

**ALASKA LEGISLATURE**

**1071**

**HOUSE and SENATE FINANCE COMMITTEE FILES,**

**1993-1994**

145

TABLE 3  
 ADDITIONAL REVENUES COLLECTED BY THE STATE OF ALASKA UNDER THE  
 KUPARUK, MILNE POINT, AND ENDICOTT SETTLEMENT AGREEMENTS  
 THROUGH 1994

	<u>Resulting From Refunds</u>	<u>Resulting From Lower Tariffs</u>	<u>Total</u>
Kuparuk Settlement	\$52,712,242	\$33,378,823	\$86,091,065
Milne Point Settlement	0	4,900,190	4,900,190
Endicott Settlement	11,533,280	4,356,173	15,889,453
TOTAL	<u>\$64,245,523</u>	<u>\$42,635,186</u>	<u>\$106,880,708</u>

Horst, Frisch, Clowery & Finan  
 10-Mar-94

TABLE 4  
STATE REVENUE IMPACT OF KUPARUK AND MILNE POINT SETTLEMENTS

Horizontal Chemistry & Finance  
10 Mar 94

	1994	1995	1996	1997	1998	1999	1990	1991	1992	1993	1994
<b>KUPARUK SETTLEMENT.</b>											
TARIFFS (\$/BBL)											
1 Filed	\$0.69	\$0.61	\$0.61	\$0.61	\$0.61	\$0.61	\$0.61	\$0.61	\$0.61	\$0.61	\$0.61
2 Settlement	0.345	0.345	0.345	0.345	0.265	0.265	0.265	0.210	0.210	0.210	0.210
3 THROUGHPUT [1]	14,401,027	80,138,798	99,469,576	103,241,369	110,464,577	112,971,574	113,224,905	115,705,000	124,806,000	121,910,000	119,720,000
4 Filed	\$9,936,708	\$49,047,134	\$60,375,704	\$62,974,246	\$67,383,392	\$71,18,989	\$68,671,000	\$70,175,180	\$75,694,944	\$73,938,517	\$72,910,281
5 Settlement	4,869,354	27,647,885	34,317,004	35,618,272	29,273,113	21,137,467	30,004,870	24,298,050	25,209,200	25,601,900	25,141,200
6 STATE REVENUE IMPACT [2]	18.5300%	18.5629%	20.0825%	19.7117%	20.0731%	22.0878%	23.8719%	23.6818%	23.6274%	23.7431%	23.5610%
7 STATE GAIN VS FILED TARIFFS	\$920,636	\$3,972,321	\$5,233,265	\$5,392,727	\$7,649,914	\$8,551,829	\$9,153,072	\$10,811,530	\$11,692,180	\$11,476,801	\$11,184,199
8 CUMULATIVE STATE GAIN	\$920,636	\$4,892,957	\$10,126,222	\$15,518,549	\$23,168,464	\$31,720,293	\$40,873,364	\$51,737,894	\$63,430,075	\$74,906,876	\$86,091,066
<b>MILNE POINT SETTLEMENT.</b>											
9 Filed Tariff							\$1.91	\$1.91	\$1.91	\$1.91	\$1.91
10 Settlement Tariff							\$1.47	\$1.20	\$1.18	\$0.78	\$0.95
11 Differential							\$0.44	\$0.71	\$0.73	\$1.13	\$0.96
12 Throughput [1]							6,627,242	6,570,000	6,954,000	6,935,000	6,570,000
13 Revenue Reduction							2,915,989	4,654,700	5,078,420	7,876,560	6,307,200
14 State Gain - %							18.3500%	18.3500%	18.0000%	18.3500%	18.3500%
15 State Gain							\$35,084	\$55,972	\$13,759	\$1,438,007	\$1,157,377
16 Cumulative State Gain							\$35,084	\$1,391,056	\$2,304,812	\$3,742,819	\$4,900,196

[1] 1992 through 1994 throughput estimates for Kuparuk (includes Milne Point and Schrader Bluff) and Milne Point (includes Schrader Bluff) provided by Alaska Department of Revenue (1/4/94)

[2] Royalty and production taxes for Kuparuk and Milne are weighted by throughput volumes. Tax rates provided by Alaska Department of Revenue.

TABLE 5  
STATE REVENUE IMPACT OF ENDICOTT SETTLEMENT AGREEMENT

Horst, Frisch, Clowery & Finan  
03/09/94

<u>Year</u>	<u>Tariff Rate (\$/bbl)</u>	<u>State Revenue Impact As of 3/4/94</u>
1987	\$0.623	\$297,412
1988	0.617	1,312,403
1989	0.636	892,644
1990	0.537	1,868,811
1991	0.453	2,755,714
1992	0.407	2,756,962
1993	0.410	2,827,430
1994	0.340	3,178,077
Total (1987-1994)		<u>\$15,889,453</u>

Notes:

- [1] Impact of Settlement measured relative to tariff rates of \$0.71/bbl.
- [2] Combined State royalty and production tax rates for 1993 and 1994 provided by the Alaska Department of Revenue on 3/4/94.

CONDON PARTNOW & SHARROCK

A PROFESSIONAL CORPORATION

LAWYERS

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ANCHORAGE, ALASKA 99501  
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WILSON L. CONDON  
PARTNER

March 1, 1994

VIA FAX 586-1987

Gregg Erickson  
Alaska Budget Report Editor  
319 Seward Street, Suite 6  
Juneau, AK 99801

Dear Gregg:

While I am always glad to hear from old colleagues, your call to me yesterday afternoon caught me somewhat by surprise. If my response to your inquiries concerning my litigation management responsibilities on behalf of the State with respect to the oil and gas royalty and tax collection cases was less than detailed, I had several very good reasons for my brevity. First, as you know, all details of tax collection cases at the administrative level are confidential by statute. See AS 43.05.230. Second, with respect to royalty collection, my firm is presently lead counsel for the State in the ANS Royalty Litigation (gas royalty valuation and related field cost accounting issues), State v. Mapco, and Mapco v. State (royalty oil price adjustment claims against Mapco under four royalty oil sales contracts).<sup>1</sup>

You are now an expert witness for the oil companies, and adverse against the State in the pending gas phase of the ANS Royalty Litigation case, and your inquiry yesterday places me in a "Catch 22" ethical dilemma. In particular, a detailed response about the legal fees my firm has billed the State with respect to the ongoing gas litigation may disclose the State's litigation strategies or theories. Adding to my ethical dilemma is the fact that the sensitive information you seek pertains to the very same case in which you are expert witness adverse to the State.

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<sup>1</sup> My firm's representation of the State in the oil valuation phase of the ANS Royalty Litigation and in the royalty valuation of North Cook Inlet gas (State v. Phillips) dates back to 1983.

Gregg Erickson  
March 1, 1994  
Page 2

Nevertheless, upon instruction from Attorney General Botelho, I am sending you two schedules which provide details on the work for which the State has asked me to assume responsibility as lead counsel. The first schedule sets forth considerable detail concerning the work which led to the oil royalty settlements with both the Prudhoe Bay and Kuparuk producers and all but one of the State's ANS royalty-in-kind purchasers. The second schedule is a very brief summary schedule dealing with the various on-going matters described above.

To obtain the \$800 million paid to the State as a result of the Phillips LNG and ANS oil value royalty settlements, the State paid almost \$73 million in litigation fees and costs. As you can see from the first schedule, \$9.7 million was for attorneys fees to my firm for 75,000 hours of attorney services; \$7.3 million was for 222,000 hours of professional paralegal services provided by my firm; \$4.4 million covered the out of pocket costs my firm advanced on behalf of the State's litigation efforts. As you can also see, my firm's total billings, including costs and professional fees, were \$21 million. The cost to our firm for the fees of co counsel during this phase of the litigation was \$22.5 million. The fees for our expert consultants cost the State \$29.2 million.

As you may remember from the information you learned about this litigation while you were employed in the Governor's budget office, the enormous expenditure on expert consultants and on paraprofessionals in our firm was occasioned by the massive data collection effort necessary to prove how the producers marketed each and every barrel of ANS crude oil produced from 1977 through 1986. The data collection effort cost money because it was both difficult to do and a big job. The following statistics underscore that point. The 5.2 billion barrels of ANS crude produced during this time period required over 15,000 tanker voyages -- roughly 7,500 Valdez loadings and 7,500 Panama loadings. Each Valdez loading triggered one or more inventory and tariff transactions with respect to the crude oil inventory in Valdez. During this time period there were 26,044 such tariff transactions. This crude was delivered to customers under the terms of over 4,000 third party contracts, each of which required careful analysis. There were over 16,500 individual deliveries of ANS crude under the terms of these contracts. Many of these ANS third-party contracts were exchanges, which necessitated an independent evaluation of the crude recovered on exchange. ANS was exchanged for 105 different kinds of crude during this time period. Once all this information was gathered and carefully tabulated for the royalty litigation, it was also available to expedite resolution of the production and income tax matters which were at issue for much of this same time period. This information has been and is being used for that

Gregg Erickson  
March 1, 1994  
Page 3

purpose.

The second reason the information gathering undertaking was so expensive was the miserable state of the records of the major ANS producers -- particularly ARCO. This difficulty, I might add, persists with respect to issues remaining in the royalty litigation for which you have now been retained by the producers.

At Attorney General Botelho's request, I have combined all the work on the three tax and royalty matters for which I am currently responsible into a one line table. A more detailed breakdown would reveal confidential details concerning this on-going litigation.

I appreciate your promise to include the information provided by this letter with your proposed newsletter article.

Very truly yours,

CONDON, PARTNOW & SHARROCK

By: 

Wilbur L. Condon

WLC:ljs  
Enclosures as stated.

ANS Royalty and Phillips LNG Royalty Engagements -- 4/83 -- 4/92

Year	CONDON, PARTNOW & SHARROCK / HELLEN, PARTNOW & CONDON										OUTSIDE CONTRACTORS		Total Combined Annual Bill
	Attorney Hours	Attorney Fees	Attorney Average Hourly Rate	Legal Assistant/Case Clerk Hours	Legal Assistant/Case Clerk Fees	Legal Assistant/Case Clerk Avg. Hourly Rate	Total Fees	Total Cost	Credits on Bill	Total CPSA/IPC Bill	Co-Counsel Fees/Costs	Expert Consultants Fees/Costs	
1983	2,618.10	\$301,550	\$115.18	40.20	\$1,608	\$40.00	\$303,158	\$47,485	(\$1,911)	\$348,733	\$7,200	\$326,284	\$682,217
1984	4,423.70	\$503,567	\$113.83	2,875.00	\$133,339	\$46.38	\$636,906	\$76,870	\$0	\$713,776	\$425,679	\$519,288	\$1,658,743
1985	4,758.80	\$570,204	\$119.82	8,129.10	\$398,057	\$48.97	\$968,261	\$218,489	\$0	\$1,186,750	\$973,889	\$791,749	\$2,952,388
1986	3,782.87	\$482,583	\$127.57	12,076.85	\$580,104	\$48.03	\$1,062,687	\$461,563	(\$57,118)	\$1,467,132	\$1,204,350	\$1,157,896	\$3,829,378
1987	5,114.85	\$1,050,553	\$115.26	13,199.70	\$628,742	\$47.63	\$1,679,294	\$391,054	(\$82,169)	\$1,988,180	\$1,434,758	\$1,744,374	\$5,167,312
1988	10,445.95	\$1,231,725	\$117.91	47,144.71	\$1,141,010	\$24.20	\$2,372,734	\$452,383	(\$11,675)	\$2,813,442	\$2,145,506	\$2,956,258	\$7,915,206
1989	13,175.11	\$1,705,367	\$129.44	43,518.51	\$1,121,742	\$25.78	\$2,827,108	\$510,246	(\$82,226)	\$3,255,128	\$4,558,282	\$6,593,375	\$14,406,785
1990	9,069.98	\$1,281,099	\$141.25	37,401.63	\$1,136,998	\$30.40	\$2,418,097	\$599,888	(\$106,237)	\$2,911,747	\$5,345,947	\$8,211,671	\$16,469,365
1991	12,867.76	\$1,966,240	\$152.80	43,392.65	\$1,612,928	\$37.17	\$3,579,168	\$1,088,466	(\$38,884)	\$4,628,750	\$4,715,800	\$4,769,442	\$14,113,991
Thru 4/92	4,160.69	\$665,490	\$159.95	14,507.68	\$539,541	\$37.19	\$1,205,031	\$551,854	(\$35,578)	\$1,721,307	\$1,762,373	\$2,127,265	\$5,610,945
<b>Total (4/83-4/92)</b>	<b>74,417.74</b>	<b>\$9,758,377</b>	<b>\$131.13</b>	<b>222,286.04</b>	<b>\$7,294,067</b>	<b>\$32.81</b>	<b>\$17,052,444</b>	<b>\$4,398,300</b>	<b>(\$415,799)</b>	<b>\$21,034,945</b>	<b>\$22,573,783</b>	<b>\$29,197,602</b>	<b>\$72,806,330</b>

ANS Royalty and Tax Engagements --- 5/92 - 11/93

Year	CONDON, PARTNOW & SHARROCK							OUTSIDE CONTRACTORS		Total Combined Annual Bill			
	Attorney Hours	Attorney Fees	Attorney Average Hourly Rate	Legal Assistant/ Case Clerk Hours	Legal Assistant/ Case Clerk Fees	Legal Assistant/ Case Clerk Avg. Hourly Rate	Total Fees	Total Cost	Credits on Bill		Total CPS/MPC Bill	Co-Counsel Fees/Costs	Expert Consultants Fees/Costs
Total	28,521.14	\$4,088,315	\$143.68	98,799.95	\$3,672,933	\$37.18	\$7,771,254	\$1,929,183	(\$273,995)	\$9,426,443	\$5,564,388	\$4,569,940	\$18,438,264

(528-1152)

WALTER J. HICKEL, GOVERNOR

PLEASE REPLY TO:

1031 WEST 4TH AVENUE, SUITE 200  
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PHONE: (907) 269-5100  
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KEY BANK BUILDING  
100 CUSHMAN ST., SUITE 400  
FAIRBANKS, ALASKA 99701-4679  
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FAX: (907) 451-2846

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JUNEAU, ALASKA 99811-0300  
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DEPARTMENT OF LAW

OFFICE OF THE ATTORNEY GENERAL

February 22, 1994

The Honorable Steve Frank  
Co-Chair  
Senate Finance Committee  
Room 518  
State Capitol  
Juneau, AK 99801-1182

Re: SB 287/HB 454

Dear Senator Frank:

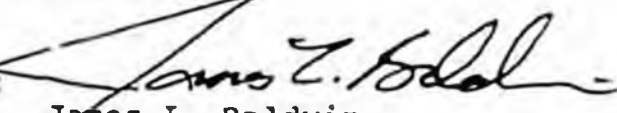
This letter is to request additional funding be added to the Department of Law Oil & Gas litigation FY 1994 supplemental appropriation request. This is based upon unanticipated changes in the course of the ANS Royalty litigation and FERC 1994 tariff litigation. The Department of Law requests an additional \$2.5 million be added to our FY 94 supplemental appropriation bill.

If you have any questions, please do not hesitate to contact me.

Sincerely,

BRUCE M. BOTELHO  
ATTORNEY GENERAL

By:

  
James L. Baldwin  
Assistant Attorney General

JLB:tg

cc: Nancy Slagle  
Office of Management & Budget

**НВ**

**455**

**HFIN**

**FILE**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: February 9, 1994

FURTHER REFERRALS:

Date of Committee Action: 5/6/94

The FINANCE Committee considered:

HB 455

HOUSE BILL NO. 455

APPROP: GOVERNOR'S SUPPLEMENTAL

"An Act making and amending operating and capital appropriations and ratifying certain state expenditures; and providing for an effective date."

RECOMMENDATIONS:  
 be replaced with CS HB 455 (Fin)  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)

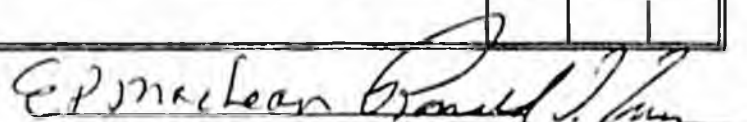
fiscal impact \_\_\_\_\_

fiscal note(s) \_\_\_\_\_

zero fiscal note \_\_\_\_\_

zero fiscal note(s) \_\_\_\_\_

SIGNING <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. Maclean</i> <i>Maclean</i>	<input checked="" type="checkbox"/>				
<i>Donald J. Larson</i> <i>Larson</i>	<input checked="" type="checkbox"/>	<i>Forster</i>			
<i>Larry Martin</i> <i>Martin</i>	<input checked="" type="checkbox"/>	<i>Richard (D) [unclear]</i>		<input checked="" type="checkbox"/>	
		<i>Mark [unclear] Henley</i>		<input checked="" type="checkbox"/>	
		<i>Jean P. Parrell</i> <i>Parrell</i>		<input checked="" type="checkbox"/>	
		<i>Ben [unclear] Gussendorf</i>		<input checked="" type="checkbox"/>	
		<i>Mike [unclear] Mavarr</i>		<input checked="" type="checkbox"/>	
		<i>Ray Brown</i> <i>Brown</i>		<input checked="" type="checkbox"/>	
		<i>Craig Therrault</i> <i>Therrault</i>		<input checked="" type="checkbox"/>	

  
 CHAIRMAN'S SIGNATURE  
 Maclean                      Larson

#1

8-LS800\1\2  
Cramer  
5/2/94

A M E N D M E N T

Adopted

OFFERED IN THE HOUSE  
TO:

BY REPRESENTATIVE MACLEAN

\*\* Sec. 1. (a) Contingent on an appropriation of <sup>150</sup>~~\$20~~,000 of the remaining balance of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended, being made to the Alaska Public Broadcasting Commission for payment as grants to the telecommunications entities for the purposes and in the amounts listed in (b) of this section as this section was passed by the legislature, \$250,000 of the unexpended and unobligated balance of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA 1992 as amended by sec. 7, ch. 41, SLA 1993, and by sec. 6, ch. 41, SLA 1993 (national education effort for opening the Arctic National Wildlife Refuge - \$3,000,000) is reappropriated to the Office of the Governor for payment as a grant under AS 37.05.316 to Arctic Power, Inc., for promotion of the opening of the Arctic National Wildlife Refuge to oil and gas development.

(b) The unexpended and unobligated balance, after the appropriation made in (a) of this section, of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA 1992 as amended by sec. 7, ch. 41, SLA 1993, and by sec. 6, ch. 41, SLA 1993 (national education effort for opening the Arctic National Wildlife Refuge - \$3,000,000) is reappropriated to the Alaska Public Broadcasting Commission in the Department of Administration for payment as grants under AS 44.21.268 to the recipients, for the purposes, and in the amounts as follows:

RECIPIENT AND LOCATION	PURPOSE	APPROPRIATION AMOUNT
Alaska Public Radio		
Network, Anchorage	equipment	50,000
KOAHNIC, Anchorage	equipment	50,000
KOTZ, Kotzebue	satellite dish	30,000
KBRW, Barrow	satellite dish	30,000
KYUK, Bethel	equipment	20,000

-1- Pro Rated To Stations

# **CORRECTION**

**THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY**

# HOUSE COMMITTEE REPORT

(11)

Date Referred: February 9, 1994

FURTHER REFERRALS:

Date of Committee Action: 5/6/94

The FINANCE Committee considered:

HB 455

HOUSE BILL NO. 455

APPROP: GOVERNOR'S SUPPLEMENTAL

"An Act making and amending operating and capital appropriations and ratifying certain state expenditures; and providing for an effective date."

RECOMMENDATIONS:  
 be replaced with CS HB 455 (Fin)  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 <u>DO</u> PASS	DP	OTHER RECOMMENDATIONS	DNP	NR	AM
<i>Eileen P. Maclean</i> <i>maclean</i>	<input checked="" type="checkbox"/>				
<i>Donald J. Larson</i> <i>larson</i>	<input checked="" type="checkbox"/>	<i>Richard (Dick) Forster</i>		<input checked="" type="checkbox"/>	
<i>Terry Martin</i> <i>Martin</i>	<input checked="" type="checkbox"/>	<i>Mark J. Harley</i> <i>Harley</i>		<input checked="" type="checkbox"/>	
		<i>Jean P. Parnell</i> <i>Parnell</i>		<input checked="" type="checkbox"/>	
		<i>Ben Sussendorf</i> <i>Sussendorf</i>		<input checked="" type="checkbox"/>	
		<i>Mike Mavare</i> <i>Mavare</i>		<input checked="" type="checkbox"/>	
		<i>Lay Brown</i> <i>Brown</i>		<input checked="" type="checkbox"/>	
		<i>Greg Therrault</i> <i>Therrault</i>		<input checked="" type="checkbox"/>	

*E. P. Maclean*  
 CHAIRMAN'S SIGNATURE  
*maclean* *larson*

CS FOR HOUSE BILL NO. 455(FIN)  
 IN THE LEGISLATURE OF THE STATE OF ALASKA  
 EIGHTEENTH LEGISLATURE - SECOND SESSION

BY THE HOUSE FINANCE COMMITTEE

Offered:  
 Referred:

Sponsor(s): HOUSE RULES COMMITTEE BY REQUEST OF THE GOVERNOR

A BILL

FOR AN ACT ENTITLED

1 "An Act making and amending operating and capital appropriations and ratifying  
 2 certain state expenditures; and providing for an effective date."

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:

4 \* Section 1. The sum of \$1,621,400 is appropriated to the Office of the Governor, office  
 5 of management and budget, to pay costs resulting from salary adjustments required to comply  
 6 with 29 U.S.C. 201-219 (Fair Labor Standards Act) for the fiscal year ending June 30, 1993,  
 7 and the fiscal year ending June 30, 1994, from the following sources:

8	Capital improvement project	
9	receipts	\$665,600
10	General fund	955,800

11 \* Sec. 2. The sum of \$1,694,900 is appropriated from the general fund to the Department  
 12 of Administration for longevity bonus payments for the fiscal year ending June 30, 1994.

13 \* Sec. 3. The sum of \$466,000 is appropriated from the general fund to the Department  
 14 of Administration, public defender agency, for increased operating costs for the fiscal year

#1

8-LS8(X)IND.2  
Cramer  
5/2/94

AMENDMENT

Adopted

OFFERED IN THE HOUSE  
TO:

BY REPRESENTATIVE MACLEAN

"\* Sec. 1. (a) Contingent on an appropriation of <sup>150</sup>~~520~~,000 of the remaining balance of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended, being made to the Alaska Public Broadcasting Commission for payment as grants to the telecommunications entities for the purposes and in the amounts listed in (b) of this section as this section was passed by the legislature, \$250,000 of the unexpended and unobligated balance of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA 1992 as amended by sec. 7, ch. 41, SLA 1993, and by sec. 6, ch. 41, SLA 1993 (national education effort for opening the Arctic National Wildlife Refuge - \$3,000,000) is reappropriated to the Office of the Governor for payment as a grant under AS 37.05.316 to Arctic Power, Inc., for promotion of the opening of the Arctic National Wildlife Refuge to oil and gas development.

(b) The unexpended and unobligated balance, after the appropriation made in (a) of this section, of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA 1992 as amended by sec. 7, ch. 41, SLA 1993, and by sec. 6, ch. 41, SLA 1993 (national education effort for opening the Arctic National Wildlife Refuge - \$3,000,000) is reappropriated to the Alaska Public Broadcasting Commission in the Department of Administration for payment as grants under AS 44.21.268 to the recipients, for the purposes, and in the amounts as follows:

RECIPIENT AND LOCATION	PURPOSE	APPROPRIATION AMOUNT
Alaska Public Radio		
Network, Anchorage	equipment	50,000
KOAHNIC, Anchorage	equipment	50,000
KOTZ, Kotzebue	satellite dish	30,000
KBRW, Barrow	satellite dish	30,000
KYUK, Bethel	equipment	20,000

Pro Rated TO stations

KDLG, Dillingham	equipment	15,000
KSKO, McGrath	Anvik translator	10,000
KRBD, Ketchikan	equipment	15,000
KBBI, Homer	uplink	15,000
KCAW, Sitka	Yakutat translator	20,000
KCUK, Chevak	satellite dish	15,000
KNSA, Unalakleet	satellite dish	15,000
KTOO, Juneau	equipment	20,000
KCZP, Kenai	equipment	15,000

(c) If the amount reappropriated in (b) of this section is less than ~~\$320,000~~<sup>150,</sup>, then the appropriations made by (b) of this section shall be reduced in proportion to the amount of the shortfall.

(d) Contingent on an appropriation of \$320,000 of the remaining balance of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended, being made to the Alaska Public Broadcasting Commission for payment as grants to the telecommunications entities for the purposes and in the amounts listed in (b) of this section as this section was passed by the legislature, the unexpended and unobligated balance of the appropriation made in sec. 146, ch. 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA 1992, as amended by sec. 7, ch. 41, SLA 1993, and by sec. 6, ch. 41, SLA 1993 (national education effort for opening the Arctic National Wildlife Refuge - \$3,000,000), after the appropriations made in (a) and (b) of this section are made, lapses into the general fund June 30, 1995."

AR 1235 -- ANWR DEVELOPMENT  
 BUDGET STATUS AS OF 4/28/94

4/28/94sp

LINE	AUTH	EXPENDED	OBLGT'D	BALANCE
PERS SVC	109,275	100,585	0	3,690
TRAVEL	35,000	73,350	0	11,650
CONTRACTUAL	2,531,725	1,219,497	976,999	335,229
SUPPLIES	3,000	1,730	0	1,270
EQUIPMENT	21,000	20,897	0	103
<b>TOTAL</b>	<b>2,750,000</b>	<b>1,416,059</b>	<b>976,999</b>	<b>356,942</b>

AR 2105 -- ANWR EDUCATION CAPITAL BUDGET  
 BUDGET STATUS AS OF 4/28/94

LINE	AUTH	EXPENDED	OBLGT'D	BALANCE
PERS SVC	100,000	0	0	100,000
TRAVEL	28,000	0	0	28,000
CONTRACTUAL	370,000	0	0	370,000
SUPPLIES	2,000	0	0	2,000
EQUIPMENT	0	0	0	0
<b>TOTAL</b>	<b>500,000</b>	<b>0</b>	<b>0</b>	<b>500,000</b>

856.942  
 Arctic Power (-) 250.000  


---

 606.942  
 Station & (-) 150.000  


---

 456.942  
 remaining in  
 appropriation

#2

Failed

AMENDMENT

SPONSOR: Mackie

To: Reappropriations bill

Amend by adding a new section to read:

\* Sec. \_\_\_\_ . The sum of \$50,000 from the unexpended and unobligated balance of the appropriation made in sec. 19, ch. 79, SLA 93, page 15, line 28 is appropriated to the Division of Energy in the Department of Community and Regional Affairs for a feasibility study of an electrical intertie between Petersburg and Kake.

# Alaska State Legislature

REPRESENTATIVE  
JERRY MACKIE



House of Representatives

ALASKA STATE CAPITOL  
JUNEAU, ALASKA 99801-1112  
(907) 465-1925

PO BOX 795  
CRAIG, ALASKA 99921  
(907) 826-3008 OFFICE  
(907) 826-2930 HOME

April 28, 1994

## MEMORANDUM

To: Rep. MacLean, Co-chair  
House Finance Committee

Sen. Pearce, Co-chair  
Senate Finance Committee

From: Rep. Mackie 

Re: Reappropriation funding for a Kake electrical intertie  
feasibility study.

I would appreciate your consideration of this proposal to fund a Kake intertie feasibility study. The funding source for this study would be from unencumbered funds appropriated last year for "Statewide Electric and Power Project Development."

Earlier assessments of an electrical intertie between Petersburg and Kake were overly pessimistic. I believe that the Black Bear Lake project on Prince of Wales Island shows that electrical generation and transmission projects in Southeast can be done for half the cost typically cited for these small rural projects. If the Kake project analysis shows feasibility under current cost experiences, I believe the private sector can do the project.

1 Department of Health and Social Services (cont.)		Appropriation		Appropriation Fund Sources	
	Allocations	Items	General Fund	Other Funds	
2					
3	Association For Retarded				
4	Citizens of Anchorage	345,000			
5	Facility Renovation (ED 10-25)				
6	South Central Counseling	118,000			
7	Facilities Renovation (ED 10-25)	100,000			
8	Alaska Alliance for the				
9	Mentally III - Clubhouse Space				
10	Purchase (ED 10-25)	200,000			
11	Fairbanks Native Association				
12	Long Term Care Facility				
13	Construction (ED 10-25)				
14	Statewide Americans with				
15	Disabilities access	10,000			
16	Requirements for Division of				
17	Alcohol and Drug Abuse				
18	Facilities (ED 99)				
19	Grants to Hand Recipients				
20	(AS 37.05.315)				
21	Mural Alaska Health Professions	20,000	20,000		
22	Foundation (ED 10-25)				
23	Tukool Kupukwuk Health Corporation				
24	- Community Health Service	500,000	500,000		
25	Building Site Acquisition (ED 10)				
26	Department of Labor				
27	Department of Labor				
28	Department of Labor				
29	Mechanical Inspection Equipment				
30	Purchase (ED 99)	78,800	78,800		
31	Occupational Safety and Health				
32	Equipment Purchase (ED 99)	87,400	87,400		
33	Labor Standards and Safety Program				
34	Automation (ED 99)	170,000	170,000		
35	Department of Commerce and Economic Development				
36	Department of Commerce and Economic Development				
37	Department of Commerce and Economic Development				
38	Department of Commerce and Economic Development				

1 Department of Commerce and Economic Development (cont.)		Appropriation		Appropriation Fund Sources	
	Allocations	Items	General Fund	Other Funds	
2					
3	Economic Development Matching				
4	Grant Program (ED 99)	500,000	500,000		500,000
5	Small Business Assistance and				
6	Development (ED 99)	500,000	500,000		500,000
7	Gold Rush Centennial				
8	Commemorations (ED 5)	50,000	50,000		50,000
9	Regional Marketing Grants (ADKMS)				
10	(ED 99)	97,000	97,000		97,000
11	Visitor Statistics Study (ED 99)				
12	Coal Initiatives/Test Shipment	300,000	300,000		300,000
13	Project (ED 99)	150,000	150,000		150,000
14	Business Industrial Development				
15	Corporation Capitalization (ED 99)				
16	It is the intent of the legislature that the Alaska Science and Technology Foundation				
17	transfer <del>1,000,000</del> the foundation's endowment earnings to the MDCO fund				
18	(AS 17.17.210) as funds become available during fiscal years 1994 and 1995. The foundation				
19	shall schedule and make the transfers only to the extent that they do not decrease the				
20	foundation's ability to meet its appropriation obligations during fiscal year 1994.				
21	Alaska Energy Authority				
22	Operation, Technical and Emergency	1,300,000	1,300,000		1,300,000
23	Assistance (ED 99)				
24	Mural Utility Regionalization,				
25	Consolidation and Business	270,000	270,000		270,000
26	Management Training (ED 99)				
27	Statewide Electric and Power				
28	Plan. & Development (ED 99)	500,000	500,000		500,000
29	Mural Power Systems Upgrade (ED 99)				
30	Emergency Bulk Fuel Repairs and	2,000,000	2,000,000		2,000,000
31	Spa. Prevention (ED 99)	1,000,000	1,000,000		1,000,000
32	Company. Renewal and replacement,				
33	Alaska Energy Authority - Owned	250,000	250,000		250,000
34	Facilities (ED 99)				
35	Electrical System Life, Health and				
36	Safety Improvements (ED 99)	730,000	730,000		730,000
37	Bulk Fuel Systems Upgrade (ED 99)				
38		2,000,000	2,000,000		2,000,000

# City of Kake

"HOME OF THE WORLD'S LARGEST TOTEM POLE"

\* Brent for response  
P.O. BOX 500  
KAKE, AK 99830  
907-785-3804

RECEIVED

JUN 02 1993

ALASKA ENERGY AUTHORITY

May 27, 1993

Ron Garzini  
Executive Director  
Alaska Energy Authority  
701 E. Tudor Road  
Anchorage, Alaska 99519-0869

Dear ~~Ron~~ Garzini:

Reference: H.B. 183 ELECTRIC INTERTIE

The City of Kake requests that a study to locate and design a utility corridor for the Kake Petersburg Electric Intertie eventually linking Petersburg - Kake - Sitka, etc. to the Southeast grid system.

Any help to begin this much needed project will be greatly appreciated.

Sincerely,  
  
Lonnie Anderson, Mayor

cc: Senator Robin Taylor  
Representative Jerry Mackie

## **Alaska Energy Authority**

March 20, 1991

The Honorable Richard Eliason  
President of the Senate  
Alaska State Senate  
P.O. Box V  
Juneau, AK 99811

Subject: Kake Intertie

Dear Senator Eliason:

At our Friday meeting, you asked for information on the costs of serving Kake with an intertie extending from Petersburg, giving Kake access to Tyee project energy. Kake is served by Tlingit-Haida Regional Electric Authority (THREA). In 1989, THREA's Kake facility sold 3.2 million kilowatt hours of electricity, had a peak demand of 700 kilowatts and spent \$229,000 on diesel fuel.

Over the past 10 years, two options of serving Kake from Petersburg were examined in some detail:

Option A - This would involve 52.13 miles of 24.9 kV underground cable buried in the roadway. Burial is an option that would avoid significant costs for clearing but would involve some delay in repair in the event of a cable break. This option would only serve Kake and could not be expanded. 1991 cost - \$10.5 million.

Option B - This would involve 45.0 miles of 138kV overhead line and 1.7 miles of 138kV underwater cable. This option would allow future interconnection with a southeast Alaska transmission system extending

Hon. Richard Eliason

page 2

northeasterly to Snettisham or westerly to Takataz Lake and Sitka. 1991 cost - \$32.2 million.

The electrical load in Kake is not expected to grow significantly in the foreseeable future. Therefore, neither of the above options is economically feasible. THREA is preparing to interconnect the Kake cold storage, thereby adding about 0.7 million kwh to their Kake load. This additional load could be handled with their existing generation system, upgraded in the normal course of business. Another improvement THREA is considering for Kake is increased bulk fuel storage, which would lower the cost of fuel for the generators.

If either of the intertie lines studied could be financed over 30 years at 8.0 percent interest at today's cost (no inflation), the per kwh charge required on 4,000,000 kwh sales (existing load plus the cold storage) to cover debt service alone (no O&M) would be:

## 1991 Costs

Option A (\$10.5 million)Option B (\$32.2 million)

23.3¢/kwh in addition  
to present  
fixed costs

71.5¢/kwh in addition  
to present  
fixed costs

Avoided fuel costs and diesel O&M would be about 10¢/kwh, which would be mostly offset by the 6.4¢ cost of power FOB the Tyea project.

These rates would be in addition to the fixed portion (debt service, reserves and administration) of the existing THREA rates. The annual debt service requirement of Option A would be about 3 times the FY90 Power Cost Equalization (PCE) payments to Kake; for Option B, the annual payments would be nearly 9 times the FY90 PCE payment.

These simplified comparisons illustrate the high costs of serving Kake with a transmission system from Petersburg under foreseeable loads. Very significant increases in loads and/or fuel

Hon. Richard Eliason

page 3

prices, in excess of inflation of construction costs for the transmission line, would be required to make the project feasible.

Please do not hesitate to call if you have questions or comments.

Sincerely,



Robert E. LeResche  
Executive Director

cc: Mayor Don House, Wrangell  
Mayor D.A. Coon, Petersburg  
The Honorable Robin Taylor, Alaska State Representative  
The Honorable Cheri Davis, Alaska State Representative  
The Honorable Lloyd Jones, Alaska State Senator

cc: Jeff Suboch, City of Wrangell  
Dave Palmer > Petersburg  
Dennis Davis  
Tom Skvenson, KPLU

BA  
Adopted

AMENDMENT

BY: Representative Bill Hudson

TO: FY95 Reappropriation legislation

\* Sec. \_\_\_\_\_. The unexpended and unobligated balance, not to exceed \$500,000, of that portion of the appropriation made in sec. 152, ch. 5, FSSLA 1992, page 57, line 8 (Marine Highway System Administration Building Construction - \$1,500,000) is reappropriated to the Department of Transportation and Public Facilities for Alaska Marine Highway System Improvements and Overhaul.

(Note: This intended to be a capital appropriation with a capital lapse date)

#4

Adopted  
Amended  
Sec 2

NO OBJECTION

Pack up

**AMENDMENT**

May 2, 1994

by Representative Moses

In summary, Section 1 reduces the sum from \$150,970,794 to \$148,667,500 from the educational facilities maintenance and construction fund (AS 37.16.010) from the FY'94 School Construction Projects bill [(HCS CSSB 60(FIN) am H], due to the veto of the Pedro Bay School which totalled \$2,303,294.

Section 2 reappropriates the \$2,303,294 to various municipalities and departments for payment as grants for the specific purposes and amounts as listed on the attached pages.

Am to Am 4

\*\* Section 1. Section 2, ch. 83, SLA 1993, is amended to read:

G F

Sec. 2. Contingent upon the establishment of an ~~educational facilities maintenance and construction fund~~ by the Eighteenth Alaska State Legislature, the sum of \$148,667,500 [\$150,970,794] is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the school construction grant fund (AS 14.11.005) and is allocated for payment as grants under AS 14.11.005 by the Department of Education to the following school districts and regional educational attendance areas (REAA) for the projects described in the amounts listed:

SCHOOL DISTRICT/REAA	PROJECT	ALLOCATION
Ketchikan Gateway		
Borough Schools	Ketchikan High final phase	\$ 9,501,600
Juneau Borough Schools	Juneau-Douglas High School	
	structural repair	152,600
Juneau Borough Schools	New elementary school	9,940,000
Yakutat City Schools	Elementary school repair	523,100
Kake City Schools	Elementary and high school	
	life/safety	1,738,500
Annette Island Schools	Elementary/middle school repair	706,400
Craig City Schools	Craig High School roof replacement	491,100
Craig City Schools	Elementary portable classrooms	
	/expansion design	392,400
Kenai Peninsula Borough		
Schools	Tustumena elementary addition	3,822,100
Kenai Peninsula Borough		
Schools	Portable classrooms district wide	298,400

Anchorage Schools	District wide school design and construction	27,171,600
Matanuska-Susitna Borough Schools	Swanson Elementary	8,190,000
Matanuska-Susitna Borough Schools	Palmer middle school addition	5,400,000
Matanuska-Susitna Borough Schools	Mat-Su Borough alternate school replacement	400,000
Fairbanks North Star Borough Schools	New high school/new elementary school/Lathrop renovation projects	20,000,000
Fairbanks North Star Borough Schools	Eielson elementary school design /bid preparation	600,000
Denali Borough Schools	Tri-valley fire separation	94,500
Delta/Greely Schools	Delta school roof replacement	1,483,300
Copper River Schools	Glennallen Secondary School final phase	3,045,800
Alaska Gateway Schools	Tok school replacement	8,505,300
Yukon-Koyukuk Schools	Nulato vocational education upgrade	274,600
Tanana City Schools	Heat exchanger and storage tank	86,400
Kuspuk Schools	Sleetmute foundation and roof repair	372,400
North Slope Borough Schools	Point Lay Cully school drinking water	86,500
North Slope Borough Schools	Point Hope entryways and roof renovation	172,300
North Slope Borough Schools	District wide renovations	72,800
Northwest Arctic Borough Schools	Selawik school replacement	12,930,000
Northwest Arctic Borough Schools	Buckland school addition design	595,400
Bering Strait Schools	Gambell elementary addition	12,334,700
Kashunamiut Schools	Replacement school facility design	771,600
Lower Yukon Schools	Mt. Village elementary replacement,	

	phase II	3,229,700
Lower Yukon Schools	Hooper Bay classroom addition	610,200
Lower Kuskokwim Schools	New Bethel middle school design	926,700
Lower Kuskokwim Schools	Newtok Elementary School addition design	500,000
Yupit Schools	Akiachak elementary replacement /upgrade design	269,500
Lake and Peninsula Schools	Chignik Bay school addition	1,494,000
Southwest Region Schools	New Stuyahok roof and wall replacement	747,500
Pribilof Islands Schools	St. Paul roofing and siding replacement	1,100,000
Pribilof Islands Schools	St. George roof and exterior repair	350,400
Aleutians East Borough Schools	King Cove elementary life/safety	910,000
Unalaska City Schools	Unalaska elementary addition	3,552,000
Denali Borough Schools	Tri-Valley school replacement/renovation	3,325,000
Lake and Peninsula Borough Schools	Pedro Bay school replacement	2,303,294
Anchorage Schools	West High School electrical repair	1,100,000

9-1

\* **Section 2.** (a) The sum of \$300,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Atka for the design, engineering, and construction of the **Atka Public Dock**.

(b) The sum of \$500,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the Aleutians East Borough for the **remodel and upgrade of the Akutan school**.

(c) The sum of \$125,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the Lake & Peninsula Borough for the design, engineering, and construction of the **Perryville Tsunami Emergency Shelter**.

(d) The sum of \$150,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Sand Point for the design, engineering, and construction of the **Sand Point Water and Sewer Extension** and improvements to the Sand Point dock to enhance school fisheries program.

(e) The sum of \$100,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the Bristol Bay Borough for the design, engineering, and construction of the **South Naknek Multipurpose Building**.

(f) The sum of \$3,294 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) for the Department of Health and Social Services for payment as a grant under AS 37.05.316 to the Southern Region Emergency Medical Services Council, Incorporated for the purchase of rescue equipment for the **Chignik Bay Emergency Medical Services Response Team**.

(g) The sum of \$100,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Education for payment as a grant under AS 37.05.316 to the **Bristol Bay Borough School District** for the Bristol Bay computer lab upgrade.

(h) The sum of \$14,535 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration, Alaska Public Broadcasting Commission, for payment as a grant under AS 44.21.268 to the Alaska Public Radio Network for the acquisition of equipment for the **St. Paul Island satellite downlink**.

(i) The sum of \$8,883 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration, Alaska Public Broadcasting Commission, for payment as a grant under AS 44.21.268 to the Alaska Public Radio Network for the acquisition of equipment for the Unalaska satellite downlink.

(j) The sum of \$500,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Community and Regional Affairs for payment as a grant under AS 37.05.317 to the unincorporated community of Pedro Bay for equipment and for the design, engineering, and construction of the road and trail systems.

(k) The sum of \$100,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Dillingham for harbor improvements, including safety and security upgrades.

(l) The sum of \$100,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the City of Kwethluk for the washeteria/water treatment plant building health and safety improvements.

(m) The sum of \$300,000 is appropriated from the educational facilities maintenance and construction fund (AS 37.16.010) to the Department of Administration for payment as a grant under AS 37.05.315 to the Lake and Peninsula Borough for the design, engineering, construction and equipment for the Egigik Public Dock.

( Report B)

1 Making appropriations for school construction projects and making an appropriation of \$1,000,000 from the general fund to the Department of Education for payment of grants for additional district support for the fiscal year ending June 30, 1994, and providing for an effective date

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6 Section 1. Chapter 1. Chapter upon the establishment of an educational facilities maintenance and construction fund by the Eighteenth Alaska State Legislature, the sum of \$197,000,000 to be appropriated from the general fund to the educational facilities maintenance and construction fund (AS 17 16 007)

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10 Section 2. Chapter upon the establishment of an educational facilities maintenance and construction fund by the Eighteenth Alaska State Legislature, the sum of \$120,970,794 to be appropriated from the educational facilities maintenance and construction fund (AS 17 16 010)

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13 to the school construction grant fund (AS 16 11 077) and to be allocated for payment of grants under AS 16 11 077 by the Department of Education to the following school districts and

14

AN ACT

HCS CSSB 021(14) am 11

1 provide the annual operating budget (BGA) for the projects described on the attached fund PROJECT

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( Report B)

1 Ketchikan High School Project

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			Chapter 83
1	Borough Schools	Earlton elementary school design/	
2		bid preparation	603,000
3	Denali Borough Schools	Tri valley fire separation	94,500
4	Debra/Corvally Schools	Debra school roof replacement	1,183,000
5	Copper River Schools	Glenallen Secondary School final phase	3,045,000
6	Alaska Gateway Schools	Tok school replacement	2,505,000
7	Yukon Regional Schools	Malina vocational education upgrade	271,000
8	Imana City Schools	Heat exchanger and storage tank	86,400
9	Kapusk Schools	Streamside foundation and roof repair	172,000
10	North Slope Borough Schools	Primo Lay Cully school drinking water	16,500
11	North Slope Borough Schools	Primo Hope entry way and roof renovation	172,000
12	North Slope Borough Schools	Charters side renovations	72,000
13	Northwest Arctic Borough		
14	Schools	Selkirk school replacement	12,900,000
15	Northwest Arctic Borough		
16	Schools	Buckland school addition design	305,000
17	Bering Strait Schools	Central elementary addition	12,334,700
18	Kachemak Schools	Replacement school facility design	771,000
19	Lower Yukon Schools	Mt. Village elementary replacement,	
20		phase II	3,229,700
21	Lower Yukon Schools	Hooper Bay classroom addition	610,000
22	Lower Kuskokwim Schools	New Bethel middle school design	926,700
23	Lower Kuskokwim Schools	North Elementary School addition	
24		design	500,000
25	Yupik Schools	Aktavik elementary replacement/	
26		upgrade design	269,500
27	Lake and Peninsula Schools	Chignik Bay school addition	1,694,000
28	Southwest Region Schools	New Seward roof and wall replacement	247,500
29	Prudhoe Islands Schools	St. Paul roofing and siding	
30		replacement	1,198,200
31	Prudhoe Islands Schools	St. George roof and exterior repair	150,400

Chapter 83

1	Alutians East Borough		
2	Schools	King Cove elementary life/safety	910,000
3	Unalaska City Schools	Unalaska elementary addition	3,332,900
4	Denali Borough Schools	Tri Valley school replacement/renovation	3,325,000
5	<del>Chignik and Peninsula Boroughs</del>		
6	<del>Chignik</del>	<del>Primo Bay school replacement</del>	<del>3,000,000</del>
7	Anchorage Schools	West High School electrical repair	1,400,000
8	* Sec. 3. Contingent upon the establishment of an educational facilities maintenance and		
9	construction fund and a major maintenance grant fund by the Eighteenth Alaska State		
10	Legislature, the sum of \$21,198,500 is appropriated from the educational facilities maintenance		
11	and construction fund (AS 37 16 010) to the major maintenance grant fund (AS 14 11 007) and		
12	is allocated for payment as grants under AS 14 11 007 by the Department of Education to the		
13	following school districts and regional educational attendance areas (REAA) for the projects		
14	described in the annexes listed:		
15	SCHOOL DISTRICT/REAA	PROJECT	ALLOCATION
16	Wrangell City Schools	Intermediate school drainage	\$ 42,000
17	Prudhoe Bay City Schools	Elementary school code upgrades	105,000
18	Mt. Edgecumbe High School	Deferred maintenance projects	301,000
19	Juneau Borough Schools	Juneau Douglas High School roof repairs	116,200
20	Juneau Borough Schools	Glacier Valley roof replacement	769,000
21	Kenai Peninsula Borough		
22	Schools	Seward Jr/Sr high school restroom	
23		renovations	19,600
24	Kenai Peninsula Borough		
25	Schools	Soldotna elementary gym roof replacement	113,400
26	Kenai Peninsula Borough		
27	Schools	Seward Jr/Sr high school roof renovations	42,000
28	Kenai Peninsula Borough		
29	Schools	Hummer junior high handicap access	28,200
30	Kenai Peninsula Borough		
31	Schools	Niiska elementary roof replacement	90,900

Adopted

Amendment to Amendment Number 4, Section 1:

The sum of \$2,303.3 million is appropriated from the educational facilities maintenance and construction fund (37.16.010) to the general fund.

Explanation:

Section 1 of the original amendment does not provide for the transfer of funding to the general fund. The above language would clarify that the original amendment is meant to be a net zero transaction.

Adopt

**Amendment \_\_\_**

May 2, 1994

By Representative Moses

I request the following reappropriation for District 40. It is a language change (addition) only.

- Sec. \_\_\_\_ Section 19, Chapter 79, SLA 1993, page 41, lines 28-29, is amended to read:  
Unalaska - Icy C... an Design and Construction and municipal landfill (ED 40) \$2,850,000

1 Department of Transportation/Public Facilities (cont.)				
2		Appropriation		Appropriation Fund Source
3	Allocations	Items	General Fund	Other Funds
4	Operations and Maintenance	781,840		
5	Equipment (ED 29-34)			
6	Safety Area Stabilization	100,000		
7	(ED 29-34)			
8	West Industrial Road Utilities	550,000		
9	Extension - Phase II (ED 29-34)			
10	Marine Highway System Federal	66,793,000		66,793,000
11	Program			
12	Alaska Marine Highway System	2,053,000		
13	Preliminary Engineering (ED 99)			
14	Cordova Staging Area and	420,000		
15	Terminal Building Construction			
16	(ED 99)			
17	Kake Ramp and Apron Upgrade	101,900		
18	Design (ED 9)			
19	Metanaska Car Doors and	1,116,480		
20	Structural Refurbishment (ED 99)			
21	Metanaska Galley Refurbishment	2,493,000		
22	(ED 99)			
23	Metanaska Life Boat/Deck	1,719,300		
24	Replacement and Structural			
25	Upgrades (ED 99)			
26	Wetlandia Bridge Support	692,600		
27	Coating Replacement (ED 9)			
28	Multi-Purpose Replacement	71,400,000		
29	Vessel (ED 99)			
30	Petersburg Mooring Structures	1,048,700		
31	Replacement (ED 2)			
32	Petersburg Oylands Improvements	454,900		
33	(ED 2)			
34	Whittier Staging Area Paving	329,300		
35	(ED 29)			
36	Wrangell Catwalks, Fenders and	1,637,500		
37	Dolphine Construction (ED 2)			

1 Department of Transportation/Public Facilities (cont.)				
2		Appropriation		Appropriation Fund Sources
3	Allocations	Items	General Fund	Other Funds
4	Sitka Oylands Transportation	711,200		
5	Enhancement (ED 2)			
6	Alaska Marine Highway System	291,700		
7	Handicapped Vans (ED 99)			
8	Reservations and Marketing	1,091,700		
9	Computer Upgrade (ED 99)			
10	Marine Highway System State Program			
11	Hollis Ferry Terminal Dolphin		75,000	75,000
12	(ED 9)			
13	.....			.....
14	..... Department of Environmental Conservation			.....
15	.....			.....
16	Fifty Percent Municipal Matching		16,152,100	16,152,100
17	Grants Program			
18	Municipal Matching Grants	39,800		
19	Project Administration (ED 99)			
20	Sodiak - Meter System	2,503,300		
21	Construction (ED 6)			
22	Nome - Icy View Water and Sewer	1,000,000		
23	System Construction Phase II			
24	(ED 38)			
25	Wrangell - Water Main	84,000		
26	Replacement Design and			
27	Construction (ED 2)			
28	Unalaska - Icy Creek Dam Design	2,850,000		
29	and Construction (ED 40)			
30	Fairbanks - Sewer	475,000		
31	Rehabilitation Phase I (ED 11)			
32	Ketchikan - Drinking Water	3,300,000		
33	Disinfection Facility			
34	Construction (ED 1)			
35	Fairbanks - Ft. Mainwright	850,000		
36	Interceptor Rehabilitation			
37	Phase IIA (ED 11)			

Adopt

#6

AMENDMENT

TO THE REAPPORPRIATIONS BILL

BY REP. NICHOLIA

The unexpended and unobligated balance of the appropriation made in sec. 152, ch. 5, SLA 1992, on page 33, line 15 (Regional Boarding School Feasibility Study) is reappropriated to the Department of Education for payment as a grant under AS 37.05.316 to the Galena School District for planning and analysis for a regional boarding school in Galena.



## GALENA CITY SCHOOL DISTRICT

Galena, Alaska 99741

Phone (907) 656-1205

Fax (907) 656-1368

Darrell M. Johnson, Superintendent

Patricia A. Hutcherson, Principal

January 26, 1994

General Joseph W. Ralston  
Elmendorf Air Force Base  
5800 G Street  
Suite 101  
Elmendorf AFB, Anchorage 99506-2130

Dear General Ralston:

The Galena City School District wishes to establish a Regional Boarding High School in Galena and would like to use several buildings at the Galena Air Force Base for educational purposes. After meeting with Capt. Paul Schantz and Project Manager Dave Paulsen, I believe the District could benefit with the use of the airman's barracks, the athletic complex, the clinic, and the composite building. In addition, we would like to make arrangements to utilize the cafeteria and maintenance with SpaceMark.

Our request not only allows us to provide housing for students but gives the potential to offer a variety of evening activities for the community of Galena. We foresee the theatre, bowling alley, and athletic opportunities being available to everyone. In addition space would be made available to the University of Fairbanks Extension Program.

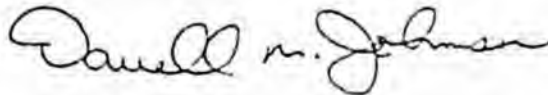
The downsizing of the Galena Air Force Base has had a tremendous affect on the community. The school's desire to utilize the empty facilities is two fold; one, to offer a better educational program and second, to have a positive impact on the community.

We believe if an agreement can be reached with the Air Force for the Galena City School District to utilize the facilities for a boarding school, the Air Force could take great pride in assisting the education of many students throughout Alaska while benefiting the entire community. I believe this joint effort could be a model for other communities and the Air Force to show how working together can alter the disastrous affect of base closings.

General Ralston  
January 26, 1994  
Page 2

Thank you in advance for your prompt attention to our request. I am available to meet with you as soon as possible so an agreement can be reached. If you need further information, please contact me.

Sincerely,



Darrell M. Johnson, Ed.D.  
Superintendent

DMJ/elb  
040/94

cc: Galena Board of Education  
Capt. Paul Schantz  
Dave Paulsen  
Jerry Covey, Commissioner DOE  
Dr. Roger Jarvis, Military Representative

# GALENA CITY SCHOOLS

## Resolution # Boarding Home Program

WHEREAS, the State of Alaska currently provides paid tuition and paid room and board for village students desiring to attend Mt. Edgecumbe school, without regard to local availability of high school programs; and

WHEREAS, the State Boarding Home program provides for room and board support for students to attend centralized high school programs if they have no access to a high school program at their grade level in their village community; and

WHEREAS, many students in small village high schools now desire the educational and extra-curricular opportunities found at larger, centralized high school sites,

Now, THEREFORE BE IT RESOLVED, that the Galena City School District Board of Education supports the State Boarding Home program expanding to provide funds for students to enable them to attend high school at centralized sites without regard to availability of programs in their village community.

\_\_\_\_\_  
President, Board of Education  
Galena City Schools

Adopted: \_\_\_\_\_

### Regional Boarding High School Resolution

We, the students of Galena City Schools hereby resolve that Galena would be the most appropriate site for a high school dormitory for the following reasons:

... Galena is the air traffic and postal hub of interior Alaska, whose paved runway, capable of handling the largest commercial jets, provides the utmost accessibility

... We are the only interior city with a medical, dental and mental health facility

... Dormitory, gymnasium, and dining facilities currently exist at the recently closed U.S.A.F. base

... Our school is the best equipped education facility in the interior

... The interaction between boarding students and resident students would provide for a healthy exchange of social, educational, and cultural ideas and activities

... Fish and Wildlife and Fish and Game headquarters are based in Galena, which could provide additional educational opportunities

Respectfully submitted

Galena City Schools Student Council

Vanessa Cruger  
Vanessa Cruger-president  
Mariah Osborne  
Mariah Osborne-vice president  
June Sommer  
June Sommer-secretary  
Sandy Johnson  
Sandy Johnson-treasurer  
Noranell Duncan  
Noranell Duncan- 9th grade

Erica Cleaver  
Erica Cleaver- 10th grade  
Misty Nickoll  
Misty Nickoll- 10th grade  
Peter Captain  
Peter Captain- 8th grade  
Daniel Huntington  
Daniel Huntington- 7th grade  
Fred Deussing  
Fred Deussing-advisor

November 23, 93

Date

GALENA COMMUNITY DEVELOPMENT TASK FORCE

RESOLUTION 94-01

A RESOLUTION IN SUPPORT OF THE GALENA CITY  
SCHOOLS ALTERNATIVE HIGH SCHOOL PROJECT

WHEREAS, the community of Galena has assembled this task force for the purposes of planning and economic development, and the community has been impacted by the recent drawdown of the Galena Air Force Station, and;

WHEREAS, the Air Force Station in Galena has reduced status from full alert to caretaker status removing all military personnel and now operates the base with civilian contractors that keep the buildings warm and the runway operable for military aircraft, and;

WHEREAS, the buildings on the base could be utilized by this community for the purposes of economic development by way of establishing a alternative high school in conjunction with Galena City Schools, some of the base facilities could be utilized for dormitory and recreation for the students who would attend school at the present High School Facility in New Town.

WHEREAS, the Galena City Schools has been working with the Air Force towards this end and hopes to facilitate the project with an on line date of fall of 95, and this region will benefit from the increase in the quality of education .....

NOW THEREFORE BE IT RESOLVED by the Galena Community Development Task Force:

The Galena Community Development Task Force hereby pledges it's full support to the Galena City Schools pursuit of the Alternative High School Project which will utilize Galena Air Force Station facilities for dormitory and recreational purposes, the actual schooling of students to take place at the present under utilized high school facility.

Passed and approved this 11th day of April 1994

\_\_\_\_\_  
Chris Hladick  
Chairman

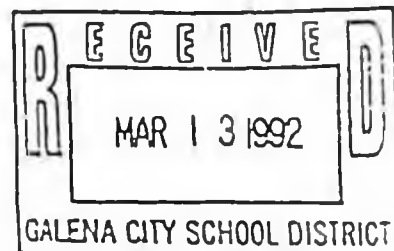
\_\_\_\_\_  
Attest: Mike Rath  
Secretary



# GANA-A' YOO LTD.

BOX 38 • GALENA, ALASKA 99741 • PHONE (907) 656-1606

March 12, 1992




Mr. William L. Miller  
Superintendent  
Galena City School District  
Galena, AK 99741

Dear Bill,

Gana-a' Yoo, Limited supports the school district in its attempt to get a boarding home facility established in Galena. If Galena is to accommodate the desires of the students of this region to attend school here, then it must provide proper facilities to house them.

Gana-a' Yoo, Limited also has facilities available that may be appropriate for such a boarding home facility. If you have any questions or need any further assistance, please call.

Sincerely,

  
Max J. Huhndorf  
President

  
Michael J. Rath  
General Manager

## STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

DEPARTMENT OF COMMERCE AND  
ECONOMIC DEVELOPMENTP.O. BOX 110804  
JUNEAU, ALASKA 99811-0804  
PHONE: (907) 485-2017

## DIVISION OF ECONOMIC DEVELOPMENT

April 20, 1994

Dr. Darrell Johnson  
Superintendent  
Galena City School District  
P.O. Box 299  
Galena, Alaska 99241

RE: Support for your residential housing project

Dear Dr. Johnson:

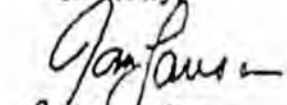
Please allow this letter to serve as the Division of Economic Development's firm support for the concept of turning excess Air Force buildings into permanent residential education facilities for the benefit of Alaska children and the economy of Galena.

This office is charged with the mission of strengthening and diversifying the Alaskan economy by supporting a healthy private sector. The possibility of creating a new economic engine for the Galena area is very positive and will have numerous beneficial direct and indirect economic and social impacts for the people of the region.

While I cannot speak to the educational benefits for the children who would attend the school, I can speak forcefully to the need to have closer residential boarding opportunities for our children. I also feel strongly that the creation of such a facility will add desperately needed jobs and economic activity to a region of Alaska that is facing difficulty with finding good local jobs. The start of the schools should assist local men and women to find jobs in the Galena area instead of having to migrate to the urban centers to find adequate employment opportunities.

We endorse the opportunity to strengthen the Galena economy while improving the quality of education to the regions' children. Please let me know how I can be of future assistance to you in this endeavor.

Sincerely,



Christopher Gates  
Director

cc: Mr. Paul Fuhs, Commissioner, Department of Commerce and Economic Development

House District 36

- Alatna
- Allakaket
- Aniak
- Anvik
- Arctic Village
- Beaver
- Bettles
- Burch Creek
- Canyon Village
- Central
- Chalkvitiuk
- Chicken
- Chisana
- Chistochuna
- Chitna
- Chuathbaluk
- Circle
- Copper Center
- Crooked Creek
- Dot Lake
- Eagle
- Eagle Village
- Evansville
- Fort Yukon
- Gakona
- Galena
- Gravling
- Gulkana
- Healy Lake
- Holy Cross
- Hughes
- Huslia
- Igouig
- Iliamna
- Kokhanok
- Kalskag
- Katig
- Kenny Lake
- Koyukuk
- Lake Minchumina
- Lame Village
- Lvengood
- Lower Kalskag
- Lower Tonsina
- Manley
- May Creek
- McCarthy
- McGrath
- Medfra
- Mentasta
- Minto
- Nabesna
- Newhalen
- Nikolai
- Nondalton
- Northway
- Nulato
- Port Alsworth
- Rampart
- Red Devil
- Rainy
- Shageluk
- Siana
- Sierermute
- Stevens Village
- Stony River
- Takotna
- Tanacross
- Tanana
- Tazlina
- Telida
- Tetlin
- Tok
- Tonsina
- Tulukssuk
- Tyonek
- Venene
- Wierman

## Representative Irene K. Nicholia

State Capitol • Juneau, Alaska 99801  
Phone: 465-4527 FAX: 465-2294



Health, Education and  
Social Services Committee  
Special Committee on Fisheries

### MEMORANDUM

TO: Representative Eileen MacLean, Co-Chair  
House Finance Committee

FROM: Representative Irene Nicholia *IN*

DATE: April 27, 1994

RE: Reappropriation Request

Please include the following item in the reappropriation bill:

The unexpended and unobligated balance of the appropriation made in sec. 152, ch. 5, SLA 1992, on page 33, line 15 (Regional Boarding School Feasibility Study) is reappropriated to the Department of Education for payment as a grant under AS 37.05.316 to the Galena School District for planning and analysis for a regional boarding school in Galena.



Official Business

# Alaska State Legislature

#8

P.O. Box V  
State Capitol  
Juneau, Alaska 99811

*Open*

~~to be adopted~~

*adopted 6/4*

## MEMORANDUM

TO: Rep. Eileen MacLean  
Co-Chair  
House Finance Committee

Sen. Drue Pearce  
Co-Chair  
Senate Finance Committee

FROM: Rep. <sup>3</sup> Ben Grussendorf

Sen. Robin Taylor

*Robin Taylor*

DATE: April 25, 1994

Please include the following language in the reappropriations bill.

Page , after line :

Insert a new bill section to read:

"\* Sec. 2 (a) An amount equal to the interest that will accrue on the loan between the City and Borough of Sitka and the former Alaska Power Authority that was funded by an appropriation made in sec. 243, ch. 141, SLA 1982, in the period from January 1, 1994, through the repayment of the loan is appropriated from the general fund to the Department of Community and Regional Affairs for deposit in the power project fund (AS 42.45.010) to satisfy the interest payments beginning with the payment due July 1, 1994, required under the loan.

(b) An amount equal to the appropriation made by (a) of this section is appropriated from the power project fund (AS 42.45.010) to the general fund."

SLR 1982

(4) Swan Lake	10,000,000
(5) Terror Lake	10,500,000
(6) Tyea Lake	5,000,000

Sec. 237. The sum of \$4,000,000 is appropriated from the general fund to the Alaska Power Authority for a loan to Alaska Electric Light and Power Company for upgrading transmission and distribution lines.

Sec. 238. The sum of \$2,200,000 is appropriated from the general fund to the Alaska Power Authority for feasibility studies, preconstruction design, and engineering to be allocated to the following proposed power projects:

(1) Black Bear Lake Hydroelectric project	\$1,000,000
(2) Grant Lake hydroelectric project	1,000,000
(3) West Creek hydroelectric project	200,000

Sec. 239. The sum of (\$25,000,000) \$20,000,000 is appropriated from the general fund to the power development fund of the Alaska Power Authority for the Tyea Lake hydroelectric project.

Sec. 240. The sum of \$537,000 is appropriated from the general fund for payment as a grant to the City of Teller for the purchase of a utility system.

Sec. 241. The sum of (\$5,000,000) \$3,000,000 is appropriated from the general fund to the power development fund of the Alaska Power Authority for the Bradley Lake hydroelectric project.

Sec. 242. The sum of \$6,350,000 is appropriated from the general fund to the Department of Commerce and Economic Development, fisheries enhancement loan program, for hydroelectric project related hatchery projects.

~~Sec. 243.~~ The sum of \$15,000,000 is appropriated from the general fund to the Alaska Power Authority for a loan to the City and Borough of Sitka for the Green Lake hydroelectric project.

Sec. 244. The sum of \$250,000 is appropriated from the general fund to Alaska Power Authority for a study to determine the feasibility of using North Slope natural gas for the generation of electricity for the railbelt area.

Sec. 245. The sum of \$250,000 is appropriated from the general fund to the Legislative Affairs Agency for the Senate Advisory Council to conduct a study to determine the feasibility of a natural gas pipeline from Prudhoe Bay to tidewater.

Sec. 246. The sum of \$2,400,000 is appropriated from the general fund to the University of Alaska, Fairbanks, for an addition to the Duckering Building.



# City and Borough of Sitka

304 LAKE STREET. SITKA, ALASKA. 99835

February 24, 1994

Mr. Patrick Ryan  
Chief of Staff  
Office of the Governor, State of Alaska  
P.O. Box 110001  
Juneau, AK 99811-0001

Dear Pat,

Because of the closure of the Alaska Pulp Corporation mill here in Sitka, we need the renewed commitment of the Governors office to assist us in obtaining forgiveness of Sitka's Alaska Energy Authority (AEA) loan. As we have discussed in the past, the outstanding balance on the loan is approximately \$12 million and the loan requires annual payments of \$800,000.

In addition to the State loan, our utility has outstanding revenue bonds in the amount of \$52 million which were issued in conjunction with the construction of the Green Lake Hydroelectric Project. Prior to the closure of the local mill our utility was able to meet its debt obligations.

Historically, electric utilities in the smaller Alaskan communities were constructed by or through State grants. Sitka, however, unilaterally accepted responsibility for financing its utilities through bonded debt based in large part on the assumption that APC would provide an adequate customer base. This assumption is no longer valid and Sitka now needs the help of the Governors office in obtaining relief from the State debt. Granting loan forgiveness will make it possible for Sitka to concentrate on servicing the remaining \$52 million utility bonded indebtedness.

One could argue that if and when the mill should reopen all will be well. Such would not be the case. Should APC reopen as a medium density fiberboard plant, they would employ approximately 125 people. This figure being less than one third of the employees who worked at the mill when it operated as a pulp mill. *Since little ever... The... Ah. Pulp... In US Forest Service... 1/11/94*

With some serious belt tightening on our part and forgiveness of the State loan, I am confident that Sitka will make it.

We very much need the Governors and your assistance in working towards the forgiveness of the AEA loan.

Sincerely,

Rocky Gutierrez, Mayor  
City and Borough of Sitka

*Forgiveness of interest... CR at Sitka still pays off principal*

Adopted

#9

AMENDMENT

BY: Rep. Kay Brown

TO: HB  
(reappropriation language)

Add a new section:

Sec. \_\_ The unexpended and unobligated balance of that portion of the appropriation made in sec. 152, Ch 5, FSSLA 92, pg 43, ln 17, that is allocated on pg 45, ln 4 (Fireweed Lane - \$1,584,000) is repealed.

# Chapter 5, FSSLA 92

11

1	DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONT.)				
2		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES GENERAL FUND	OTHER FUNDS
3					
4	FEDERAL TRANSIT ADMINISTRATION GRANTS (ED 99)		815,000	15,000	800,000
5	STATEWIDE URBAN AREA PLANNING (ED 99)		700,000		700,000
6	STATEWIDE NATIONAL HIGHWAY INSTITUTE TRAINING PROGRAM (ED 99)		300,000		300,000
7	STRATEGIC HIGHWAY RESEARCH PROGRAM SEASONAL MONITORING STUDY (ED 99)		215,000		215,000
8	STATEWIDE RURAL TECHNOLOGY ASSISTANCE PROGRAM (ED 99)		200,000		200,000
9	STATEWIDE SURVEY AND ENGINEERING EQUIPMENT REPLACEMENT (ED 99)		200,000		200,000
10	STATEWIDE TOTAL QUALITY MANAGEMENT (ED 99)		200,000		200,000
11	STATEWIDE U.S. GEOLOGICAL SURVEY FLOOD ANALYSIS (ED 99)		200,000		200,000
12	STANDARDS MANUALS PUBLISHING (ED 99)		80,000	80,000	
13	RAILROAD PLANNING (ED 99)		36,000		36,000
14	STATEWIDE FEDERAL HIGHWAYS EXPERIMENTAL FEATURES PROGRAM (ED 99)		30,000		30,000
15	MAINTENANCE STATION SITE CONTAMINATION ASSESSMENTS (ED 99)		250,000	250,000	
16	RURAL VILLAGE SEWER, WATER AND SANITATION ROADS (ED 99)		3,200,000		3,200,000
17	CENTRAL REGION FEDERAL HIGHWAY PROGRAM		144,437,200		144,437,200
18	MINNESOTA DRIVE, TUDOR TO INTERNATIONAL AIRPORT ROAD DECONSTRUCTION (ED 7-15)	16,854,900			
19	PARKS HIGHWAY, MP 44-71 REHABILITATION (ED 16)	15,881,400			
20	OLENN HIGHWAY, HILAND INTERCHANGE REHABILITATION (ED 7-15)	2,335,500			

Chapter 5, FSSLA 99

DEPARTMENT OF TRANSPORTATION/PUBLIC FACILITIES (CONI.)		ALLOCATIONS	APPROPRIATION ITEMS	APPROPRIATION FUND SOURCES	
				GENERAL FUND	OTHER FUNDS
1					
2					
3					
4	FIREWEED LANE, SEWARD HIGHWAY TO SPENARD SAFETY UPGRADES (ED 7-15)	1,584,000			
5	CENTRAL REGION SAFETY PROGRAM (ED 99)	1,350,000			
6	JEWEL LAKE ROAD, DIMOND TO INTERNATIONAL AIRPORT ROAD PAVEMENT REHABILITATION (ED 7-15)	1,241,900			
7	OLD SEWARD HIGHWAY INTERSECTIONS PAVEMENT REHABILITATION (ED 7-15)	1,214,500			
8	KODIAK - REZANOF DRIVE INTERSECTION IMPROVEMENTS (ED 27)	1,153,200			
9	RABBIT CREEK ROAD PAVEMENT REHABILITATION (ED 7-15)	1,027,600			
10	SEWARD HIGHWAY, BIRD POINT TO OIRDWOOD RECONSTRUCTION (ED 7-15)	1,401,300			
11	BETHEL BROWN'S SLOUGH BRIDGE REPLACEMENT (ED 25)	1,419,400			
12	ANCHORAGE CAPACITY IMPROVEMENTS (ED 7-15)	767,700			
13	MATAMUSKA-SUSITNA VARIOUS INTERSECTION UPGRADES (ED 16)	640,100			
14	EAST ANCHORAGE SAFETY PROGRAM (ED 7-15)	562,500			
15	CENTRAL REGION SIGNING AND TURNOUT UPGRADES (ED 99)	450,000			
16	ANCHORAGE TRANSIT CAPITAL PROJECTS (ED 7-15)	443,400			
17	EXIT GLACIER ROAD, MP 8-3.9 RECONSTRUCTION (ED 4)	443,400			
18	HILLSIDE DRIVE/DEARMOND TO O'MALLEY PAVEMENT REHABILITATION (ED 7-15)	373,300			
19	OLD GLENN HIGHWAY, PALMER TO CLARK-WOLVERINE ROAD RECONSTRUCTION (ED 16)	354,800			
20	STERLING HIGHWAY, SOLDOTNA URBAN/KENAI RIVER BRIDGE UPGRADE (ED 5)	310,500			

# STATE OF ALASKA

WALTER J. HICKEL, GOVERNOR

## DEPARTMENT OF TRANSPORTATION AND PUBLIC FACILITIES

REGIONAL DIRECTOR, CENTRAL REGION

P.O. BOX 196900  
ANCHORAGE, ALASKA 99519-6900  
266-1440 (FAX 248-1573)

March 18, 1993

The Honorable Kay Brown  
Alaska State Legislature  
P.O. Box V  
Juneau, AK 99811

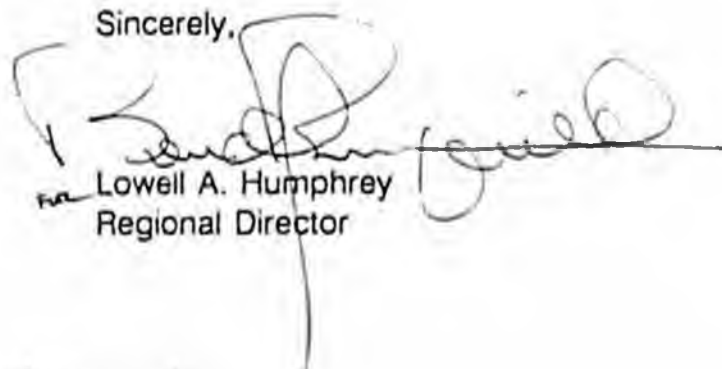
Dear Representative Brown:

Thank you for your letter of March 12 in which you requested verification of the financial information you received about the safety project for Fireweed Lane. We have authorized \$2,132,000 for the project. Of that amount, \$547,000 has been programmed for design, right-of-way and utilities and we have expenditures of \$259,000.

Construction is scheduled to begin in 1994. The current estimate for construction is \$1,200,000. Although we are reasonably certain of this estimate, we will have more data to fine tune this estimate when design is complete in late fall of 1993. Until the design, right-of-way and utilities phases are complete, we can not unequivocally say that the 1992 appropriation will not be needed for a project development activity, but it does not look likely.

I appreciate your interest in this project. Please let me know if I can be of further help.

Sincerely,



Lowell A. Humphrey  
Regional Director

MEH/kkk

cc: Katy McHugh, Legislative Liaison, Commissioner's Office  
Boyd J. Brownfield, P.E. Director, Design and Construction

# SPENARD COMMUNITY COUNCIL

2020 West 48th Avenue  
Anchorage, Alaska 99517  
(907) 248-5608

Chairman  
Dave Erlich  
243-7768

Sec/Treas.  
Allen Thornhill  
248-4908

Board Members  
Tom Barber  
562-5844

Connie Parker  
563-2800

Mike Beck  
277-5840

Pat Fullerton  
563-1156

Tom McGrath  
561-4633

Patrol Chair  
Joe Murdy  
248-4143

Date February, 26 1993

To: REP. Jim Nordlund  
State Capitol  
Juneau AK 99801-1182

From: Dave Erlich, Chairman  
Spenard Community Council  
2308 W. 47th  
Anchorage AK. 99517  
243-7768

Re: Capital Budget

Dear Jim,

The Spenard Community Council would ask you to consider the following capital projects as priority concerns for our district.

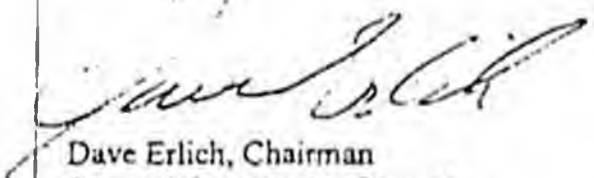
Area schools Willow Crest, West High, Stellar, Northwood and Romig remain in great need of upgrades and maintenance.

Funding for the Spenard Community Patrol.

At this point no other Capitol projects had been discussed at the Council.

The only other item was the removal of funding for the Fireweed Road redesign project. This project is slated for 1994 or 95 and is a 90 10 Federal project that was approved without input from either the North Star or Spenard Community Council. Neither Council was advised of this project and at meetings held November 4, 1992 the project was rejected. State D.O.T. has in the past ignored the Community Councils throughout the city on similar road projects and most recently in Muldoon. Perhaps amending State law is in order to direct State D.O.T. to contact effected community councils prior to asking for or receiving Federal or State funding for road projects within the M.O.A.

Sincerely,



Dave Erlich, Chairman  
Spenard Community Council

AMENDMENT

#10

Held

BY MACLEAN

*William Maclean*

TO: (Reappropriation Bill)

\*Sec. \_\_\_\_\_. The unexpended and unobligated balance of the appropriation made in sec. 19, ch. 79, SLA 1993, page 16, line 4 (Alternative and Applied Energy Technology Development - \$500.0) is reappropriated to the Division of Energy for the Kotzebue Wind Project.

## KOTZEBUE WIND ENERGY PROJECT

- ° Senator Murkowski, a member of Senate Energy & Natural Resources Committee, and the U.S. Department of Energy are most interested in a utility-grade wind energy project in Kotzebue.
- ° As a result of the above interest, the prospects are very real that the federal government will contribute upward of several million dollars to the project.
- ° The American Wind Energy Association, which is the industry's national trade organization, is likewise highly supportive of the Kotzebue project, and is assisting in Congress.
- ° Kotzebue Electric Association, which would own, operate the project, is itself prepared to contribute as much as \$225,000 of its own money. This is a major financial commitment for a utility the size of KEA.
- ° At the local level, the project is well along. Field monitoring of wind data has been underway KEA for more than a year.
- ° Kotzebue has an excellent wind regime for a major wind power project. Best of all, the highest sustained winds occur in the winter when electrical demand is the highest.
- ° The wind project will displace large amounts of diesel fuel, which is expensive, has the potential for environmental impacts and is difficult to transport to remote communities like Kotzebue.
- ° KEA has been assisted in its efforts to date by the Alaska Division of Energy, the federal energy department and Canada's Atlantic Wind Test Site.
- ° KEA also has developed a network of wind experts through its membership in the Electric Power Research Institute's Utility Wind Interest Group. In fact, KEA is the only Alaska utility that is a member of this nationally recognized technical organization.
- ° The National Rural Electric Cooperative Association, which is the electric co-ops' national trade association, has awarded KEA a \$25,000 grant to assist with the project.

1 Department of Commerce and Economic Development (cont.)		Appropriation		Appropriation Fund Sources	
2	3	4	5	6	7
8	9	10	11	12	13
Alternative and Applied Energy	Allocations	Items	General Fund	Other Funds	
14		500,000		500,000	
15	Technology Development (RD 33)				
16	Reimbursable Authority (RD 33)	100,000		100,000	
17	Electrical Service Extension Grant	500,000		500,000	
18	Program (RD 33)				
19	Grants to Served Recipients:				
20	(Ad 37.85.314)				
21	Arctic Winter Games (RD 33)	250,000		250,000	
22	Team Alaska Support Funding (RD 33)	131,000		131,000	
23	Department of Military and Veterans Affairs				
24	Statewide Environmental Compliance	3,000,000		3,000,000	
25	Restoration Projects (RD 33)				
26	Army Guard Facilities: Deferred	6,126,300	1,055,000	3,159,200	
27	Maintenance (RD 33)				
28	Falibaha Army/Organizational	100,000		100,000	
29	Maintenance Shop Design (RD 33-34)				
30	Emergency Operation Center	411,000		411,000	
31	Subcontracts (RD 33)				
32	Department of Natural Resources				
33	Contaminated Site Cleanup/	654,000		654,000	
34	Assessment				
35	Childs Fed, Deadhorse	330,000			
36	Contaminated Site Cleanup/				
37	Assessment (RD 33)				
38	Forward Alaska Fed, Deadhorse	300,000			
39	Contaminated Site Cleanup/				
40	Assessment (RD 33)				
41	Soldotna, Fedmevils Greenhouse	11,000			
42	Contaminated Site Cleanup/				
43	Assessment (RD 33)				



AMENDMENT 11

095111

9-1

OFFERED IN THE HOUSE

BY THE DEPARTMENT OF LAW  
FOR THE DEPARTMENT  
OF TRANSPORTATION  
AND PUBLIC FACILITIES

"\* Sec. 1. LEGISLATIVE FINDINGS AND PURPOSES. The legislature finds that

(1) as a result of the judgments entered by the United States District Court in the criminal cases United States of America v. Exxon Shipping Company and Exxon Corporation, No. A90-015 CR, the State of Alaska received \$50,000,000 in restitution "to be used by the State of Alaska ... exclusively for restoration projects, within the State of Alaska, relating to the 'Exxon Valdez' oil spill." The judgments define restoration as including "restoration, replacement, and enhancement of affected resources; acquisition of equivalent resources and services, and long-term environmental monitoring and research programs directed to the prevention, containment, cleanup, and amelioration of oil spills." The money received by the state in restitution is held in the Exxon Valdez oil spill restoration fund, established by the Department of Revenue, to implement the forms of those judgments;

(2) the appropriation in sec. 2 of this Act is made in order to achieve the purposes in the court's restitution order.

\* Sec. 2. The first \$550,000 of interest accrued after June 30, 1994 and before July 1, 1995, on the restitution payment described in sec 1(1) of this Act, is appropriated from the Exxon Valdez oil spill restoration fund described in sec. 1(1) of this Act to the Department of Transportation and Public Facilities for the maintenance and repair, of the oil spill response equipment storage facilities and docks at Tatitlik and Chenega described in sec. 2, ch. 41, SLA 1993."

Chapter 41

AN ACT

1 Making an appropriation to the Alyeska Settlement Fund and making appropriations from the  
2 Alyeska Settlement Fund, making, amending, and repealing operating and capital  
3 appropriations, and providing for an effective date.

4  
5 \* Section 1. The interest of the State of Alaska in payments received by the state for  
6 deposits into the Alyeska Settlement Fund under the Agreement and Consent Decree in IN RE  
7 THE EXXON VALDEZ, United States District Court, District of Alaska, case No. A89-095  
8 Civil (Consolidated)(Re: case No. A92-175 Civil, decree entered November 25, 1992), is  
9 appropriated to the Alyeska Settlement Fund.

10 \* Sec. 2. The sum of \$20,500,000 is appropriated from the Alyeska Settlement Fund to the  
11 Department of Transportation and Public Facilities and is allocated for the following project  
12 in the amounts listed:

13 PROJECT	14 ALLOCATION
15 Construction of oil spill response equipment	

Chapter 41

1 storage facilities and docks at Tautleh 2 and Chenega; acquisition of oil spill 3 response equipment for prepositioning at Tautleh 4 and Chenega	5 \$14,500,000
---	----------------

6 Construction of road from Cordova to 7 Shepard Point; construction of oil spill response 8 equipment storage facilities at Shepard Point; 9 acquisition of oil spill response equipment for 10 prepositioning at Shepard Point	11 6,000,000
--	--------------

12 \* Sec. 3. The sum of \$7,500,000 is appropriated from the Alyeska Settlement Fund to the  
13 Department of Natural Resources for the purchase of the inholdings of the Seldovia Native  
14 Association and of the Timber Trading Company, within the Kachemak Bay State Park as  
15 identified in the Preliminary Exchange Agreement dated June 30, 1989, as amended as of the  
16 effective date of this Act, between the state, the Seldovia Native Association, and the Timber  
17 Trading Company; and for the purchase of the inholdings of the Cook Inlet Region, Inc.,  
18 within Kachemak Bay State Park.

19 \* Sec. 4. The sum of \$200,000 is appropriated from the Alyeska Settlement Fund to the  
20 Department of Environmental Conservation for the acquisition and installation of  
21 communications equipment at the Valdez Emergency Operations Center.

22 \* Sec. 5. In secs. 1 - 5 of this Act, "Alyeska Settlement Fund" means the trust fund  
23 established in the state treasury for the purpose of receiving, holding, and disbursing the  
24 settlement proceeds received by the state under the Agreement and Consent Decree in IN RE  
25 THE EXXON VALDEZ, United States District Court, District of Alaska, case No. A89-095  
26 Civil (Consolidated)(Re: case No. A92-175 Civil, decree entered November 25, 1992).

27 \* Sec. 6. The unexpended and unobligated balance, not to exceed \$250,000, of the  
28 appropriation made in sec. 146(a), ch. 96, SLA 1991, as amended by sec. 54, ch. 5, FSSLA  
29 1992, (national education effort for opening the Arctic National Wildlife Refuge - \$3,000,000)  
30 is repealed and reappropriated to the Office of the Governor for payment as a grant under  
31 AS 37.05.316 to Arctic Power, Inc., for promotion of the opening of the Arctic National  
Wildlife Refuge to oil and gas development.

\* Sec. 7. Section 21, ch. 5, FSSLA 1992, is amended to read:

AMENDMENT

Failed

3-7

OFFERED IN THE HOUSE

BY REPRESENTATIVE BROWN

TO: C-HB 455(FIN) Work Draft 4/19/94

Page 1, line 2, after "expenditures":

Insert ", repealing certain capital appropriations"

4 12.  
Page 13, following line 26:

Insert a new bill section to read:

"\* Sec. 56. Section 4(a), ch. 19, SLA 1993, is repealed."

58

Renumber the following bill section accordingly.

Chris Rose  
Co-Chair, ACRED  
General Delivery  
Sutton, Alaska  
99674

May 2, 1994

Dear House Finance Committee Member:

As Co-Chair of ACRED (Alaska Citizens for Responsible Energy Development) I am writing to give you some background on the recently released final Feasibility Study for the Sutton-Glennallen intertie. The Study has found that Allison Lake is a better alternative to the intertie for meeting Copper Valley Electrical Association's (CVEA) needs. Armed with this new information, ACRED urges you to cut the funding for the intertie immediately.

THE INTERTIE IS NOT THE BEST ALTERNATIVE FOR CVEA

The Study concludes that only in the Highest Load growth scenario does the intertie come out as the cheapest alternative for Copper Valley Electrical Association (CVEA). In the Medium-High and Medium-Low Load growth scenarios, the Allison Lake Hydro project near Valdez is the best alternative. (This assumes Allison Lake would get the same benefit of the \$35 million State grant, an assumption that must be made for the feasibility study to make any sense). Finally, in the Study's Low-Load growth scenario an upgrade of CVEA's diesel generators is the best alternative.

The intertie is an overkill project which is not justified by CVEA's projected need. Neither the High Load growth nor even the Medium-High growth scenario is probable.

"High" Load Growth

First, this scenario assumes the oil pipeline is going to run for another 55 years until the year 2049 (50 years past the estimated

completion of the intertie in 1999) . NOTHING supports this assumption. Congress' General Accounting Office (GAO) estimates that the pipeline will shut down around 2012, 2025 if ANWR is opened.

Second, the "High" scenario assumes that Petro Star will also continue production for another 55 years. This assumption is not supported. No study has been done to evaluate Petro Star's viability as an enterprise in general. The facility has been having significant environmental problems. There are also questions about safety at the plant. Finally, there could questions asked about the firm's general financial stability. Furthermore, the Study's assumption that Petro Star will increase production to 55,000 barrels/day contradicts the conclusion reached in the Petro Star Load Forecast commissioned by the State and completed this February by William Cronney. The "Cronney Report" concluded that Petro Star could not increase production beyond 50,000 barrels/day without major investment and a significant shift in world oil markets.

Third, this scenario assumes that a natural gas pipeline will be built alongside the oil pipeline. If this is so, the immediate question is why would CVEA need an intertie when it could generate its own power with natural gas?

#### Medium-High Load Growth

This scenario also assumes an unrealistic life for both the oil pipeline and the Petro Star refinery of another 55 years. At any rate, the Allison Lake project is still a better alternative under this scenario.

#### Medium-Low Load Growth

This scenario assumes a more realistic shut-down date of both the pipeline and the refinery, the year 2018. Allison Lake is also the best alternative under this scenario.

### Low Load Growth

This is probably the most probable of all the scenarios, setting the shutdown date of the pipeline and the refinery at 2013. The all-diesel alternative is the best solution for CVEA under this scenario.

### ALLISON LAKE WILL PRODUCE THE CHEAPEST POWER FOR CVEA

The Executive Summary of the Study notes that the cost of power to CVEA will be lowest if the Allison Lake project is built. (This assumes that the 6.4 cent/kwh charge on Solomon Gulch power would not be charged to Allison Lake power. This assumption can be made because Allison Lake was never contemplated when the original agreement regarding Solomon Gulch was made. It is totally within the State's power to waive this cost to Allison Lake power). Therefore, from the perspective of a Copper Valley consumer, Allison Lake has the best chance of lowering electric bills. This is especially true when one considers that Copper Valley consumer's rates could easily increase if the intertie is built and then either the pipeline shuts down or Petro Star stops buying intertie power. (Petro Star could always decide it would be cheaper to begin to generate its own power, as Alyeska does now).

### THE INTERTIE'S COSTS ARE STILL UNDERESTIMATED

It is difficult to list all the costs of the intertie that have either been overlooked or systematically underestimated. However, the cost of labor from the Draft Study remains the same in the Final. This means the lowest estimate of labor costs was used, not the highest estimate or even an average of the two estimates. The \$254,000/mile cost estimated in the Study is well below what the Bradley Lake intertie cost per mile (over \$400,000/mile).

The \$5.6 million cost of a Static Var Compensator has again been left out of the intertie's projected cost as well. This item will be needed to maintain line reliability at the levels of power CVEA would claim to need if the intertie scenario (High Load growth scenario) played itself out.

## ENVIRONMENTAL COSTS

The Study continues to give the social and environmental costs of the intertie a value of ZERO dollars. The Study acknowledges these costs exist, but states that no "defensible estimates" could be arrived at because of R.W.Beck's "time and budget constraints".

The public opposition to the intertie is great. The impacts on the front range of the Tacheeta Mountains and the Matanuska Valley's tourism industry would also be great if the project were built. To place a zero dollar value on these impacts demonstrates that the intertie is even less "feasible" than the Study has already found.

## CONCLUSION

The final draft of the Study makes the intertie look worse than the first draft did. To fund this project with this information, and in the face of significant public opposition, would be irresponsible, especially in these fiscal times. ACRED urges you to act now to cut the \$35 million appropriated last session for the intertie. Thank you.

*Chris Rose*  
Chris Rose  
Co-Chair, ACRED

## Section I

## SUMMARY AND CONCLUSIONS

## A. INTRODUCTION

In 1992, the Copper Valley Electric Association (CVEA), a rural electric cooperative that serves the Glennallen and Valdez areas, prepared a screening level cost estimate for a 138-kV transmission line between Sutton and Glennallen (the "Interline"). Following development of its cost estimate, CVEA prepared an economic analysis showing that the Interline could provide economic benefits to the electric customers of CVEA. At that time CVEA requested that the Alaska Energy Authority (Authority) conduct a feasibility study of the Interline that would conform with statutory requirements for proposed Authority projects. R. W. Beck and Associates was retained by the Authority in January 1993 to perform the feasibility study, the results of which are presented in this report. As a result of State legislation that took effect in August 1993, oversight responsibility for this study was transferred from the Authority to the Department of Community and Regional Affairs, Division of Energy (Division).

In May 1993, the State Legislature appropriated \$35 million for payment as a zero-interest, 50-year loan to the participating utilities for design and construction of the Interline. According to this legislation, the appropriation "is contingent upon the completion of a feasibility study and finance plan satisfactory to the Department of Community and Regional Affairs as set out in former AS 44.83.181." The referenced statute requires that a feasibility study include "a comparative analysis of all reasonable alternatives to construction of the proposed project." The associated regulations further specify that the comparison of alternatives must be conducted with respect to economic, environmental, and technical factors, and that the present value of future costs to meet long-term power requirements in the region must be estimated for each plan and compared. The overall methodology of this feasibility study is dictated by these statutory and regulatory requirements.

CVEA presently sells electric power to approximately 3,000 member-customers in its service territory which includes Valdez, Glennallen and other communities in the Copper River Valley area. CVEA maintains two offices and two power plants, one each in Valdez and Glennallen. The primary source of power supply for CVEA is hydroelectric generation from the 12-megawatt (MW) Solomon Gulch Hydroelectric Project (the "Solomon Gulch Project"), located near Valdez and owned by the State. The full generating capability of the Solomon Gulch Project is sold to CVEA pursuant to a long-term power sales agreement. Since the Solomon Gulch Project does not have the capability to provide all the power needs of CVEA's customers, power generated by diesel generators located in both Valdez and Glennallen is used to supplement the output of the Solomon Gulch Project.

In calendar year 1992, CVEA sold 54,602 megawatt-hours (MWh) of electric energy to its customers. Of this amount 27%, 71%, and 2% was sold to CVEA's residential, commercial and public building customer classes, respectively. CVEA's peak demand in 1992 was 10.9 MW. CVEA's total energy requirements in 1992 were 62,481 MWh, of which 40,880 MWh was supplied by the Solomon Gulch Project and 21,601 MWh was supplied by diesel generators. Beginning in January 1993, CVEA began supplying power to the Petro Star refinery, a new industrial facility in Valdez that produces refined fuels from oil extracted from the Trans-Alaska pipeline. The Petro Star refinery is CVEA's largest customer. During August 1993, Petro Star purchased 1,165 MWh of electric energy from CVEA and had a peak

## FINAL REPORT

12. Conduct an economic analysis comparing the life-cycle costs and benefits of the Interde to those of alternative resource scenarios.
13. Prepare a draft report summarizing the findings of the feasibility study.
14. Conduct a final set of public meetings to present the findings of the feasibility study and solicit public comment.
15. Prepare a final report following the receipt of comments on the draft report from the Division and others.

### C. STUDY METHODOLOGY

The feasibility study was conducted as an independent study of the Interde and its identified alternatives and involved the efforts of several engineering, environmental, public policy and economic specialists. R. W. Beck developed the Interde route alternatives, preliminary design, cost estimate and construction schedule, and also prepared the electric load forecast, the evaluation of alternative power supply options and the economic analysis. Dames & Moore, Inc. of Anchorage conducted an environmental analysis and prepared an environmental report which is included as an appendix to this report. Following review of the draft feasibility study, the environmental analysis was supplemented by R. W. Beck. Power Technologies, Inc. conducted the electric system analysis and provided a report which is also included as an appendix. Both the environmental review and the electric system analysis were used as input to the feasibility level design and cost estimate of the Interde. In addition, comments received during the public meetings and written comments received from the general public during the course of the feasibility study were reviewed and considered in the development of the analysis. Written comments and transcripts of formal public testimony received during the course of the study are also included as an appendix.

Alternative design and routing criteria for the Interde were gathered from previous studies and new investigations. These criteria were evaluated based on past experience with similar projects in Alaska and elsewhere. Discussions were held with utility and Authority engineers to solicit input with regard to the basic design and routing criteria. Both the environmental review and the electric system analysis relied upon the routing and design characteristics of the Interde as part of the basis for their analysis. The electric load forecast that was prepared as part of the feasibility study used a model that was developed to relate energy usage in the CVEA service territory to projected future changes in population, employment, income and other factors.

The review of power supply alternatives available to CVEA was conducted using, for the most part, information developed by others in previous studies. An independent review of a proposed coal fired generating project was conducted as part of the feasibility study. The economic analysis that was conducted for the feasibility study projected the comparable costs of power supply for CVEA for the various resource alternatives over the expected lifetime of the Interde and then accumulated the present value of these costs. This method of economic analysis was employed by the Authority for many years in its evaluation of generation and transmission projects throughout the State and is a standard approach for electric utility least cost planning analyses.

# **CORRECTION**

THIS DOCUMENT  
HAS BEEN REPHOTOGRAPHED  
TO ASSURE LEGIBILITY

## Section I

## SUMMARY AND CONCLUSIONS

## A. INTRODUCTION

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In calendar year 1992, CVEA sold 54,602 megawatt-hours (MWh) of electric energy to its customers. Of this amount 27%, 71%, and 2% was sold to CVEA's residential, commercial and public building customer classes, respectively. CVEA's peak demand in 1992 was 10.9 MW. CVEA's total energy requirements in 1992 were 62,481 MWh, of which 40,180 MWh was supplied by the Solomon Gulch Project and 21,601 MWh was supplied by diesel generation. Beginning in January 1993, CVEA began supplying power to the Petro Star refinery, a new industrial facility in Valdez that produces refined fuels from oil extracted from the Trans-Alaska pipeline. The Petro Star refinery is CVEA's largest customer. During August 1993, Petro Star purchased 1,165 MWh of electric energy from CVEA and had a peak

## COPPER VALLEY INTERTIE FEASIBILITY STUDY

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demand of 1,790 kW. Total energy needs for Peum Star for calendar year 1993 are estimated to be 12,200 MWh.

The Intertie would connect the electric system of CVEA directly to the electric system of the Matanuska Electric Association (MEA) and indirectly, through MEA's transmission system, to the electric systems of Alaska's Railbelt utilities. It is expected that with the Intertie, CVEA would purchase power generated at gas-fired generating plants by either the Chugach Electric Association (CEA) or Anchorage Municipal Light and Power, utilities located in the Anchorage area. Power purchased from the Anchorage area utilities would be used by CVEA to offset diesel generation in Glennallen and Valdez. CVEA is presently an isolated electric system with no interconnections to any other electric utilities.

### B. PURPOSE OF STUDY

This feasibility study is intended to define the design and routing criteria and estimated costs related to development of the Intertie, to provide a feasibility level environmental analysis, and to assess the costs of the Intertie as compared to other resource alternatives. The feasibility study includes the following principal tasks:

1. Review the Intertie route options defined in previous studies and identify other possible routing alternatives and define preferred alternatives.
2. Develop a feasibility level design of the Intertie.
3. Develop a construction cost estimate and construction schedule for the Intertie.
4. Develop an estimate of annual operations and maintenance costs for the Intertie.
5. Conduct a review of the environmental factors related to the Intertie. Meet with and solicit input from various governmental and public agencies concerning environmental and other institutional constraints which may affect construction of the Intertie.
6. Conduct public meetings at Sutton, Glennallen and other affected communities to obtain comment concerning the Intertie from the general public.
7. Prepare an environmental report which can serve as the basis for subsequent environmental studies.
8. Compare significant environmental impacts estimated for the most competitive alternatives.
9. Conduct an electric system analysis of the electric systems of CVEA and the Railbelt utilities to determine the effects on system stability and performance resulting from interconnected operation if the Intertie were constructed.
10. Prepare a forecast of CVEA's electric power requirements for the next twenty years.
11. Review and define the costs and operating characteristics of alternative power supply options, including conservation, that may be available to CVEA in the future.

12. Conduct an economic analysis comparing the life-cycle costs and benefits of the Interde to those of alternative resource scenarios.
13. Prepare a draft report summarizing the findings of the feasibility study.
14. Conduct a final set of public meetings to present the findings of the feasibility study and solicit public comment.
15. Prepare a final report following the receipt of comments on the draft report from the Division and others.

### C. STUDY METHODOLOGY

The feasibility study was conducted as an independent study of the Interde and its identified alternatives and involved the efforts of several engineering, environmental, public policy and economic specialists. R. W. Beck developed the Interde route alternatives, preliminary design, cost estimate and construction schedule, and also prepared the electric load forecast, the evaluation of alternative power supply options and the economic analysis. Dames & Moore, Inc. of Anchorage conducted an environmental analysis and prepared an environmental report which is included as an appendix to this report. Following review of the draft feasibility study, the environmental analysis was supplemented by R. W. Beck. Power Technologies, Inc. conducted the electric system analysis and provided a report which is also included as an appendix. Both the environmental review and the electric system analysis were used as input to the feasibility level design and cost estimate of the Interde. In addition, comments received during the public meetings and written comments received from the general public during the course of the feasibility study were reviewed and considered in the development of the analysis. Written comments and transcripts of formal public testimony received during the course of the study are also included as an appendix.

Alternative design and routing criteria for the Interde were gathered from previous studies and new investigations. These criteria were evaluated based on past experience with similar projects in Alaska and elsewhere. Discussions were held with utility and Authority engineers to solicit input with regard to the basic design and routing criteria. Both the environmental review and the electric system analysis relied upon the routing and design characteristics of the Interde as part of the basis for their analysis. The electric load forecast that was prepared as part of the feasibility study used a model that was developed to relate energy usage in the CVEA service territory to projected future changes in population, employment, income and other factors.

The review of power supply alternatives available to CVEA was conducted using, for the most part, information developed by others in previous studies. An independent review of a proposed coal-fired generating project was conducted as part of the feasibility study. The economic analysis that was conducted for the feasibility study projected the comparable costs of power supply for CVEA for the various resource alternatives over the expected lifetime of the Interde and then accumulated the present value of these costs. This method of economic analysis was employed by the Authority for many years in its evaluation of generation and transmission projects throughout the State and is a standard approach for electric utility least cost planning analyses.

## COPPER VALLEY INTERTIE FEASIBILITY STUDY

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Specific descriptions of the methodology incorporated in the various components of the feasibility study are included throughout the sections of the report. Assumptions used throughout the study are also identified in the applicable sections of the report.

Significant effort was extended to gather and incorporate input from local communities, utilities and State and Federal agencies that will be affected by the Intertie. Advertised public meetings were held in Sutton, Glennallen, Chickaloon, the Glacier View area, and Valdez to introduce the general characteristics of the Intertie and obtain comment. A meeting was held with various State and Federal agencies for additional comment and input. Discussions were held with staff members of CVEA and MEA and a design criteria review meeting was conducted with the Authority, CVEA and other local utility and engineering representatives to obtain input. Historical operating and other technical data was received from CVEA and used in the development of the overall analysis.

### D. PROJECT DESCRIPTION

#### 1. Route

The Intertie would interconnect the Railbelt electric system at Sutton to the electric system of CVEA at Glennallen and would traverse a distance of approximately 135 miles. Initially, two route alternatives were considered, one relatively close to the Glenn Highway and one farther north. These two routes were both identified in previous studies with the northern route having been proposed by a citizen's group as an alternative to a proposed transmission line near the Glenn Highway. The two initial route alternatives evolved into four route alternatives after several new route segments were identified as part of this feasibility study. The four routes, identified in this study as Route Alternatives A, B, C and D, were compared and an "apparent preferred route" alternative was identified. The route identification and comparison process entailed review of previous studies for transmission lines in the same area, ground and aerial reconnaissance, review of public comment, and the compilation of information on property ownership, wildlife habitat, forest cover and other environmental characteristics affecting route alignments. The apparent preferred route and the other alternative route segments are shown in Figure III-1 and are identified by route segment.

All route alternatives were, to the extent possible, sited to minimize visual impact and to avoid private and, to a lesser extent, native-owned lands. The transmission line was also routed at least 600 feet from known occupied structures in response to public concerns over magnetic fields. At 600 feet from the transmission line, the magnetic field from the line under maximum electrical loading is less than 0.1 milligauss, well below typical ambient field levels within housing units.

A set of evaluation criteria was established and applied with a route evaluation matrix procedure to determine the relative advantages and disadvantages of each route. The evaluation process that was conducted was limited and was not intended to take the place of a formal assessment of the various route options that will be prepared further into the development process. Our limited evaluation procedure considered four categories: environmental, land use, construction and technical issues, and estimated cost. Specific objective criteria in each category were developed and measured. Examples of the criteria are the number of anadromous streams crossed by the transmission line, the distance traversed in wetlands and the unit cost per mile.

## FINAL REPORT

An apparent preferred route, Route Alternative D, was identified. This route alternative is shown in bold on the base maps at the end of Section III of this report. It proceeds from Sutton to Simpson Cabin on Boulder Creek, then along the southern flank of Anthracite Ridge to a point west of the Victory Road area. Route Alternative D would pass north of Strelshla Mountain and continue up Hicks Creek, Alfred Creek and Crooked Creek before turning east into the Copper River Basin. The route continues in a general easterly direction from Crooked Creek remaining from two to six miles north of the Glenn Highway until it turns south and crosses the highway approximately five miles west of Glennallen.

The apparent preferred route alternative would not be visible to travelers along the Glenn Highway except possibly for short distances where the transmission line crosses Granite Creek, near Strelshla Mountain and where the transmission line crosses the Glenn Highway approximately five miles west of Glennallen. Brief glimpses of the Interior may be possible from the Glenn Highway between Chickaloon and Victory Road depending on the perspective of the viewer. The apparent preferred route alternative avoids to a significant extent the Matanuska Valley Moose Range (MVMR), privately-owned land, native lands and unpatented mining claims. The apparent preferred route alternative is only marginally longer than the shortest route alternative and not significantly different in cost.

Route Alternative A differs from the "apparent preferred route" by going up Boulder Creek and across Chitna Pass rather than traversing the southern flank of Anthracite Ridge to Strelshla Mountain and on into the Hicks Creek area. Significant public comment was received from residents in this general area indicating a preference for the Boulder Creek route rather than the Anthracite Ridge route. On the basis of this apparent expression of community preference, it is recommended that additional consideration be given to Route Alternative A as well as Route Alternative D in any future route selection process for the Interior.

## 2. Design and Estimated Cost

The Interior is presently configured as a 138-kilovolt (kV) single circuit transmission line originating at a new substation to be located approximately 0.7 mile west of Sutton and terminating at the Pump Station No. 11 Substation in Glennallen. Improvements and additions will be needed at the Pump Station No. 11 Substation to accommodate the Interior. No consideration was given in the preliminary design of the Interior included in this study for future use of the Interior as a 230-kV link in a second transmission interconnection between Anchorage and Fairbanks. To upgrade the Interior for this purpose would require essentially dismantling the 138-kV line, constructing a new 230-kV line, and probable acquisition of additional right-of-way.

Seven types of transmission tangent structures (the structures that support the transmission line along straight runs) were investigated for the Interior. These included self-supporting single steel and wood poles, self-supporting steel and wood H-frame structures, both braced and unbraced, and the guyed steel X-frame structure commonly used in Alaska. Detailed engineering computations were performed for three conductor options and four loading zones which differentiate primarily between the ice and wind conditions which will affect the Interior along its route. The higher the number of the loading zone, the more significant the ice and wind loading conditions and, consequently, the stronger the structures must be. Based on evaluation of the seven structure types which we reviewed, self-supporting steel H-frames were selected as the lowest cost tangent structure for the Interior. These structures would be made of self-weathering steel which would appear a dull, reddish-brown in color, similar in appearance to wood H-frame structures. Structure heights would be approximately 60-85 ft above ground and structures would be approximately 1,100 ft apart.

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The right-of-way for the Intertie would be typically 100-125 ft wide with a cleared swath of 50-75 ft immediately below the transmission line with the width of the clearcut depending on adjacent forest cover height. A primitive trail would be grubbed along the right-of-way where terrain permits for moving equipment. Although existing access to the right-of-way that may be usable for construction purposes is limited to seven known locations, a more detailed plan for right-of-way access will be prepared during the right-of-way acquisition phase of Intertie development. Potential access points along existing roads, tractor trails, and trails are indicated on the maps at the end of Section III. Construction methods are expected to employ a combination of helicopters and ground equipment.

A detailed cost estimating model was prepared to estimate the cost of construction and materials for the different Intertie route alternatives and design alternatives. Costs for the substation additions and improvements, right-of-way acquisition and clearing, engineering and construction management, permitting, and owner's costs were developed separately. The estimated costs as developed with the cost estimation model for the direct construction cost of the Intertie on a cost per mile basis are shown in Table I-1. The total estimated development cost of the Intertie is shown by major classification in Table I-2. Generally, the lowest unit cost option for each loading zone was applied to the different lengths in each zone to compare the four route alternatives and the costs for the route alternatives varied between \$47,604,000 and \$49,607,000. The total estimated cost for the apparent preferred route alternative is \$47,604,000 in 1993 dollars as shown in detail in Table I-2.

Table I-1  
Unit Cost Estimate Comparison  
Transmission Line Construction Only  
(Thousands of 1993 Dollars per Mile)(1X2X3)

Conductor Options	LOADING ZONE 1			LOADING ZONE 2			LOADING ZONE 3			LOADING ZONE 4	
	Dist	Teal	TLLimit	Dist	Teal	TLLimit	Dist	Teal	TLLimit	Teal	JT09AW
Single Steel Pole	238	239	234								
Single Wood Pole	294	276	314								
Guyed Steel X-Frame	253	247	251	272	270	267	293	292	292	475	430
Steel Unbraced H-Frame	240	227	237	229	223	237	266	245	248	467	391
Steel Braced H-Frame	259	233	257				283	271	258	468	377
Wood Unbraced H-Frame				230	238	235					
Wood Braced H-Frame	247	252	245				278	255	267		

- (1) Includes mobilization/demobilization @ 5%, material contingency @ 10%, installation contingency @ 20%.  
 (2) Does not include right-of-way clearing costs.  
 (3) Unit costs based on Route Alternative D. \*Shaded areas were not estimated.

### 3. Schedule

A preliminary schedule for total project implementation was prepared as part of the feasibility study. This schedule anticipates that environmental studies would be undertaken beginning in September 1994. The schedule further expects completion of the Intertie in late 1998 with environmental work, permitting.

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and right-of-way acquisition occurring through spring 1996; engineering from 1995 to 1996; and construction including right-of-way clearing, from mid-1996 to fall 1998. If an Environmental Impact Statement is determined to be required, the schedule may be delayed.



#### 4. Impacts on Railbelt and CVEA Electric Systems

Electric system studies were performed by Power Technologies, Inc. to determine the impacts on operation of the potentially interconnected electric systems of the Railbelt utilities and CVEA. These studies included steady state load flow modeling, switching studies, and transient stability analysis with a maximum electrical load of 10 MW over the Inter tie. Supplemental computations were performed to identify the maximum reliable power transfer limit over the Inter tie.

The system studies determined that the Inter tie is conditionally feasible from the standpoint of its impacts on the Railbelt and CVEA electric systems. A 10 megavolt-ampere reactive (MVAR) unswitched shunt reactor was indicated as necessary for line energization and control of voltage under light load conditions and has been included in the Inter tie cost estimate. The supplemental computations showed that power transfers above about 15 MW over the Inter tie would exceed transfer limits under single contingency outage conditions on the Railbelt electric system. At this transfer level and above, an outage of certain components in the Railbelt system would cause unacceptable voltage reductions for CVEA and MEA.

If only the CVEA system load grows, the Inter tie system intact transfer limit is 27 MW, limited by low voltage conditions on the southern CVEA system that would exist above that transfer amount. If MEA and CVEA loads grow at the same rate, the Inter tie system intact transfer limit is 23.7 MW, limited by low voltage conditions on the MEA system. Under single contingency outage conditions on the Railbelt system, the transfer limit drops to 13.7 MW or 14.9 MW depending on the specific outage condition, limited by low voltage or thermal constraints on the MEA system. These limits assume that shunt reactors are disconnected, allowing full reactive voltage support for the MEA system from the Inter tie line capacitance. With the reactors connected the transfer limit would be lower.

Assuming that no improvements are made to the existing Railbelt transmission system, transmission of power at the identified 23.7 MW steady state transfer limit would risk voltage collapse in the Railbelt if one of the primary single contingency outage events were to occur on the Railbelt system. The studies indicated that a static VAR compensator (SVC) system would be desirable to dampen possible severe voltage fluctuations due to minor load changes on the CVEA system and to allow reliable transfers of power above the single contingency limit of approximately 15 MW. Alternatively, CVEA could elect to sever the Inter tie for the condition of a 15 MW transfer and a single contingency outage on the Railbelt system. CVEA would have to support its load with a mix of internal generation resources and possibly load-shedding. For this reason we have included the costs of CVEA diesel generation to supply the equivalent Inter tie import load based on 98% availability of the Inter tie. The estimated cost of the Inter tie provided herein includes the cost of a shunt reactor but does not include the cost of a SVC system since CVEA can choose to operate the Inter tie in such a way that it is disconnected from the Railbelt above a certain transfer limit and a single contingency outage condition on the Railbelt. CVEA has indicated that it is willing to operate the Inter tie in this manner.

## E. ECONOMIC ANALYSIS

### 1. Load Forecast

A twenty-year forecast of CVEA's power requirements was included as part of the feasibility analysis to assess the future need for electric power in CVEA's Valdez and Copper River service areas. The

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forecasting effort included the development of econometric models to relate electricity requirements to population, employment, income and other factors. The power requirements of CVEA's fifteen largest commercial customers were forecasted separately based on historical trends in power usage and expected economic trends as well as anticipated changes in power requirements provided by the individual customers. Previous studies of the area's economy were reviewed and interviews with area planners, business managers and civic leaders were conducted.

The economy of the Valdez and Copper River Valley areas is predominantly influenced by the petroleum industry, seafood processing, tourism and state and federal spending. Estimated population in Valdez has increased from 3,079 in 1980 to an estimated 4,326 in 1992, a 2.9% average annual rate of growth. Population in the Copper River Valley has increased from 2,721 to an estimated 2,832 over the same period, a 0.3% average annual rate of growth. CVEA's largest commercial customers include the Petro Star refinery in Valdez, the Alyeska Pipeline Service Company and three seafood processors located in Valdez. The Petro Star refinery began commercial operation at the beginning of 1993 and has indicated that it expects to expand its operation and power requirements in the future. CVEA does not sell power to the Alyeska terminal facility in Valdez but does sell power to several remote valve and control locations along the trans-Alaska pipeline and to the pipeline's Pump Station No. 12.

Four load forecast scenarios were defined and alternative assumptions were made for each scenario. The variations among scenarios are mainly due to alternative assumptions in three areas: future operation of the Trans-Alaska oil pipeline and possible construction of a natural gas pipeline, future operation and expansion of the Petro Star Valdez refinery, and underlying population and employment projections for the Valdez and Copper River areas. Two oil price scenarios have been defined as well: a "low" price scenario corresponding to the Alaska Department of Revenue middle case presented in their Fall 1993 forecast, with oil prices reaching approximately \$21 per barrel in 1992 dollars by 2010; and a "high" price scenario based on the idea that oil prices will increase to \$29.30 per barrel in 1992 dollars by 2010. In an effort to define internally consistent scenarios, the "low" oil price is assumed in this study to be associated with the low and medium-low load forecasts, while the "high" oil price is assumed to be associated with the medium-high and high load forecasts.

For the underlying rate of growth in population and employment for the medium growth scenario, the average of two recent projections was used: one developed by the Alaska Department of Labor and the other by the City of Valdez in its 1991 Comprehensive Development Plan. Alternative low and high population and employment projections were derived from review of these reports, review of historical trends and other explicit assumptions on industrial employment.

The high load growth scenario assumes that sufficient additional production is maintained at the North Slope to allow the Trans-Alaska oil pipeline to continue to function throughout the 50-year analysis period, and that the Petro Star Valdez refinery continues to operate throughout the 50-year period as well. Refinery throughput is assumed to increase from the present level of 30,000 barrels per day to 55,000 barrels per day. In addition, it is assumed in the high case that a natural gas pipeline is constructed from the North Slope to a Valdez terminal facility, and that construction of the gas pipeline begins in 2005 with operation beginning in 2009. Average annual population growth in Valdez from 1993 to 2013 is assumed at 2.53% exclusive of growth attributable to the natural gas pipeline, while average annual population growth in the Copper River area is assumed at 1.20%.

The medium-high load growth scenario also assumes that sufficient additional production is maintained at the North Slope to allow the Trans-Alaska oil pipeline to continue to function throughout the

50-year analysis period. Throughput at the Petro Star Valdez refinery is assumed to expand to 50,000 barrels per day, and the refinery is assumed to continue operation throughout the 50-year analysis period as well. No gas pipeline is assumed to be constructed into Valdez in this scenario. Average annual population growth in Valdez from 1993 to 2013 is assumed at 1.47%, while average annual population growth in the Copper River area is assumed at 0.90%.

The medium-low load growth scenario assumes that declining oil production at the North Slope causes the Trans-Alaska oil pipeline to discontinue operation in 2018. This scenario also assumes that other industrial development in Valdez (for example, construction by that time of a natural gas pipeline) will compensate for the loss of the oil terminal in terms of the overall economic impact on the city and the direct impact on electric utility requirements. However, although throughput at the Petro Star refinery is again assumed to increase over the next few years to 50,000 barrels per day in this scenario, loss of oil pipeline operations in 2018 causes the refinery to close in the same year. The net result is that the medium-high and medium-low scenarios are defined to differ in two major ways: the Petro Star Valdez refinery discontinues operation in 2018 in the medium-low case consistent with shut-down of the oil pipeline, and the "Low" oil price is used in the analysis in conjunction with the medium-low load forecast while the "High" oil price is used in conjunction with the medium-high load forecast.

The low load growth scenario assumes that the oil pipeline and terminal shuts down in 2013. Throughput at the Petro Star Valdez refinery expands to 40,000 barrels per day in the near term, but the refinery also shuts down in 2013 consistent with closure of pipeline operations. No natural gas pipeline is built. Average annual population growth in Valdez from 1993 to 2013 is assumed at -0.96%, while average annual population growth in the Copper River area is assumed at 0.54%.

Table I-3 and Figure I-1 show the historical and projected total energy requirements for CVEA for the four alternative load forecast scenarios. Table I-3 also shows the compounded annual growth rates for selected time periods. The significant growth between 1992 and 1997 in all cases is attributed primarily to Petro Star. Figure I-2 shows the historical and projected energy sales by customer class for the medium-high and medium-low load growth scenarios. As can be seen in Figure I-2, energy sales to the Petro Star refinery are projected to be a significant portion of CVEA's total energy sales in the future. In 1994, it is expected that energy sales to Petro Star will represent 20% of CVEA's total energy sales in that year. By 2000, energy sales to Petro Star are projected to be approximately 22,500 MWh for the medium-high and the medium-low scenarios, representing 26% of CVEA's forecasted total energy sales in that year.

For the purposes of the economic analysis, the results of the 20-year load forecast were extended to 2018. Beyond 2018, CVEA loads were assumed to remain constant. Figure I-1 shows the projected total energy requirements for each of the load forecast scenarios through 2025.

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Table I-3  
Historical and Projected  
CVEA Energy Requirements (MWh)

Fiscal Year	High Case	Medium-High Case(1)	Medium-Low Case(1)	Low Case
1980	43,982	43,982	43,982	43,982
1985	50,500	50,500	50,500	50,500
1992	59,227	59,227	59,227	59,227
1997	95,107	88,141	88,141	79,215
2002	104,492	92,400	92,400	77,734
2013	126,369	99,453	99,453	49,360

## Compounded Annual Growth Rates:

1980-1992	2.5%	2.5%	2.5%	2.5%
1988-1992	4.7%	4.7%	4.7%	4.7%
1992-1997	9.8%	8.3%	8.3%	6.0%
1997-2002	1.9%	1.0%	1.0%	-0.4%
2002-2013	1.7%	0.7%	0.7%	-4.0%
1992-2013	3.7%	2.5%	2.5%	-0.9%

(1) The medium-high and medium-low case scenarios vary only in the assumed level of power sales to the Petro Star refinery beginning in 2018.

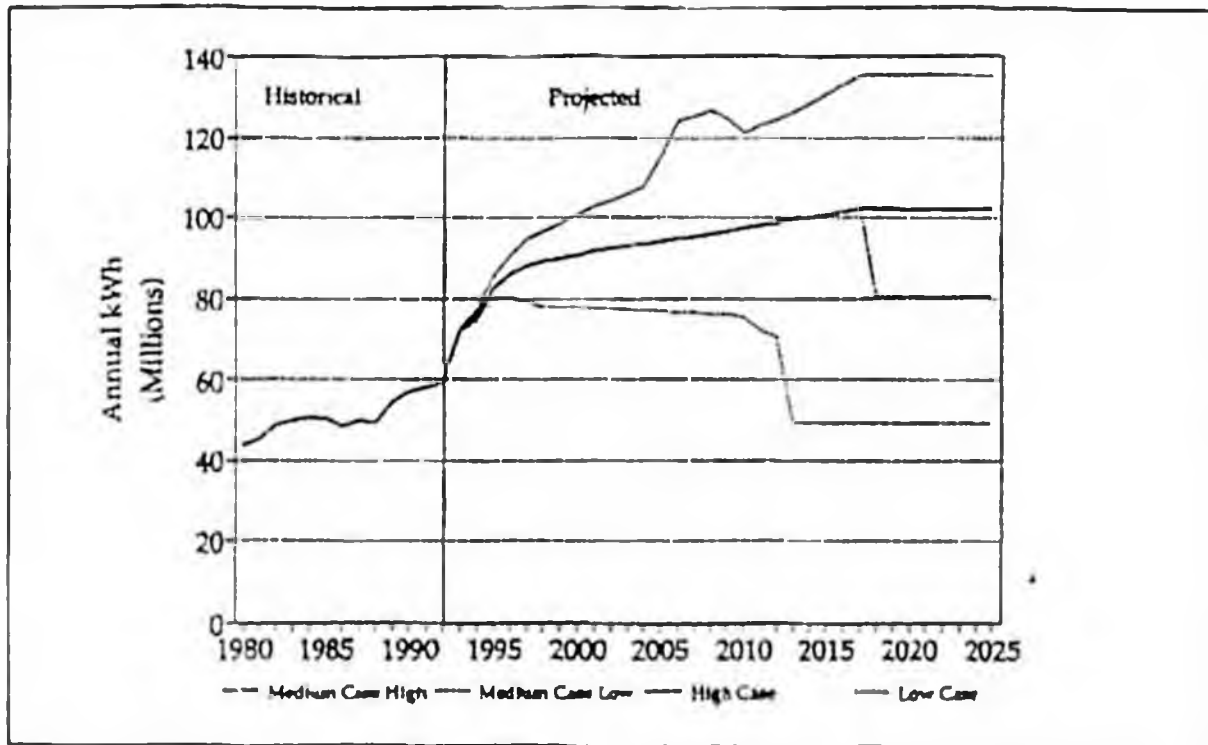


Figure I-1: Historical and Projected Energy Requirements

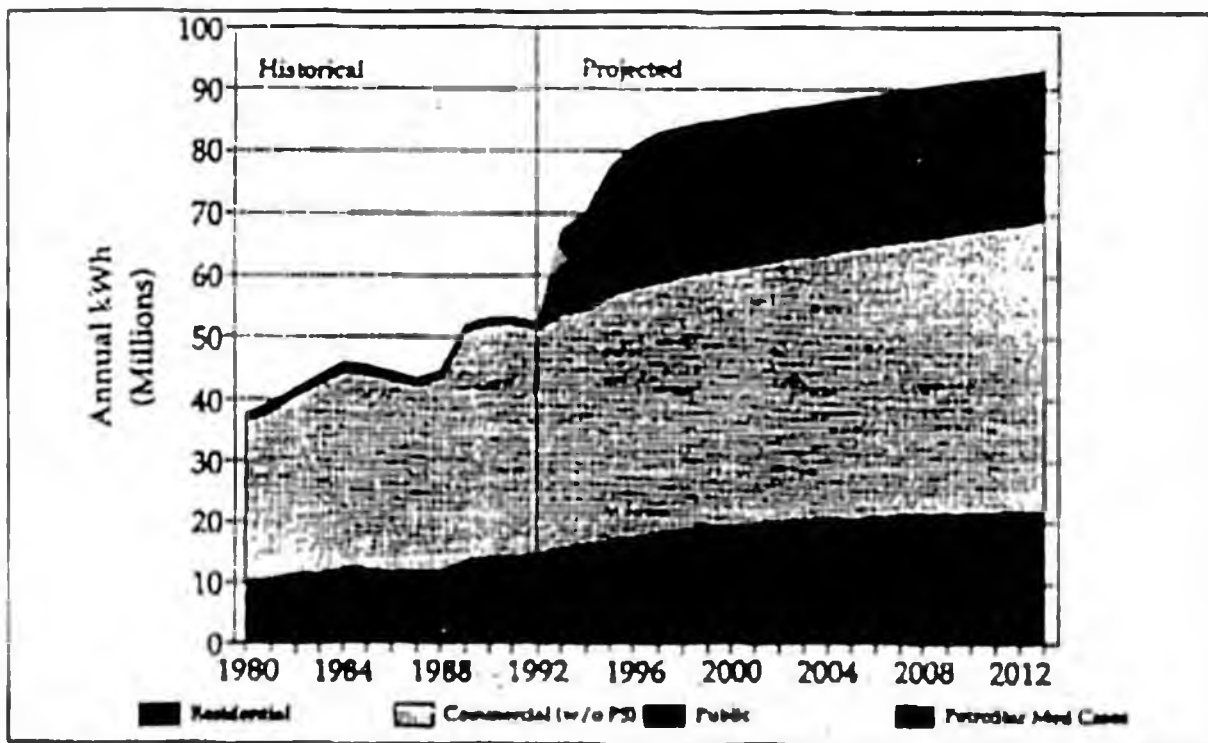


Figure I-2: Historical and Projected Energy Sales by Customer Class - Medium Load Growth Scenario

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The authors of this report have not attempted to attach any probability estimates to factors like the prospects for continued oil pipeline operations after 2018, or to related factors such as the long-term oil price and prospects for major additions to North Slope oil production, or to the long-term likelihood of building a natural gas pipeline into Valdez. These are major uncertainties that continue to be debated by informed observers and participants, and which we cannot begin to resolve within an intertie feasibility study. Consequently, this study does not identify any one of the four scenarios as the "expected case" or "most likely case," but rather presents the analytical results for each case for consideration and judgment by Alaska decision-makers. During the preparation of the load forecast we have focused on identified developments and avoided reliance on general attitudes with regard to unspecified growth in the region, which is consistent with industry practice for feasibility or investment analysis.

## 2. Comparison of Alternatives -- Present Value of Future Costs

The economic analysis determines the cumulative present value of the costs associated with the various power supply scenarios that have been developed as part of the feasibility study over the expected economic life of the Intertie. Although real escalation in oil prices over time are included, costs included in the analysis have no inflation applied in the future. The cumulative present value is calculated using an inflation free discount rate of 4.5% as presently defined by the Division. Consistent with previous feasibility studies conducted by the State under AS 44.83.181, this analysis compares long-term resource costs that would be borne by Alaskans under each scenario, including any costs that may be paid by State government.

Each power supply scenario defined in the study provides similar levels of electric capacity and identical levels of energy to CVEA over the analysis period; however, the costs for this power supply will vary for each case. The analysis period is the economic lifetime of the Intertie, an assumed 50-year period beginning in 1999, the expected initial year of operation of the Intertie. Costs included in the analysis are capital and operation and maintenance costs of new generation and transmission additions, including the Intertie, and operation, maintenance and fuel costs of new and existing diesel generators. Excluded from the analysis are certain fixed operating and capital costs related to CVEA's existing generation plant and the cost of power purchased by CVEA from the Solomon Gulch Project. These excluded costs do not affect the outcome of the economic analysis because they will be incurred no matter what case is being evaluated.

The economic analysis begins with the definition of the alternative power supply scenarios. Each of the power supply scenarios takes into account the projected energy and capacity needs of CVEA over the analysis period and each scenario provides for necessary backup generation. It is assumed that CVEA will continue to maintain adequate generation capacity in both Glennallen and Valdez to supply local power requirements in the event that either the existing Glennallen to Valdez transmission line or the Intertie are forced out of service. The economic analysis provides a means for determining the least cost long-term resource alternative.

Three of the power supply scenarios specify that a new relatively large single generating plant is to be constructed in or near the CVEA service territory. The All Diesel scenario assumes that diesel generators will be installed by CVEA on an as needed basis and that existing diesel generators will be replaced rather than overhauled during the study period. An evaluation of several energy conservation measures that could be implemented by CVEA to reduce the power needs of its customers was conducted as part of the analysis. For all cases, new diesel generators are specified to be added if installed resources are insufficient