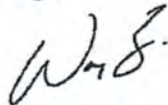
Coeur Alaska, Kensington Gold Mine supports public or public/private efforts to expand reliable, low cost and environmentally responsible energy supply to the Juneau area. Specifically we would, as a potential customer, be in support of extending a transmission line and electrical service to Cascade Point, more commonly known as the end of the Juneau Road System North. A line extension to Cascade Point would increase the feasibility for Southeast power providers to increase hydro capacity to provide for multiple uses along the existing roadway. Such a line, if appropriately sized, could also assist public or public/private efforts to create the infrastructure necessary to potentially provide economical services in the future to our operation.

The Kensington Mine energy needs currently requires over 2.8 million gallons of diesel annually transported to Berners Bay, transferred and then delivered to our mine site generators. The potential for line power in the future would be environmentally beneficial and potentially reduce site energy costs, making the mine a more sustainable operation. The result is that lower energy costs could allow us to provide high paying jobs to the Juneau community for an extended period. Currently we have 250 employees and approximately 100 contractors, and contribute significantly to the Juneau community.

Further, electrification resulting from a connection to the Juneau grid system could assist the CBJ climate action plan goals for reducing greenhouse gas emissions within the Borough. A transmission line to Cascade Point provides environmental benefits to the Juneau community that can be just as important as the economic benefits.

We believe that the transmission line extension to Cascade Point to coincide with the road extension to Cascade Point makes a lot of sense and merits your consideration.

Regards,



Wayne Zigarlick  
General Manager



3075 Vintage Blvd, Suite 200, Juneau, Alaska 99801 (907) 790-4990; Fax (907) 790-4999

September 16, 2013

Representative Cathy Munoz  
State Capitol  
120 4<sup>th</sup> Street, Room 421  
Juneau, AK 99801-1182

Dear Representative Munoz,

I am writing to reiterate Goldbelt Inc.'s ongoing support of efforts to extend a transmission line and electrical service to Cascade Point, at the current northerly end to the Juneau road system.

In addition to transportation infrastructure support, a transmission line with electrical distribution would provide Juneau with an area for economic growth. In addition to the Goldbelt holdings, there are several land owners along Glacier Highway who would directly benefit from extending the electrification of North Juneau. Goldbelt has over 1,400 acres that could be reasonably developed with the advent of electrical power and electrification would allow Goldbelt to examine opportunities that could lead to future jobs and economic benefits for Juneau.

Next year Goldbelt, Inc. will celebrate its 40<sup>th</sup> anniversary as Juneau's own Native corporation. For many years we have planned for potential development at Echo Cove, but have been stymied by lack of electrical power. With the completion of the improvements to the Glacier Highway, development at Echo Cove becomes much more feasible. The major missing part is economical electrical power.

As a current transportation service provider to Coeur Alaska, we are also concerned about the continued success of their operation at the Kensington mine. There would be obvious environmental and economic advantages to providing clean hydro power to that operation as well.

For these reasons we respectfully request your support of this project.

Sincerely,

Robert G. Loiselle  
President/CEO  
Goldbelt, Incorporated  
3075 Vintage Blvd., Suite 200  
Juneau, Alaska 99801  
(907) 790-1440 *Direct Line*  
(907) 723-4712 *Cell*  
[bob.loiselle@goldbelt.com](mailto:bob.loiselle@goldbelt.com)  
[www.goldbelt.com](http://www.goldbelt.com)

# Juneau and Vicinity Building & Construction Trades Council

722 West 9<sup>th</sup> Street, Juneau, AK 99801

April 7, 2012

Senator Dennis Egan  
Representative Cathy Munoz  
Representative Beth Kerttula

Dear Delegation;

The Juneau Building and Construction Trades Council would like to express its support for appropriations to extend the electrical transmission lines to the end of the Glacier Highway. This is beneficial environmentally and would reduce energy costs for residents and developers alike toward the end of the road. Expanding access to Juneau's cheap hydropower is one way to help our community grow and secure economic opportunity for our residents.

Respectfully,

Tom Brice, President  
Juneau Building and Trades Council

Operating Engineers Local 302, Laborers Local 942, Plumbers and Pipe fitters Local 262, Carpenters Local 2247, IBEW 1547, Teamsters Local 959, Ironworkers Local 751, Painters Local 1959, Sheetmetal Local 23



Yankee Cove Development, LLC  
Adlersheim Wilderness Lodge  
2280 Brandy Lane #4  
Juneau, AK 99801

November 28, 2012

Senator Dennis Egan  
Representative Cathy Munoz  
Representative Beth Kerttula

Dear Juneau Legislative Delegation,

Yankee Cove Development, LLC does business as the Adlersheim Wilderness Lodge at 33 mile on the Veterans Memorial Highway north of Juneau. Yankee Cove Development, LLC is a Juneau based company that supports a transmission line and electrical service extension along the Veteran's Memorial Highway (Glacier Highway) to Cascade Point (Echo Cove) that would provide much needed electrical service, communications and increase the safety for the northern areas of the City and Borough of Juneau.

Additionally, one of the most pressing needs for our community is affordable housing. There is developable land along the Veteran's Memorial Highway that cannot be economically developed without electrical services (along with internet and communication services that use transmission poles). As the owner of the Adlersheim Lodge we support the mines and new mining development in the area and know first-hand of many young mine employees who would like to purchase entry level family housing and raise families in Juneau. Providing the expansion of power along the Veteran's Memorial Highway would provide the opportunity for land owners to develop properties for new housing.

For these reasons and others, we support the electrification extension to electrify the northern portions of the City and Borough and request your assistance in the funding and completion of this endeavor. We look forward to your assistance in electrifying the northern portions of the City and Borough of Juneau.

Sincerely,

Two handwritten signatures in cursive script. The first signature is "Marion Hobbs" and the second is "Naomi Hobbs".

Marion & Naomi Hobbs, P.E.  
Owners

# International Brotherhood of Electrical Workers Local 1547

813 W. 12TH STREET  
JUNEAU, ALASKA 99801

TELEPHONE  
(907) 586-3050

FAX  
(907) 586-8614

**MIKE HODSDON**  
BUSINESS MANAGER • FINANCIAL SECRETARY

**KNUTE ANDERSON**  
PRESIDENT



April 6, 2012

Senator Dennis Egan  
Representative Cathy Munoz  
Representative Beth Kerttula

Dear Juneau Delegation:

The International Brotherhood of Electrical Workers Local Union 1547 supports energy projects within the state of Alaska, specifically electrical transmission and distribution line extensions. Electrical line extensions from hydro plants will reduce or eliminate fossil fuel generating units. This is beneficial environmentally and would reduce energy costs for communities and developers alike.

A hydroelectric supplied transmission line to the Greens Creek Mine has been in service for several years and has significantly reduced diesel fuel consumption. The same could be said of the Kensington Mine if it was able to connect its energy needs to hydro power.

IBEW Local 1547 members are skilled, safe and efficient craftsmen and women that have many years in the construction industry, building and maintaining both overhead and underground power lines and would like to be a part of these new construction projects.

We would greatly appreciate your support for these types of energy projects.

Sincerely,

Mike Bavard  
Assistant Business Manager  
IBEW Local 1547, Unit 103

cc: Mike Hodsdon – Business Manager, IBEW Local 1547



GRANDE PORTAGE RESOURCES LTD.

#202-750 WEST PENDER ST.  
VANCOUVER, BC, V6C 2T7

TELEPHONE 604-899-0106  
FACSIMILE 604-684-5793

WWW.GRANDEPORTAGE.COM

December 12, 2012

The Honorable Governor Parnell  
State of Alaska  
PO Box 110001  
Juneau, AK 99811

**RE: Herbert Gold Project Development Support for the electrification of the Veterans Memorial Highway.**

Dear Governor Parnell,

Grande Portage Resources Ltd. (TSX-V "GPG") is a Tier 1 publicly traded mineral exploration company, principally focused on gold discovery in Alaska and British Columbia.

The Herbert Gold project is an early stage, partially drill-tested, high-grade, gold mineralized mesothermal quartz vein system located in the historic Juneau Gold Belt of southeast Alaska. Consisting of 91 unpatented lode claims located 30 km north of Juneau and to the south of Coeur Alaska's new Kensington gold mine. The property covers six parallel vein structures exposed at surface.

Our 2011 and 2012 drill programs were productive and we are now developing our 2013 drill program. Our drill results thus far have been positive. Additional information and press releases on our Herbert Gold Project can be found at [www.grandeportage.com](http://www.grandeportage.com). In January 2013 we expect to announce a updated technical report (NI 43-101) and resource calculation.

Grande Portage Resources, Ltd. supports the City and Borough of Juneau in advancing a transmission line and electrical service extension to Cascade Point (Echo Cove) that would increase the carrying capacity of the Veterans Memorial Highway transmission line to bring adequate electrical energy resources to our development area. Grande Portage Resources, Ltd. is investing in and exploring the mineral viability of the Herbert Gold project. Electrical energy and transmission line capacity in sufficient quantity would lessen and perhaps eliminate our need for future diesel generation should our project be permitted and we commence operations. Lower operating costs provided from current and future hydropower development in Juneau provide for not only improved attraction of construction capital through stronger feasibilities, but it would also help provide for a longer mine life and job creation and mining industry job sustainability in the City and Borough of Juneau.

Discover. Develop. Grow.

The elimination of the business requirement for diesel fuel for expensive diesel electrical generation at the Herbert Gold prospect provides a win-win in that it would likely lessen our permitting process as well as provide increased environmental safeguards and benefits to the Juneau community. Clean, electrical energy transmitted along the Veterans Memorial Highway would eliminate the bulk of our need for diesel storage at our site. A transmission line extension would also allow our operation to operate with reduced green house gas emissions and help the City and Borough of Juneau meet its Green House Gas Emission goals cited in the 2011 CBJ Climate Action Plan.

Although we will make the determination to go forward with our project after the results of our continued and thus successful drilling program, it is not too early to begin the planning process to ensure that adequate energy resources and transmission line capacity is available. Sufficient electrical capacity and transmission enables us to better proceed with private capital investments, the development of new economic activity, Juneau tax base growth and the creation of new family wage jobs for the Juneau community. I would appreciate your support in considering funding in your upcoming capital budget to advance the upgrade in power capacity and the transmission line extension to Cascade Point to support private capital resource development investments and job creation.

Sincerely,

**GRANDE PORTAGE RESOURCES LTD**



Ian Klassen,  
President & CEO

Discover. Develop. Grow.



March 14, 2013

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Representative Cathy Muñoz  
Room 421  
Capitol Building  
Juneau, AK 99811  
CC Representative Bill Stoltze

Regarding: SEAS support for the electrification of the Veterans Memorial Highway

Dear Representative Muñoz,

The Southeast Alaska Seiners Association (SEAS) was formed in 1968 by a group of concerned Ketchikan commercial salmon purse seiners. Today, we represent the southeast fleet of commercial purse seiners. SEAS endeavors to balance the interests of all the users of our healthy Tongass so that seiners can harvest their historical and rightful share of the salmon resources in the waters of Southeast Alaska.

We would like to voice our support for your appropriation request to fund the electrification of the Veterans Memorial Highway from Lena Cove to Cascade Point. The electrification of this highway will reduce and in some cases eliminate the need to run diesel generation for homes and businesses along the highway. As you know diesel and fish do not mix and any effort that we can assist to help protect salmon streams and bays should be supported.

Furthermore, the Lynn Canal portion of the southeast marine waterway has spotty or no cellular phone service. The advent of electricity will allow cellular companies to place and service cell towers in Lynn Canal north of Lena Cove, and in the future Berners Bay. Electrification of the highway will enable and allow these companies to expand their cellular service coverage which will not only allow for better day to day communications with commercial fishing vessels, but will also improve the safety for vessels and provide better emergency response and coordination when in distress.

For these reasons we support your request to electrify the Veterans Memorial Highway.

Sincerely,

SEAS Executive Director  
Robert Thorstenson JR



BIBLE CAMP • JUNEAU

April 5<sup>th</sup>, 2013

To:

Senator Dennis Egan  
Representative Cathy Munoz  
Representative Beth Kerttula

Dear Juneau Legislative Delegation;

Echo Ranch Bible Camp is a non-profit ministry that has been actively working with the children and communities of South East Alaska for almost 50 years. We are located two miles beyond Echo Cove, which is located at the 42 mile marker on the Veterans Memorial Highway.(Glacier Highway)

Echo Ranch, as a community focused organization, strongly supports the development of electrical infrastructure to Cascade Point, allowing us the ability to have access generated electricity. This would greatly reduce our dependence on diesel fuel, allowing us to tap into a renewable energy source while reducing the environmental impact that having to generate our own electricity can make.

The positive long-term implications are many, the biggest of which is the ability to grow organizationally, growth that will not be possible without community infra-structures such as this.

As we strive to continue to bring hope and health to the individuals, families and the communities of Southeast Alaska, your support of this would allow us to work together to bring positive changes to the people of Southeast Alaska.

Thank you for your consideration and support.

Sincerely,

Randall Alderfer, Director,  
Echo Ranch Bible Camp  
12000 Glacier HWY  
Juneau, AK 99801  
(570) 274-1699  
[randy.alderfer@avmi.org](mailto:randy.alderfer@avmi.org)

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12,000 Glacier Highway Juneau, AK 99801 Phone: (907)789-3777 Fax: (907)789-4403

[www.echoranch.org](http://www.echoranch.org) / [www.avantministries.org](http://www.avantministries.org)



## Port of Juneau

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155 S. Seward Street • Juneau, AK 99801  
(907) 586-0292 Phone • (907) 586-0295 Fax

February 14, 2014

Kim Kiefer, City Manager  
City and Borough of Juneau  
155 South Seward Street  
Juneau, AK 99801

Re: Juneau Hydropower, Inc.'s FY15 Marine Passenger Fee Proposal: Electrification Availability Option for Passenger Cruise Ships

Dear Ms. Kiefer,

The CBJ Docks and Harbors board would like to provide conditional support for Juneau Hydropower, Inc.'s FY15 Marine Passenger Fee proposal to provide additional infrastructure to service and support the cruise ships docking at CBJ Docks and Harbors berth facilities. Electrification of the new cruise ship docks is a viable project that has many positive merits that are outlined in the submission. Docks and Harbors is preparing reasonable infrastructure that would align with this proposal within both the 16B and the Cruise Ship Terminal Parking Lot projects. Unfortunately, the uncertainty of available surplus power raises some concern.

AEL&P forecasts would limit use of the electrical system to those years with heavy rainfall, currently about one year on four. In addition, AEL&P's previous commitments to Princess and Greens Creek would have priority over this project, and any increases in basic load requirements could further reduce availability, making electrification an empty promise. This project will garner our full support as soon as there is a reasonable expectation that reliable power would be available. Unfortunately, given today's projection for surplus power, it doesn't rise above the funded or unfunded project proposals Docks and Harbors submitted for FY-15 local Marine Passenger Fees.

From a long-term perspective, our Passenger Cruise Ship industry, with hydropower derived cost reductions, makes Juneau a more cost competitive port. The Assembly should consider promoting additional energy generation projects that will provide sufficient surplus power so this can be a worthwhile investment for the community. The eventual electrification of our cruise ship berths will provide a marketing niche for the Juneau Docks and Harbors the ability to market and promote Juneau as a fully electrified port for visiting cruise ships.

Regards,

  
Gregory C. Busch  
Chairman,  
Docks and Harbors Board



3075 Vintage Blvd., Suite 200, Juneau, Alaska 99801-7109 (907) 790-4990 Fax (907) 790-4999

March 9, 2012

Juneau Delegation  
Senator Dennis Egan  
Representative Cathy Munoz  
Representative Beth Kerttula

Dear Juneau Delegation,

Goldbelt Inc. supports any public, private or public/private effort to extend a transmission line and electrical service to Cascade Point, more commonly known as the end of the Juneau Road System North.

In addition to transportation infrastructure support, a transmission line with electrical distribution would provide Juneau an area for economic growth. In addition to the Goldbelt holdings, there are several land owners along Glacier Highway who would directly benefit from extending the electrification of North Juneau. Goldbelt has over 1400 acres that could be reasonably developed with the advent of electrical power and electrification would allow Goldbelt to examine opportunities that could lead to future jobs and economic benefits for Juneau.

Also, there would be obvious environmental and economic advantages to providing clean hydro power to the Kensington Mine. For these reasons we respectfully request your support of this project.

Sincerely,

Robert G. Loiselle  
President/CEO  
Goldbelt, Incorporated  
3075 Vintage Blvd., Suite 200  
Juneau, Alaska 99801  
(907) 790-1440 *Direct Line*  
(907) 723-4712 *Cell*  
(907) 790-4999 *Fax*  
[bob.loiselle@goldbelt.com](mailto:bob.loiselle@goldbelt.com)  
[www.goldbelt.com](http://www.goldbelt.com)

Presented by: The Manager  
Introduced: 12/05/2012  
Drafted by: J.W. Hartle

**RESOLUTION OF THE CITY AND BOROUGH OF JUNEAU, ALASKA**

**Serial No. 2632**

**A Resolution Expressing Assembly Support for the Extension  
of Electrical Power Along the Veterans Memorial Highway.**

WHEREAS, the extension of electrical power along the Veterans Memorial Highway to Cascade Point would encourage economic development while providing increased public safety with street lights and emergency communications; and

WHEREAS, providing electrical power to Cascade Point would provide service to residents and property owners of the northern portion of the City and Borough, reducing their energy costs, improving property values, and reducing greenhouse gas emissions; and

WHEREAS, the Assembly adopted the Juneau Climate Action and Implementation Plan, dated October 31, 2011, by the adoption of Resolution Serial No. 2593, which sets goals to reduce greenhouse gas emissions in the City and Borough; and

WHEREAS, all residents and businesses north of Eagle Beach are now provided electrical power by diesel generation with its associated carbon emissions, which could be reduced by replacing diesel fuel use with locally-produced hydropower; and

WHEREAS, high fuel prices in recent years place a greater importance on the CBJ and the State of Alaska planning ahead to ensure that electricity is available along our highways to facilitate development and community growth; and

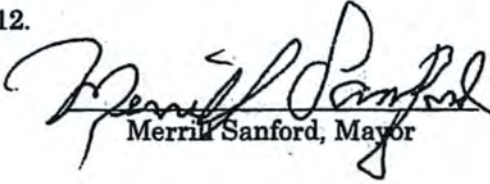
WHEREAS, providing electrical power in the northern portions of the CBJ would facilitate the development of residential housing that will assist in meeting affordable housing goals set forth in the CBJ Comprehensive Plan.

NOW, THEREFORE, BE IT RESOLVED BY THE ASSEMBLY OF THE CITY AND BOROUGH OF JUNEAU, ALASKA:

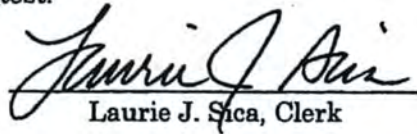
**Section 1.** That the Assembly expresses its support for the State of Alaska in funding the extension of electrical power along the Veterans Memorial Highway to Cascade Point to improve highway safety, provide expanded emergency services, reduce electrical costs and carbon emissions, and facilitate economic development.

**Section 2. Effective Date.** This resolution shall be effective immediately upon adoption.

Adopted this 5<sup>th</sup> day of December, 2012.

  
Merrill Sanford, Mayor

Attest:

  
Laurie J. Sica, Clerk

SOUTHEAST CONFERENCE

RESOLUTION 13-10

**A RESOLUTION SUPPORTING STATE OF ALASKA'S EFFORTS TO BUILD AND ELECTRIFY  
ROADS FOR SOUTHEAST ALASKA MINING DEVELOPMENTS AND OPERATIONS**

**WHEREAS**, Southeast Alaska has tremendous mining development and support services potential with many projects already developed and others in development that have and will produce family wage jobs for our Southeast Alaska communities; and

**WHEREAS**, Southeast Alaska is lacking road and transmission infrastructure to service and support Southeast Alaska's growing mining industry; and

**WHEREAS**, roads to resources provide opportunities for Southeast Alaska workers and Mining service and support industries and personnel to travel to mining developments and operations; and

**WHEREAS**, power and transmission lines reduce the handling, use and storage of large amounts of diesel fuel at resource development sites thereby lowering permitting costs, regulation, but also reducing the costs of operation; and

**WHEREAS**, there are local, state and federal initiatives in place to build roads and transmission lines on Prince of Wales Island to service the Bokan and Niblack resource developments; and

**WHEREAS**, the City and Borough of Juneau, in Resolution No. 2632 passed on December 5, 2012, expressed its support for the State of Alaska in funding the extension of electrical power along the Veterans Memorial Highway to Cascade Point to improve highway safety, provide expanded emergency services, reduce electrical costs and carbon emissions and facilitate economic development; and

**WHEREAS**, Representative Cathy Munoz initiated a State funding request for the electrification of the Veterans Memorial Highway to improve highway safety, improve Juneau Access ferry and road options, spur economic development, electrify property for real estate development, and assist in current and future resource development; and

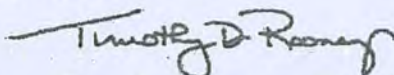
**WHEREAS**, Electrification of Glacier Highway could enable the Kensington mine and/or private parties to build an additional marine transmission line from Echo Cove to the mine location; and

**WHEREAS**, Southeast Conference is the voice of Alaska communities and businesses promoting the sound and responsible development of resources, job creation and economic development for our Southeast Alaska; and

**NOW, THEREFORE BE IT RESOLVED**, that the Southeast Conference supports the development and funding for road and electrical extension throughout Southeast Alaska and specifically to the Niblack and Bokan resource development on Prince of Wales Island and the electrical extension for the Juneau Veteran's Memorial Highway and will send letters of support to the Governor of Alaska and legislative sponsors supporting these infrastructure developments for the benefit of Southeast Alaska, the jobs and economic development these key pieces of infrastructure will provide.

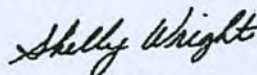
**ADOPTED BY THE SOUTHEAST CONFERENCE BOARD OF DIRECTORS ON March 25, 2013 and will sunset on March 25, 2014.**

Witness by:



Tim Rooney, President

Attest:



Shelly Wright, Executive Director



## **Alaska Native Brotherhood Camp #70 Glacier Valley**

### **RESOLUTION 02 -12**

#### **SUPPORTING THE LICENSING, DEVELOPMENT AND OPERATION OF THE SWEETHEART LAKE HYDROELECTRIC PROJECT NEAR JUNEAU**

WHEREAS, the Alaska Native Brotherhood is the oldest Native American civil rights organization whose mission has been the advancement of civil rights, education, cultural preservation and economic development; and

WHEREAS, Southeast Alaska is abundant in hydropower but hydropower development is expensive as it is essential to providing low cost energy now and in the future for Southeast Alaska Native communities and community members; and

WHEREAS, Juneau Hydropower, Inc. a hydropower development company based in Juneau is developing the Sweetheart Lake Hydroelectric Project with respect for Native values and is committed to working with local tribes and Native entities for mutual benefits; and

WHEREAS, Juneau Hydropower, Inc. acknowledges and respects that Sweetheart Creek is identified as a historical trapping and fishing ground of the Taku people (Goldschmidt and Haas report) as well as through recent cultural studies and Juneau Hydropower Inc. further encourages federal and state agencies to recognize these findings.

WHEREAS, Juneau Hydropower, Inc. is committed to increasing the subsistence and personal fishing opportunities for Juneau's Native community through improved spawning habitat improvements and working to substantially increase the size of returning sockeye salmon and further is committed to working with the Douglas Indian Association now and in the future to ensure that these fishery resources benefit Juneau's Native community.

WHEREAS, there is a need to electrify the Veteran's Highway, and.

WHEREAS, Juneau Hydropower Inc. has submitted a draft license application and preliminary draft environmental assessment to the Federal Energy Regulatory Commission; and

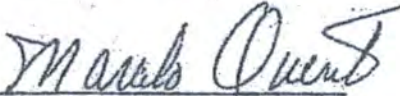
WHEREAS, Juneau Hydropower Inc. through its ownership, management, development and operations plan is committed to the traditional and environmental values of the Alaska Native Brotherhood to protect and increase the fisheries as well as to build a hydropower project in an environmentally sensitive manner that

represents how current and future hydropower developments should be built with respect for the environment and with Native values.

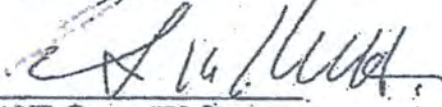
NOW, THEREFORE BE IT RESOLVED that Alaska Native Brotherhood Camp # 70 requests that the Federal Energy Regulatory Commission and all federal and State of Alaska regulatory agencies approve their Environmental Assessment and issue Juneau Hydropower Inc. a FERC license to develop and operate the Sweetheart Lake Hydroelectric Project; and

NOW, BE IT FINALLY RESOLVED that ANB Camp # 70 supports the Governor's electrification of the Veteran's Highway and that the capacity be great enough to handle future Southeast Intertie loads and in a manner that connects Juneau to mining interests, economic development opportunities and communities north and south as well as supporting additional hydro development.

PASSED AND APPROVED by the Alaska Native Brotherhood Camp #70 this 1st day of December, 2012.

  
ANB Camp #70 President

ATTEST: I certify that this resolution was adopted by the ANB Camp #70 on December 1st 2012.

  
ANB Camp #70 Secretary