

HB

166

<target><bill>HB 166</bill><subject>HB
166</subject><comm>HENE26</comm></target>



REPRESENTATIVE BILL THOMAS

ALASKA STATE LEGISLATURE DISTRICT 5

e-mail: Representative.Bill.Thomas@legis.state.ak.us
webpage: www.akrepublicans.org/thomas/

State Capitol

Juneau AK, 99801-1182

907-465-3732

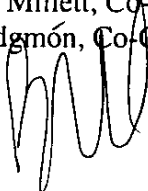
888-461-3732

FAX 907-465-2652

MEMORANDUM

DATE: March 18, 2009

TO: Representative Charisse Millett, Co-Chair House Special Committee on Energy
Representative Bryce Edgmon, Co-Chair House Special Committee on Energy

FROM: Representative Thomas 

RE: HB 166 Southeast Alaska Fund

Please schedule HB 166 Southeast Energy Fund for a hearing in the House Special Committee on Energy as soon as possible. HB 166 expands the authority of this already existing fund to allow money in the fund to be used for numerous energy projects in Southeast Alaska.

Please contact Kaci Schroeder Hotch, in my office if you have any questions.



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Sponsor Statement for HB 166 Southeast Energy Fund

In 1993 the Alaska State Legislature established the Southeast Energy Fund as a repository for money that could then later be appropriated to the Swan-Tyee Hydroelectric Project. Since then, the need and fervor for hydroelectric power in Southeast Alaska has grown exponentially. Hydroelectric power is the most readily available source of renewable energy in Southeast Alaska. Southeast Alaska hosts a plethora of lake-tap and run-of-the-river sources of hydroelectricity which have the potential to produce more power than the region could ever hope to use. Southeast Alaska has been called the Saudi Arabia of hydroelectricity.

However, despite this readily available source of renewable energy, many communities in Southeast Alaska remain either totally or heavily dependent on diesel generated electricity seeing rates nearing 70 cents per kilowatt hour. These tremendously high electric rates have crippled these communities in Southeast Alaska resulting in extremely high outmigration and virtually no economic growth despite a large economic potential. Further, other communities already on hydropower will soon need to supplement with diesel generated power as consumption growth exceeds the hydropower generation capacity.

The communities in Southeast have a long history of working together towards the long term goal of energy independence by collaborating on power generation and transmission. However, the state also has a critical role to play in providing low cost energy to all Alaskans. Hydropower projects are extremely capital intensive and state assistance in capitalizing these projects on the front end is crucial.

HB 166 broadens the authority of the Southeast Energy Fund to include all power projects within Southeast Alaska. In doing so, it allows for a funding mechanism for construction of power generation projects in Southeast and for the completion of the regional electrical grid.

I urge your support of HB 166.

Existing Law

Sec. 42.45.040. Southeast energy fund.

The Southeast energy fund is established as a separate fund. The fund consists of money transferred to it under former AS 42.45.050. The authority may make grants from the Southeast energy fund to utilities participating in the power transmission intertie between the Swan Lake and Tyee Lake hydroelectric projects for power projects, for repayment of loans, and for payments on bonds.

	RailBelt Energy Fund AS 37.05.520	Power Project Fund AS 42.45.010	Rural Electrification Revolving Loan Fund AS 42.45.020	Southeast Energy Fund AS 42.45.020
Accounting records are with:	SOA-AKSAS	AEA	AEA	Was AEA-Fund now closed
	<i>Amount (000s) as of 03/02/09</i>	<i>Amount (000s) as of 02/28/09</i>	<i>Amount (000s) as of 02/28/09</i>	<i>Amount (000s) as of 02/28/09</i>
Net Available				
Cash and Invesments	103,353	13,505	31	0
Loan Commitments	0	(7,175)	0	0
Appropriations-unexpended balance plus encumbrances				0
Capital Appropriations to AEA	(40,200)	0	0	0
Capital Appropriations to Utilities	(3,647)	0	0	0
FY09 AEA Rural Energy Operating AR	0	(399)	0	0
FY2010 requested appropriations				
See note 1-Electrical Emergencies Capital Appropriation	0	0	(31)	0
FY10 AEA Rural Energy Operating AR	0	(1,000)	0	0
Greater Railbelt Energy & Transmission Corp Capital AR	(6,686)	0	0	0
Net Cash and Investments Available	52,820	4,931	0	0
Other Fund Assets				
Loans Receivable- Principal Payments Due Within 1 Yr	0	912	53	0
Loans Receivable-Principal Payments Due Later Than 1 Yr	0	23,709	593	0
Loan Loss Allowance	0	(957)	(21)	0
Net Loans Receivable	0	23,664	625	0

Note 1:

Per AS 42.45.020 (g) the fund balance is lapsed back to GF on June 30. On July 1, capital AR requested for Electrical Emergencies

FISCAL NOTE

STATE OF ALASKA
2009 LEGISLATIVE SESSION

Fiscal Note Number: _____
Bill Version: HB 166
() Publish Date: _____

Identifier (file name): HB 166-CED-AEA-03-30-09 Dept. Affected: DCCED
Title: Southeast Energy Fund RDU: Alaska Energy Authority
Component: Rural Energy Operations
Sponsor: Representative Thomas
Requester: House Special Committee on Energy Component Number: 2600

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	Appropriation Required	Information						
		FY 2010	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
OPERATING EXPENDITURES								
Personal Services								
Travel								
Contractual								
Supplies								
Equipment								
Land & Structures								
Grants & Claims								
Miscellaneous								
TOTAL OPERATING		0.0	0.0	0.0	0.0	0.0	0.0	0.0

CAPITAL EXPENDITURES								
-----------------------------	--	--	--	--	--	--	--	--

CHANGE IN REVENUES ()								
-------------------------------	--	--	--	--	--	--	--	--

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts								
1003 GF Match								
1004 GF								
1005 GF/Program Receipts								
1037 GF/Mental Health								
Other Interagency Receipts								
TOTAL		0.0	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of any current year (FY2009) cost: _____

POSITIONS

Full-time								
Part-time								
Temporary								

ANALYSIS: (Attach a separate page if necessary)

House Bill 166 expands the authority of the Alaska Energy Authority (AEA) to allow grants from the Southeast Energy Fund to include hydroelectric projects serving Southeast Alaska or "for other projects or programs designated by the legislature, to assist in meeting the energy needs of Southeast Alaska."

Depending on the capitalization of this fund, AEA would need to draft regulations and develop a process to administer grants and an allocation method for the various types of eligible projects. Until the fund is capitalized, AEA will be unable to determine the operating costs of this program.

Prepared by: Linda MacMillan, AEA and AIDEA Finance - Project Accountant
Division: Alaska Energy Authority
Approved by: Emil Notti, Commissioner
Department of Commerce, Community and Economic Development

Phone 771-3029
Date/Time 3/24/09- 4:00pm
Date 3/30/2009

Potential Power Projects in Southeast Alaska

- Ketchikan-Whitman Lake Hydroelectric Project
- Petersburg-Ruth Lake Hydroelectric Project
- Sitka-Takatz Lake Hydroelectric Project
- Metlakatla Intertie to Ketchikan
- Sitka-Blue Lake Hydroelectric Project
- Prince of Wales Island Intertie
- Reynolds Creek Hydroelectric Project
- Falls Creek Hydroelectric Project
- Kake-Petersburg Intertie
- Metlakatla-Triangle Lake Hydroelectric Project

* These projects have been vetted through a public process and most of them were specifically authorized by Congress as part of the 2001 Southeast Intertie Plan in P.L. 106-511.

P.L. 106-511

TITLE VI

—SOUTHEASTERN ALASKA

INTERTIE SYSTEM CONSTRUCTION;

NAVAJO ELECTRIFICATION DEMONSTRATION

PROGRAM

SEC. 601. SOUTHEASTERN ALASKA INTERTIE AUTHORIZATION LIMIT.

Upon the completion and submission to the United States Congress

by the Forest Service of the ongoing High Voltage Direct

Current viability analysis pursuant to United States Forest Service

Collection Agreement #00CO

—111005--105 or no later than February

1. 2001, there is hereby authorized to be appropriated to the Secretary

of Energy such sums as may be necessary to assist in

the construction of the Southeastern Alaska Intertie system as

generally identified in Report #97

—01 of the Southeast Conference.

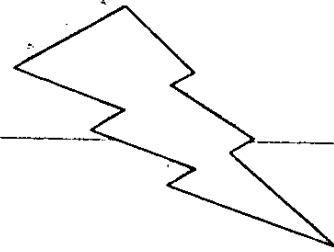
Such sums shall equal 80 percent of the cost of the system and

may not exceed \$384,000,000. Nothing in this title shall be construed

to limit or waive any otherwise applicable State or Federal

law.

● **Southeast Conference
Energy Program**



Legislative Report – January 2009

● **Southeast
Conference**

P.O. Box 21989, 612 W. Willoughby Avenue, Suite B
Juneau Alaska 99802-1989
(907) 523-2310
Fax (907) 463-5670

● **Mike Korsmo:** SEC Board President
Shelly Wright: SEC Executive Director
J.C. Conley: SEC Energy Committee Chair
Robert Venables: SEC Energy Coordinator

Executive Summary

MISSION STATEMENT

The mission of Southeast Conference is to undertake and support activities that promote strong economies, healthy communities, and a quality environment in Southeast Alaska.

Southeast Conference is a private membership organization that works to advance the collective interests of the people, communities, and businesses of Southeast Alaska. It is the Alaska Regional Development Organization (ARDOR), Federal Economic Development District (EDD), and USDA Resource Conservation and Development (RC&D) Council for the region.

ENERGY COMMITTEE MISSION

Our vision for Southeast Alaska is to reduce, to the maximum extent possible, the use of diesel as a primary fuel source for the generation of electricity.

This will be accomplished through the utilization of the regions plentiful hydroelectric potential and the development of an interconnected transmission system to share these resources throughout the region.

ACCOMPLISHMENTS:

The Southeast Conference, working with its member communities and utilities, has been successful in developing regional plans and obtaining state and federal funds for many energy projects in the region. Our energy committee represents communities, organizations and utilities throughout the region. This is a 'working committee' dedicated to working together to solve the region's energy problems.

Plans and Organizational Work

- Completed an engineering/economic analysis of the entire Southeast Alaska Intertie Project (**ACRES REPORT, 1998 AND D. HITTLE & ASSOCIATES, 2003 & 2005**).
- Secured U.S. Congressional Authorization for SE Electrical Intertie System Plan (PL 106-511).
- Took a lead role in the formation of Kwaan Electric Transmission Intertie Cooperative (KWETICO), potential owner/operator of portions of the SE Intertie.
- Worked with AEA to develop the Southeast Alaska Energy Export Study (2007).
- Kake-Petersburg Transmission Intertie Study Update (due March 2009).

Current Utility Projects Underway

- Kasidaya Hydro Project near Haines/Skagway (Project operational, 2008).
- Juneau to Hoonah Intertie Segment (Project partially completed to Greens Creek).
- Swan-Tyee Intertie Segment (Project on schedule for completion October 2009).
- Kake-Petersburg Intertie Segment (Planning Study/Economic Analysis, update in progress, joint design/permitting project with AKDOT&PF and AEA).
- Reynolds Creek, Haida Corp. (partially funded, ready to construct this year).
- Prince of Wales Intertie (partially funded, ready to construct).
- Elfin Cove Utility Commission (in final design for hydroelectric facility).
- Gustavus Falls Creek Hydro (operational 2009, final phase ready to construct).

Southeast Conference Energy Program FY10

FUNDING OVERVIEW

To maintain its Energy program, Southeast Conference (SEC) is working to locate short-term funding and to identify long-term (and sustained) sources of income. The immediate goal is to secure funding for two years to maximize the effectiveness of the energy program and assist communities in their ongoing efforts to reduce energy costs and increase efficiencies.

PROGRAM GOALS

- Reduce dependence on fossil fuels. This is critical in light of the recent volatility in oil prices.
- Bring affordable hydro power to communities where this is technically and economically feasible.
- Develop a regional electrical grid interconnecting Southeast communities and utilities with hydroelectric generation.
- Work with member communities and utilities to develop adequate energy infrastructure including alternative energy sources to meet current and future needs.
- Lower costs to rate payers and communities and increase economic development opportunities.

PRIORITIES / TASKS

- Secure funding for permitting and design for Kake-Petersburg Intertie (\$4.3 million).
- Work with IPEC and rural communities on solutions for their energy needs.
- Support Haida Corporation's efforts to advance the Reynolds Creek Hydro to completion.
- Begin working with federal and state funding agencies to construct the Kake-Petersburg Intertie.
- Facilitate efforts in Southeast to develop a regional Intertie and projects that increase hydro capacity.
- Work with member communities and utilities in their efforts to secure permits and funding for hydro and other alternative energy project development.
- Study alternative energy sources - biomass, hydrogen, wind, geo-thermal, tidal, and waste-to-energy.

Southeast Conference feels it is essential to develop and implement a regional energy plan for Southeast Alaska. We are working with the Alaska Energy Authority (AEA) and the Tlingit & Haida Energy Department to develop a regional energy plan and working with the communities to implement the opportunities that exist in their areas. Substantial and measurable progress has been made over the past couple of years, and it is important to keep the momentum of this program moving forward. The Southeast Conference Board of Directors has voted to maintain its energy coordinator position and its energy program as a core program within Southeast Conference and voted to support its staff in the pursuit of these goals. The position is currently being funded from reserves.

The following information is intended to demonstrate many areas where the State of Alaska can make an investment with significant impact and benefits to the region. These projects come from the communities and have been vetted through the public process. It is a work in progress and will be updated as more information comes to us from the communities.

Southeast Alaska Energy Projects with Estimated Funding Needs

Facilities and Infrastructure Construction Needs

- **Metlakatla Intertie to Ketchikan:** This is the southernmost leg of the SE Intertie system and is designed to transmit surplus hydroelectricity (approx. 8,500,000kW per year) to Ketchikan where the energy will be used to offset diesel generation (about 580,000 gallons). **CONSTRUCTION READY AT A PROJECT COST OF \$7,652,000.**
- **POW Island Intertie:** AP&T proposes to construct a 48 mile line extension to the communities of Coffman Cove and Naukati Bay (both use 100% diesel generated power). This project will place these communities onto the POW grid which is supplied by hydroelectric power. This intertie will reduce fossil fuel consumption by 71,082 gallons per year and reduce the electrical rate by up to 60%. **CONSTRUCTION READY, PARTIALLY FUNDED, AP&T HAS REQUESTED \$3,752,181 TO COMPLETE.**
- **Reynolds Creek Hydroelectric Power Project:** This 5 MW hydro facility is located 10 miles east of Hydaburg and is a joint venture between Haida Corporation and AP&T. The development of this resource is essential to meet the electrical needs of the POW Island as it grows and will prevent the use of supplemental diesel power. **CONSTRUCTION READY, PARTIALLY FUNDED, HAIDA POWER REQUESTING \$13,720,000 TO COMPLETE.**
- **Gustavus Electric:** The Falls Creek Hydro Electric Project is an 800 kWh run-of-river hydroelectric facility which will provide electric power to the community of Gustavus. The project will displace existing diesel generation. Construction of the project is approximately 90% complete and will provide 90% of the community's electric needs. **FUNDING REQUESTED BY GUSTAVUS FOR COMPLETION, \$750,000.**
- **Kake - Petersburg Intertie:** This is a high priority need in the region. Funding has been identified through HB 152 for final design and permitting. Detailed construction cost estimates will be available in March, but the project is estimated to cost between **\$25-34 MILLION** and could be funded in phases. The AK DOT&PF has begun field work and is an active partner in the development of this project.

Capacity Development Projects: Final Design and Permitting

Ketchikan - Whitman Lake: The proposed Whitman Lake Hydroelectric Project is located approximately four miles east of Ketchikan, Alaska. KPU proposes to install 4.6 MW of hydropower generating capacity at the existing Whitman Lake Dam to provide an additional source of clean renewable energy to the city of Ketchikan and the Borough area including Saxman Village, while also enhancing the conversion of oil heat to electric heat and displacing expensive and nonrenewable diesel generation. Phases 1 & 2 are complete. **FUNDING FOR FINAL DESIGN IS REQUESTED BY KPU AT \$1,300,000 (KPU MATCH, \$320K).**

Sitka- Blue Lake Hydroelectric Project: This project will raise the height of the dam by 83 feet and expand the plant's capacity from 8MW to 18MW of capacity. Sitka has nearly maxed out available hydro resources. Multiple funding partners are expected to participate in order to bring this facility on line by 2015. The City and Borough of Sitka **REQUESTS FINANCIAL ASSISTANCE IN FY2010 OF \$7,500,000.**

Hoonah Energy Needs: With the costs of the proposed Juneau to Hoonah intertie escalating to an estimated \$40 million, Alaska Energy Authority (AEA) commissioned a conceptual study of the hydroelectric resources in the immediate area of Hoonah along with an analysis of the power plant needs that should be addressed concurrently. The findings are as follows:

- \$4,061,317 Power Plant Replacement (2,600kW @ \$1,562/kW)
- \$4,558,500 Gartina Creek Hydroelectric Project (600kW)
- \$3,946,500 Water Supply Creek Hydroelectric Project (600kW)
- \$4,393,500 Elephant Falls Hydroelectric Project (600kW)

The development of any one of the three proposed hydro facilities would offset approx. 30% of Hoonah's projected annual demand. This would result in a savings of approx. 129,000 gallons of diesel fuel per year (saving approx. \$380,000 using an est. fuel cost of \$3.00/gallon). The development of any two of the three proposed hydroelectric facilities would offset about 50% of Hoonah's annual demand, with an approx. savings of \$640K. No formal request has yet been made, **CAPITAL NEEDS ABOVE TOTAL, \$16,959,817.** These projects will benefit the community significantly but will not meet all of Hoonah's energy needs. The Juneau to Hoonah Intertie Project is construction-ready and is still a long-term objective as part of the regional electrical grid network.

Elfin Cove Utility Commission: This hydroelectric power plant and associated infrastructure for access and connection will serve the community of Elfin Cove. Upon completion, the hydroelectric facility will include: a 1,000-foot long diversion conduit; a 1,300-foot long penstock to tidewater; and upgrades to the hydro power house. **FUNDING REQUEST BY ELFIN COVE FOR FINAL DESIGN AND FERC PERMITTING IS \$395,200.**

Community Planning Efforts: Feasibility and Assessment

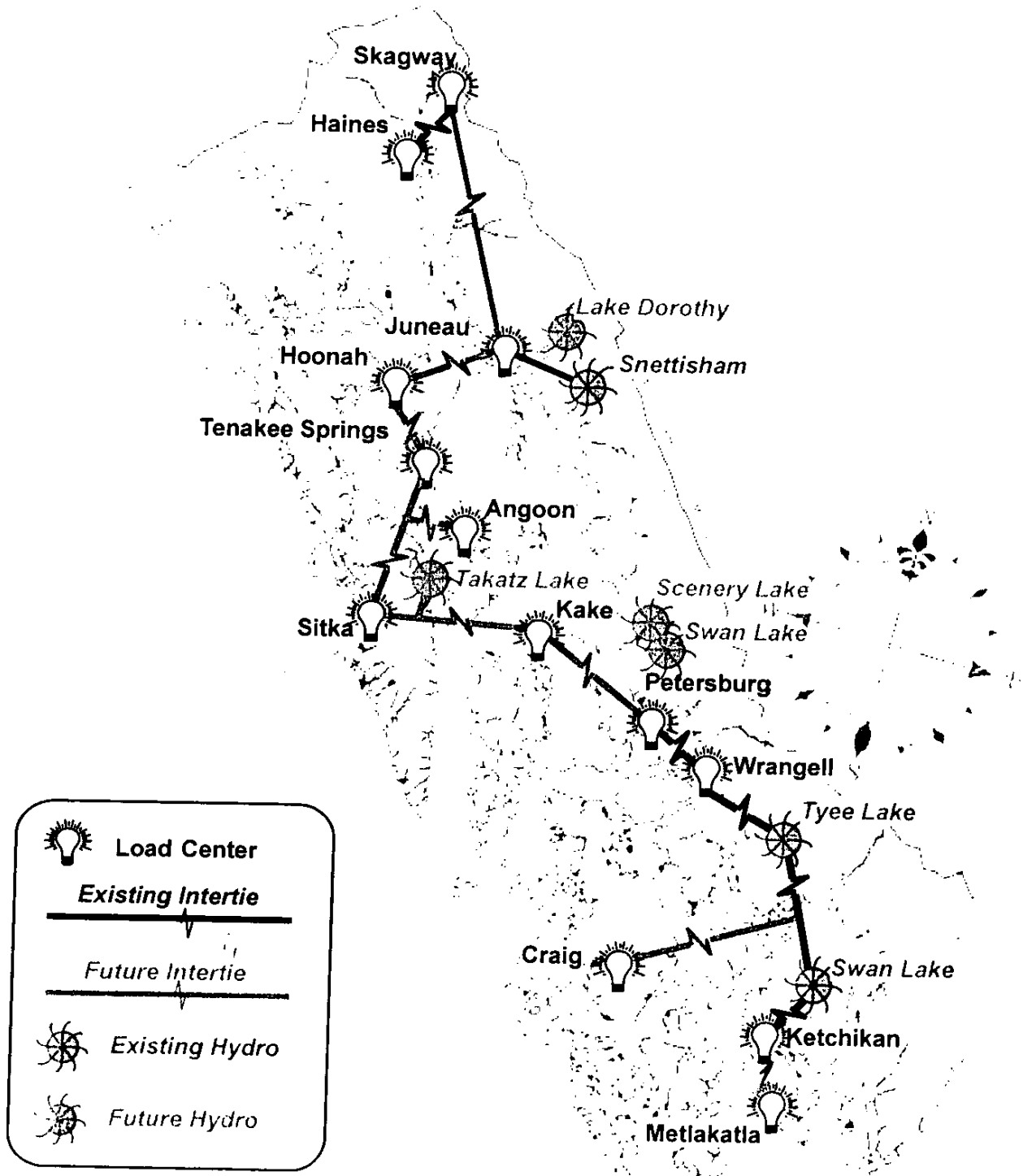
Petersburg - Ruth Lake: This Project would develop the hydro potential at Ruth Lake, with a total installed capacity of the powerhouse of 20 MW. The proposed Ruth Lake Hydroelectric Project would be interconnected to the existing transmission infrastructure currently owned and operated by the FDPPA. Ruth Lake would be a major addition to the energy resources to serve communities in an interconnected Southern Southeast Alaska grid. **PHASE 1 FUNDING REQUEST FROM THE CITY OF PETERSBURG FOR PRE-FEASIBILITY IS \$160,000 AND PHASE 2 PERMITTING IS \$2 MILLION.** Petersburg is providing matching funds of \$540,000 for the two phases.



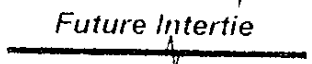


Metlakatla - Triangle Lake: This proposed 4MW hydroelectric project is located along the proposed transmission line intertie to Ketchikan. The Triangle Lake project will provide additional hydro power to Metlakatla and will offset diesel power generated in Ketchikan. **FUNDING REQUESTED BY METLAKATLA FOR FEASIBILITY ANALYSIS AND CONCEPTUAL DESIGN IS \$500,000.**

Sitka - Takatz Lake: Sitka is engaged in a long range strategy to decrease its dependence on oil by developing its renewable energy resources, particularly the known hydroelectric resources on Baranof Island. This project is the study and investigation phase of developing Sitka's hydroelectric resources to determine the feasibility of developing the estimated 28MW Takatz Lake Hydroelectric Project. **THE ESTIMATED COST OF THIS STUDY AND INVESTIGATION OF THE HYDROELECTRIC POTENTIAL OF TAKATZ LAKE IS \$2,000,000.**

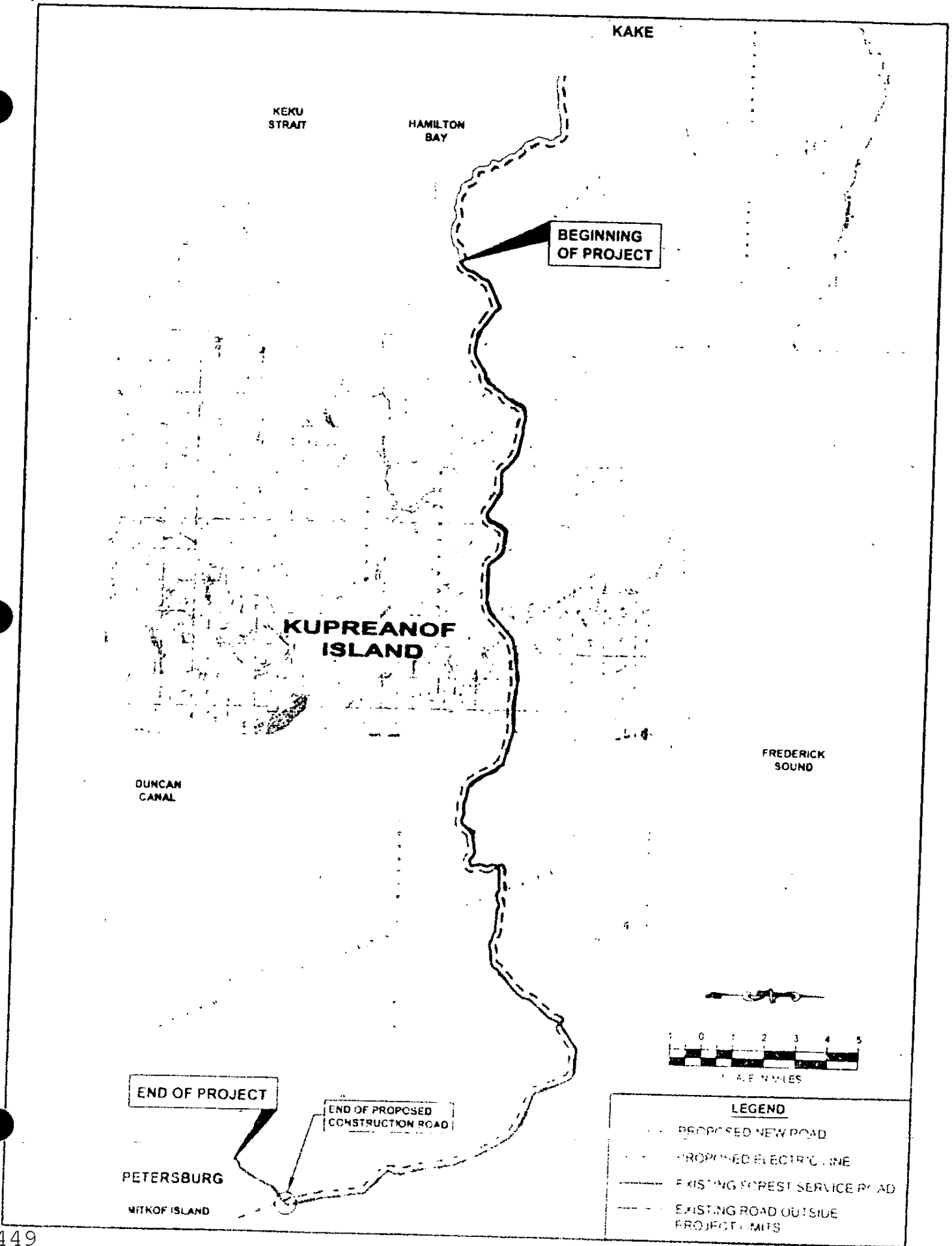
This is a compilation of community projects that have gone through the public process. Most are part of the Southeast Intertie Plan authorized by Congress in 2001. More detailed information is available upon request. Other projects, such as Thayer Creek in Angoon will be added to this list as information becomes available.

Attachments to this report:
Map1_1997 Electrical Intertie System Plan
Map2_Kupreanof Island
Map3_PCVV & Reynolds Creek
Map4_Ruth Lake Hydroelectric Project
Map5_Upper Lynn Canal Regional Energy Infrastructure



	Load Center
	Existing Intertie
	Future Intertie
	Existing Hydro
	Future Hydro

HATCH ACRES
 Southeast Alaska Utilities
 1997 ELECTRICAL INTERTIE SYSTEM PLAN



KAKE

KEKU STRAIT

HAMILTON BAY

BEGINNING OF PROJECT

KUPREANOF ISLAND

FREDERICK SOUND

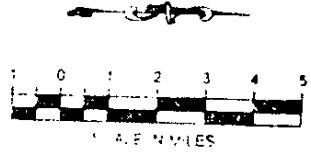
DUNCAN CANAL

END OF PROJECT

END OF PROPOSED CONSTRUCTION ROAD

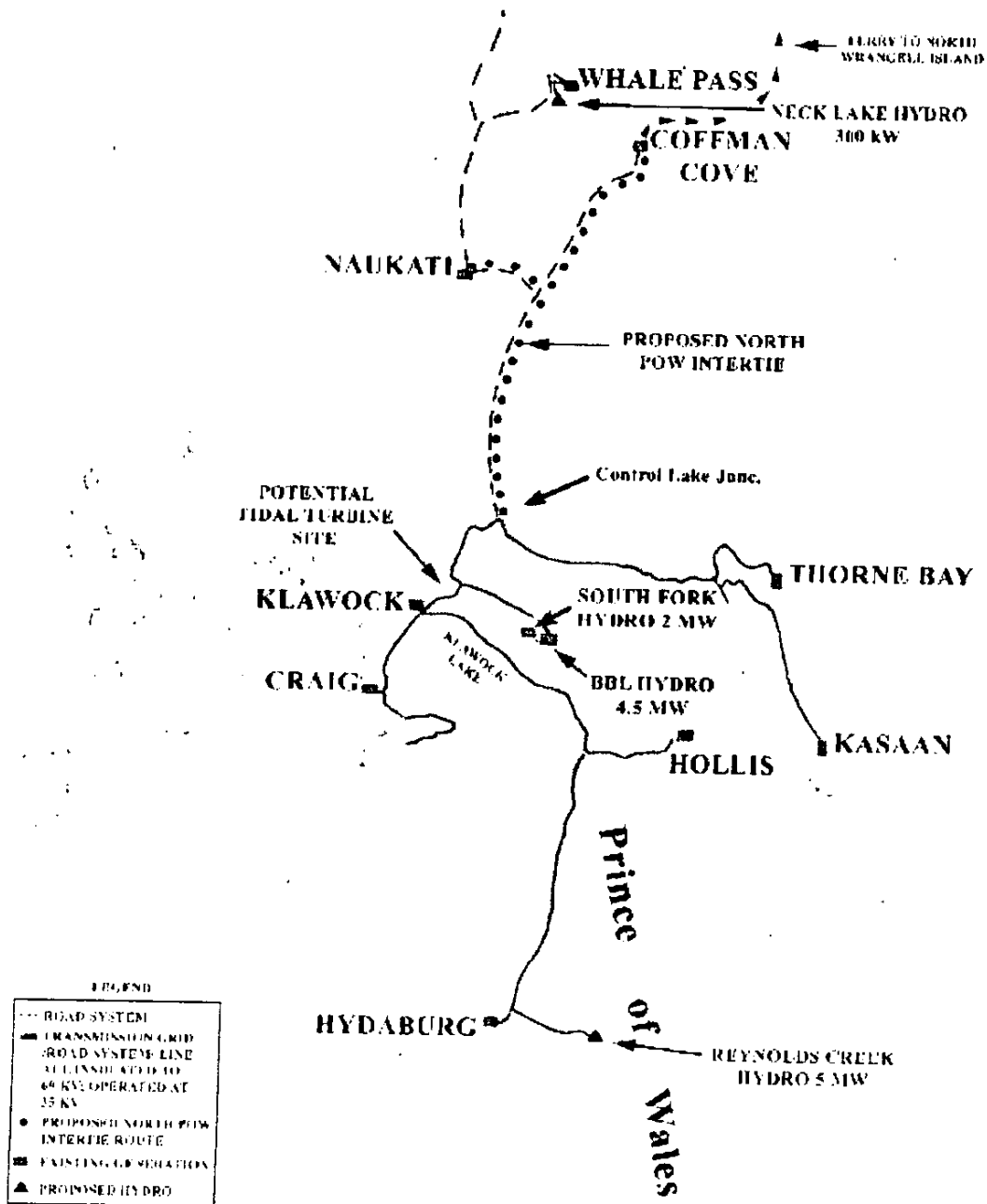
PETERSBURG

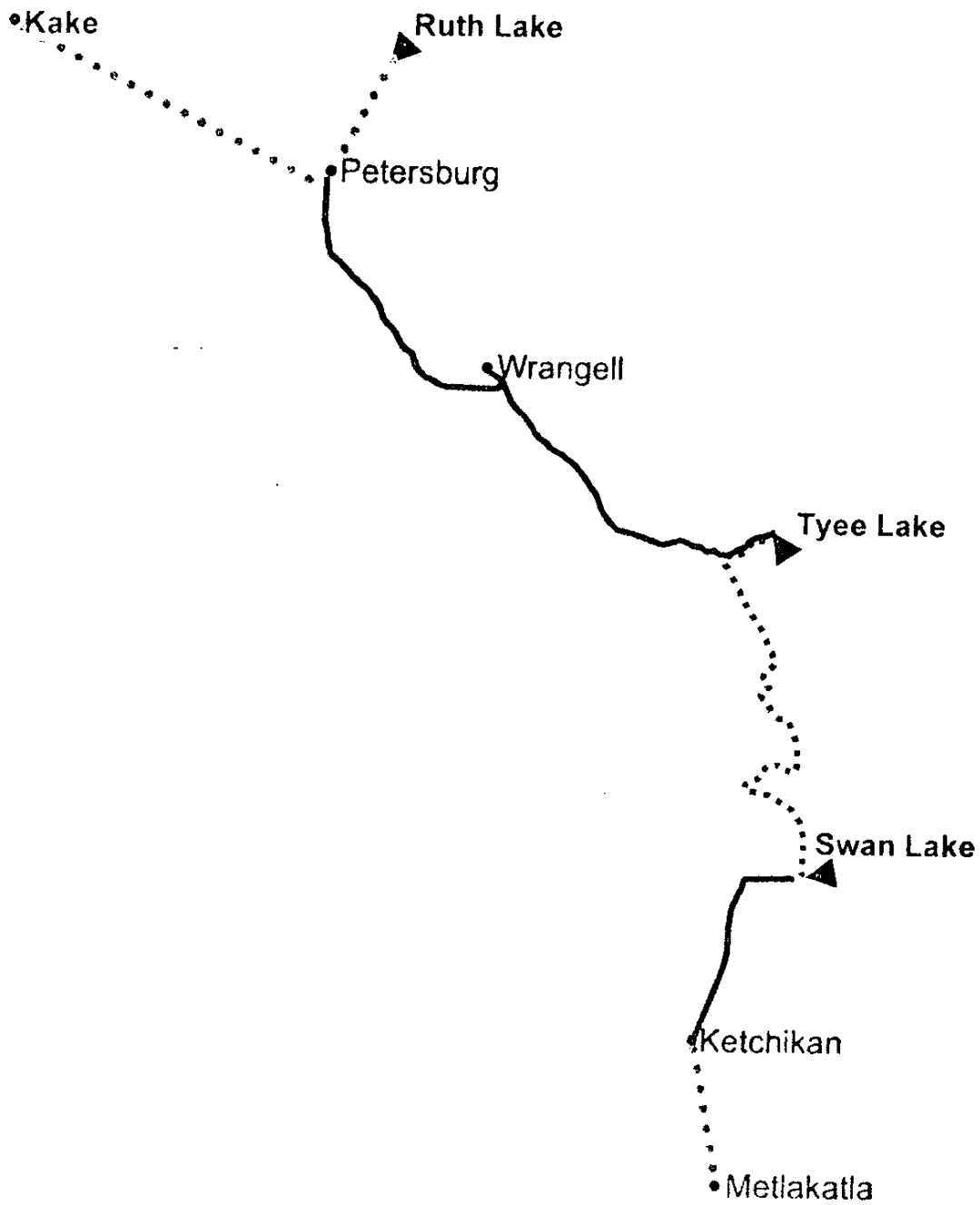
MITKOF ISLAND



LEGEND	
	PROPOSED NEW ROAD
	PROPOSED ELECTRIC LINE
	EXISTING FOREST SERVICE ROAD
	EXISTING ROAD OUTSIDE PROJECT LIMITS

Prince of Wales Island Intertie & Reynolds Creek Electrical System



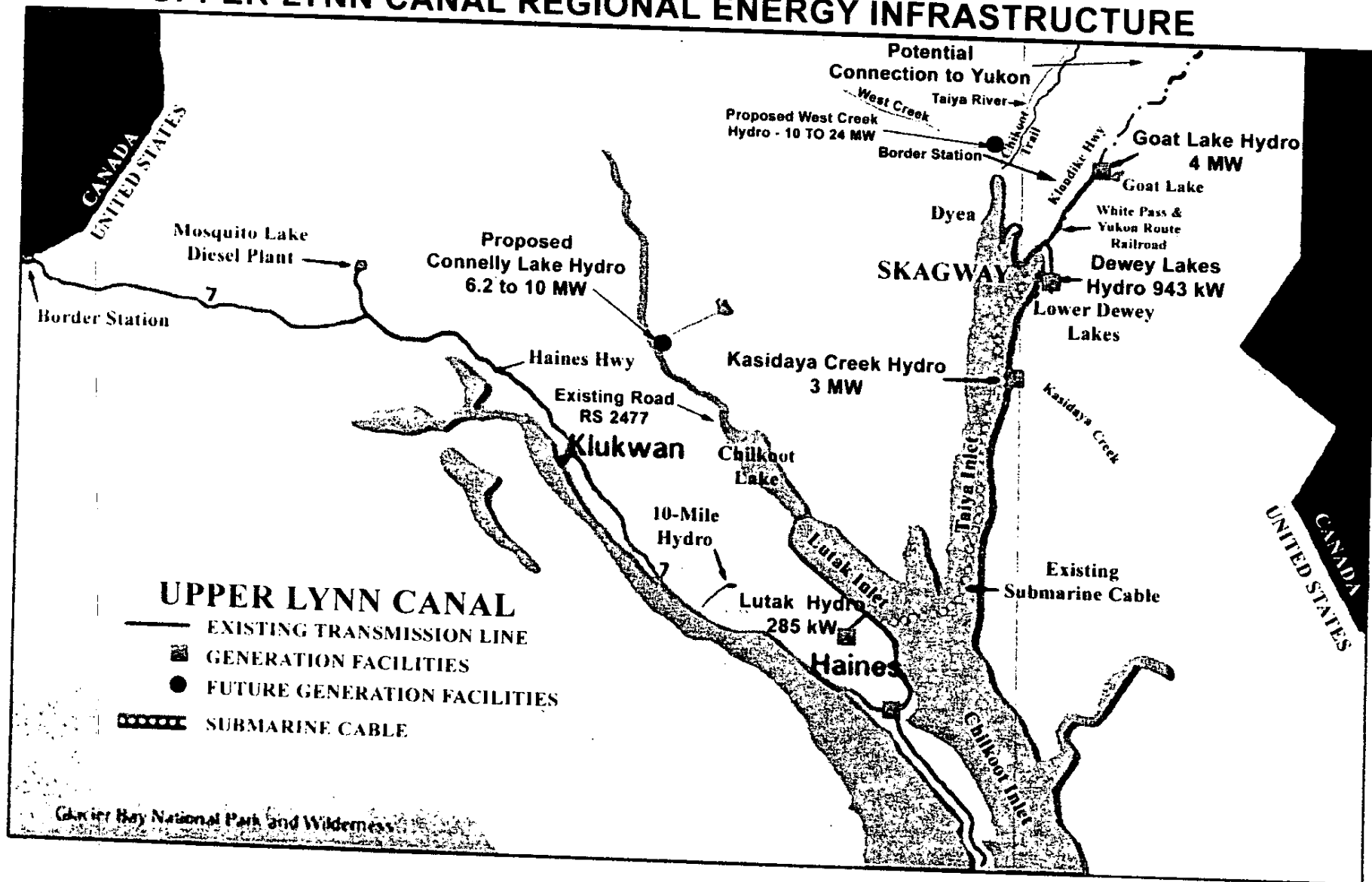


Transmission System Legend

- Existing
- Under Construction
- - - - Proposed

Exhibit F.2
Ruth Lake Hydroelectric Project
Southern SE Alaska Transmission System

UPPER LYNN CANAL REGIONAL ENERGY INFRASTRUCTURE



SOUTHEAST CONFERENCE



213 3rd St. #124

Juneau, AK 99801

Phone (907) 463-3445 FAX 463-5670

March 23, 2009

Dear Representatives:

Thank you for the opportunity to speak in support of HB 166. My name is Robert Venables; I am the Energy Coordinator for Southeast Conference.

SE Conference is private membership organization that works to advance the collective interests of the people, communities, and businesses of Southeast Alaska. It is the Alaska Regional Development Organization (ARDOR), Federal Economic Development District (EDD), and USDA Resource Conservation and Development (RC&D) Council for the region. The Conference's Mission is to help develop strong economies, healthy communities, and a quality environment in Southeast Alaska.

In 1986, lawmakers created the Railbelt Energy Fund. Between 1986 and 2005 a total of \$486 million was appropriated to the Railbelt Energy Fund and appropriations of about \$437 million during that time were been made from the Railbelt Energy Fund and invested into a variety of projects (including Susitna, Bradley Lake, the Alaska, Northern and Southern interties and the Healy Cogeneration project). In 1993, lawmakers amended the fund's enabling legislation to include authorization for "programs, projects and other expenditures to assist in meeting Railbelt energy needs."

This is a funding mechanism that can be used as a model for southeast Alaska.

In 1997 Southeast Conference formed its Energy Committee (originally the Intertie Committee) to work toward the development of a regional electrical grid system in southeast Alaska. Such a system was first envisioned by various entities since the 1920's and as recently as 1987 by the Alaska Power (Energy) Authority, who found that an electrical intertie system was both technically and economically feasible and proposed a 20-year planning and construction horizon. Had that work been prioritized and funded, it would be complete today. Instead, after 20 years, we have much work yet to do - although considerable progress is now being made.

The best example of this progress is the 57 mile Intertie connecting Tye Lake that currently serves Petersburg and Wrangell with Swan Lake which serves the Ketchikan and Saxman areas. This is the first of many phases designed to evolve into an interconnected electrical grid serving southeast Alaska. Southeast Conference commissioned a study done by Acres International in 1997, entitled the "Southeast Alaska Electrical Intertie System Plan" that has been the blueprint for our efforts to date. It was this report that the U.S. Congress cited in its authorization for federal spending of up to \$384 million (PL 106-511 was enacted into law on Feb. 1, 2001).

Since the 1997 Acres Report and 2001 Congressional authorization, Southeast Conference has continued work with its member communities and funding partners such as USDA Rural Development, the Denali Commission and State Legislature to further the development of a regional electrical Intertie system. But while progress is being made, there are many energy needs in the region that are costly to build with no funding mechanism available to develop the southeast intertie system.

Today the intertie system needs that we are focusing on are two-fold. There is the obvious need for the physical links connecting the transmission lines community to community. The Swan-Tyee Intertie will be completed this fall and good progress is being made on the POW Island electrical grid. Thanks to all of you in the State Legislature, additional funding was made available through HB 152 grants to complete the island's intertie system to Coffman Cove and Naukati. Funding was also made available to design the Kake Intertie and the Metlakatla Intertie that will connect into the regional intertie system at Ketchikan. But construction funds are still needed. The estimated cost for constructing these intertie links is approximately \$500 million.

The second system need is to develop capacity within the Intertie System to meet an ever increasing growth of electrical use. The spike in oil prices last year quickened the pace toward conversion from diesel-generated space heat to electricity-based heat which will consume the excess capacity of many of the utilities renewable energy resources in the foreseeable future.

There are many projects within the region that can meet these needs. We are most grateful for the Legislative support given recently to further the development of hydro facilities at Reynolds Creek, Whitman Lake, Ruth Lake and Takatz Lake. Reynolds Creek is a 5 MW project on POW Island that will meet the island's needs for electricity as that grid is completed and its economy grows. Whitman Lake is a 4.6 MW hydro near Ketchikan that will help prevent the supplemental use of diesel generated power. Ruth Lake, a proposed 20MW hydro near Petersburg, and Takatz Lake, a 28MW hydro project near Sitka, are in the early stages of reconnaissance and feasibility and will take many years and millions of dollars to bring on line. These facilities will be critical to meet the region's future need for power. It became very apparent during the recent call for "shovel-ready" projects that southeast Alaska is not ready to construct the facilities needed to meet the renewable energy needs of the future. The construction costs for these regional hydroelectric projects continue to climb and will exceed \$1 billion.

The communities of southeast Alaska have worked together for many years to forge a vision to develop its vast renewable resources into a regional electrical intertie system, but a funding mechanism to construct such a system still eludes us.

HB 166 can be the mechanism that our region needs to facilitate the construction of critical infrastructure that will provide energy security to southeast Alaska. Please give this bill your fullest consideration and support. Southeast Conference thanks you for the opportunity to testify today and is available as a resource for any questions you might have regarding issues here in southeast.

Thank you.