

SCOMM

#50:31



Tony Knowles
Mayor

Municipal Light & Power

1200 EAST FIRST AVENUE — ANCHORAGE ALASKA 99501-1585
TELEPHONE (907) 279-7671



February 24, 1986

Representative John Sund
Chairman
Special House Committee on Loans
Alaska State Legislature
Room 411
Capitol Building
Juneau, Alaska 99811

Dear Representative Sund:

To assist in your deliberation on HB477 please find enclosed Anchorage Assembly Resolution No. AR 85-267, a Resolution relating to the Power Development Fund, passed and approved by the Anchorage Municipal Assembly on December 17, 1985.

Also enclosed is a copy of a letter from Mayor Knowles of Anchorage to Governor Sheffield expressing the need for an improved transmission line between Anchorage and the Kenai so that Bradley Lake power and power displaced by Bradley Lake can be transmitted to Anchorage and points north. Legislative action may be necessary to insure the availability of Bradley Lake power to all railbelt utilities and consumers.

Very truly yours,

Thomas R. Stahr
General Manager
Municipal Light & Power

TRS/slg
Encls.

APPROVED
Date: 12-17-85

Submitted by: Assemblyman Baker
For reading: November 26, 1985
RECEIVED
C.L. & P. DEPT.
FEB 21 2 05 PM '86

ANCHORAGE, ALASKA
AR NO. 85- 267

A RESOLUTION RELATING TO THE POWER DEVELOPMENT FUND

WHEREAS the Assembly has expressed its commitment to the development of energy programs for Alaska as established in AS 44.83.380; and

WHEREAS an integral part of these programs include meeting the long-term energy needs of Alaska's railbelt citizens; and

WHEREAS the Power Development Fund provides Alaskans with a savings account to meet these energy needs; and

WHEREAS the Assembly continues its commitment to power projects previously approved as part of the state's energy programs, including the Railbelt power projects; and

WHEREAS the Alaska State Legislature expressed its continued support for the state to proceed with the licensing procedures for the Susitna projects through its expression of Legislative Intent which accompanied the project's \$200 million appropriation for Fiscal Year 1986 in chapter 96 SLA 84; and

WHEREAS a recent court decision invalidated the appropriation to the Susitna project in Fiscal Year 1986;

BE IT RESOLVED the Assembly encourages the Legislature to reaffirm its commitment to meeting the Railbelt's energy needs through appropriations to the Power Development Fund for this purpose.

PASSED AND APPROVED by the Anchorage Municipal Assembly this 17th day of
December, 1985


Chairman

ATTEST:


Municipal Clerk

Municipality of Anchorage



POUCH 4-250
ANCHORAGE 9453-2 99522-1882
907 264-4477
ALASKA

OFFICE OF THE MAYOR

November 13, 1985

Honorable Bill Sheffield
Governor of the State of Alaska
Third Floor, State Capitol
Pouch A
Juneau, Alaska 99811

Dear Governor Sheffield:

Anchorage has supported the construction of the Bradley Lake Hydroelectric project because we believe it constitutes a critical element in the long term power supply for Anchorage and the surrounding areas. With the Alaska Intertie operational, Bradley Lake should logically become an integral part of the Railbelt's power supply and should be so constituted.

Over the past several years Anchorage has repeatedly requested of the Alaska Power Authority that provisions be made so that Anchorage can contract for and receive Bradley Lake power. To meet our requirements it is necessary to have an improved transmission line connection with Bradley Lake, or in the interim, to have contractual arrangements such that Anchorage would be entitled to its share of Bradley power when the necessary transmission circuits are built. Since our latest request, which was for the interim accomodation only, has been summarily dismissed, we have no further recourse but to appeal to you.

It is not only the customers of Anchorage's municipal electric utility that are being deprived of Bradley power, but all consumers in Anchorage and north to Fairbanks. Even though Chugach Electric Association has contracted for a large increment of Bradley power this power cannot reach their customers in Anchorage but can only be used to meet wholesale commitments on the Kenai. Therefore as presently constituted Bradley Lake is of no benefit to Alaskans outside the Kenai and even the displaced generation cannot be effectively used elsewhere. The deficiencies of the existing transmission will also militate against reliability on the Kenai because to a great extent they will remain electrically isolated from the remainder of the Railbelt's interconnected

GOVERNOR SHEFFIELD

November 13, 1985

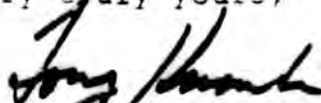
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system. The improved Kenai to Anchorage transmission link will result in a strong electrical connection from Homer to Fairbanks thus maximizing reliability and insuring that the rate and rate stabilizing benefits of the Bradley Lake Project will become available to nearly three-quarters of all Alaskans.

Considering that the Bradley Lake Hydroelectric project will cost nearly as much as the Four Dam Pool combined, it is incumbent that it be configured to benefit the maximum number of Alaskans as possible. Certainly to restrict for all time these benefits just to consumers whose utilities can take delivery of Bradley Lake power at the time the power comes on line is discriminatory. And at the same time to delay initial studies on the transmission facilities necessary to provide the wider benefit is shortsighted.

We request that you ask the Alaska Power Authority to immediately commence preliminary studies on a Kenai-Anchorage tie line of adequate capacity and reliability at a minimum to transmit to Anchorage the power displaced by Bradley Lake and to modify the conditional sales contracts for Bradley power to allow other utilities to opt in on equal terms; i.e., post card rates, at such time as adequate transmission becomes available.

Very truly yours,



Tony Knowles
Mayor

April 23, 1986

PRELIMINARY BUDGET ESTIMATE

Railbelt Alternatives Study
(Thousands of Dollars)

<u>Tasks</u>	<u>Personal Services and Contractor Overhead</u>	<u>Direct Costs*</u>
A. Review Utility System Data Base	\$ 20.0	\$ 5.0
B. Load Forecast (Incl. ISER and Battelle)	60.0	10.0
C. Power Supply Alternatives		
1. Gas Price Forecasts	80.0	5.0
2. Gas Supply	10.0	5.0
3. Gas Plant Characteristics	10.0	3.0
4. North Slope Natural Gas	40.0	12.0
5. Coal Price Forecasts	50.0	6.0
6. Coal Plant Characteristics	40.0	5.0
7. Oil Price Forecasts	40.0	5.0
8. Non-Susitna Hydro	60.0	10.0
9. Other Alternatives	30.0	6.0
10. Conservation	80.0	12.0
11. Devil Canyon	10.0	5.0
D. Financial Evaluations	10.0	2.0
E. Supply Plans		
1. Inflation, Interest, Discount	20.0	5.0
2. Methodology	30.0	10.0
3. Develop plan	80.0	20.0
F. Related Issues	10.0	6.0
G. Progress Meetings	40.0	20.0
H. Final Report Production/Printing	40.0	5.0**
I. Management/Contract Admin.	<u>60.0</u>	<u>5.0</u>
	SUBTOTAL	
	820.0	+ 163.0
	=	983.0
J. Contingency (20%)		<u>197.0</u>
	TOTAL	\$ <u>1,180.0</u>

Additional Costs:

Harza-Ebasco

- | | |
|--|-------|
| 1. Replying to inquiries, document control and limited admin. support. | 100.0 |
| 2. Devil Canyon: Upstream storage investigation | 225.0 |

APA

- | | |
|---|-------|
| 1. Staff and expense related to alternatives study | 125.0 |
| 2. Matching funds for study of Anchorage-Kenai Intertie | 150.0 |

Finance Team	<u>100.0</u>
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Additional Costs Subtotal	700.0
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Contingency (20%)	<u>140.0</u>
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GRAND TOTAL	<u><u>\$2020.0</u></u>
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* Direct costs include travel, telecommunications, per diem, computer time etc.

** Cost based on Harza-Ebasco providing typing and printing services for 300 copies of a 300 page report.

Note: No costs are included for public hearings other than the monthly steering committee meetings.