ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672
5925 HOUSE LABOR & COMMERCE

329

6-1974H
Cramer
3/27/90

Funding Information: General Fund $105,365,000
Other Funds -0-
$105,365,000

Original sponsor(s): REP. KUBINA, Davidson

IN THE HOUSE

CS FOR SPONSOR SUBSTITUTE FOR HOUSE BILL NO. 454 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act making special appropriations from the Railbelt energy fund to the Alaska Energy Authority and the Alaska Industrial Development and Export Authority for payment as grants and for design and construction of energy projects in Alaska; and providing for an effective date."

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

* Section 1. FINDINGS AND INTENT. The legislature finds that the Alaska Industrial Development and Export Authority has included the amount of interest expected to be earned on the $30,000,000 appropriated in sec. 5 of this Act when computing the financial feasibility of the Healy cogeneration project. It is the intent of the legislature that the Department of Revenue transfer the $30,000,000 appropriated in sec. 5 of this Act to the Alaska Industrial Development and Export Authority on July 1, 1990, or immediately thereafter.

* Sec. 2. The sum of $10,000,000 is appropriated from the Railbelt energy fund (AS 37.05.520) in the general fund to the Alaska Energy Authority for design and construction of the Seward intertie.

* Sec. 3. The sum of $65,000,000 is appropriated from the Railbelt energy fund (AS 37.05.520) in the general fund to the Alaska Energy Authority for design and construction of the north portion of the Northeast intertie.

* Sec. 4. The sum of $365,000 is appropriated from the Railbelt energy fund (AS 37.05.520) in the general fund to the Alaska Energy Authority for

payment as a grant under AS 37.05.316 to Chugach Electric Association for the Bean Creek subdivision and Blakley subdivision electric line in Cooper Landing.

* Sec. 5. The sum of $30,000,000 and the interest earned on that sum beginning on July 1, 1990, are appropriated from the Healy cogeneration project reserve in the Railbelt energy fund (AS 37.05.530) in the general fund to the Alaska Industrial Development and Export Authority for the design and construction of the Healy cogeneration project.

* Sec. 6. The appropriations made by this Act are for capital projects and are subject to AS 37.25.020.

* Sec. 7. This Act takes effect July 1, 1990.

HEALY COGENERATION PROJECT

PROJECT HISTORY

1988

* 150 MEGAWATT CONCEPT
  -TECHNICAL EVALUATION
* MARKET ANALYSIS
  -POWER & COAL
* 50 MEGAWATT CONCEPT
  -PRELIM. FEASIBILITY

1989

* PROJECT RESERVE BY
  STATE LEGISLATURE
* PROPOSAL TO DOE

PROJECT PARTICIPANTS
HEALY POWER PROJECT

M0290113

• Alaska Industrial Development and Export Authority	AIDEA
• Golden Valley Electric Association, Inc.	GVEA
• Joy Technologies, Inc. and Niro Atomizer	JOY
• Stone & Webster Engineering Corporation	SWEC
• TRW Combustion Business Unit	TRW
• Usibelli Coal Mine, Inc.	UCM

DOE CLEAN COAL III

OBJECTIVES

* REDUCE ACID RAIN PRECURSORS (SO_x & NO_x)
* REDUCE U.S. - CANADA AIR POLLUTION
* COMMERCIALIZE CCT's
  - RETROFIT
  - REPOWER
  - NEW COAL-BASED ELECT. GENERATION

DOE CLEAN COAL III

FUNDING

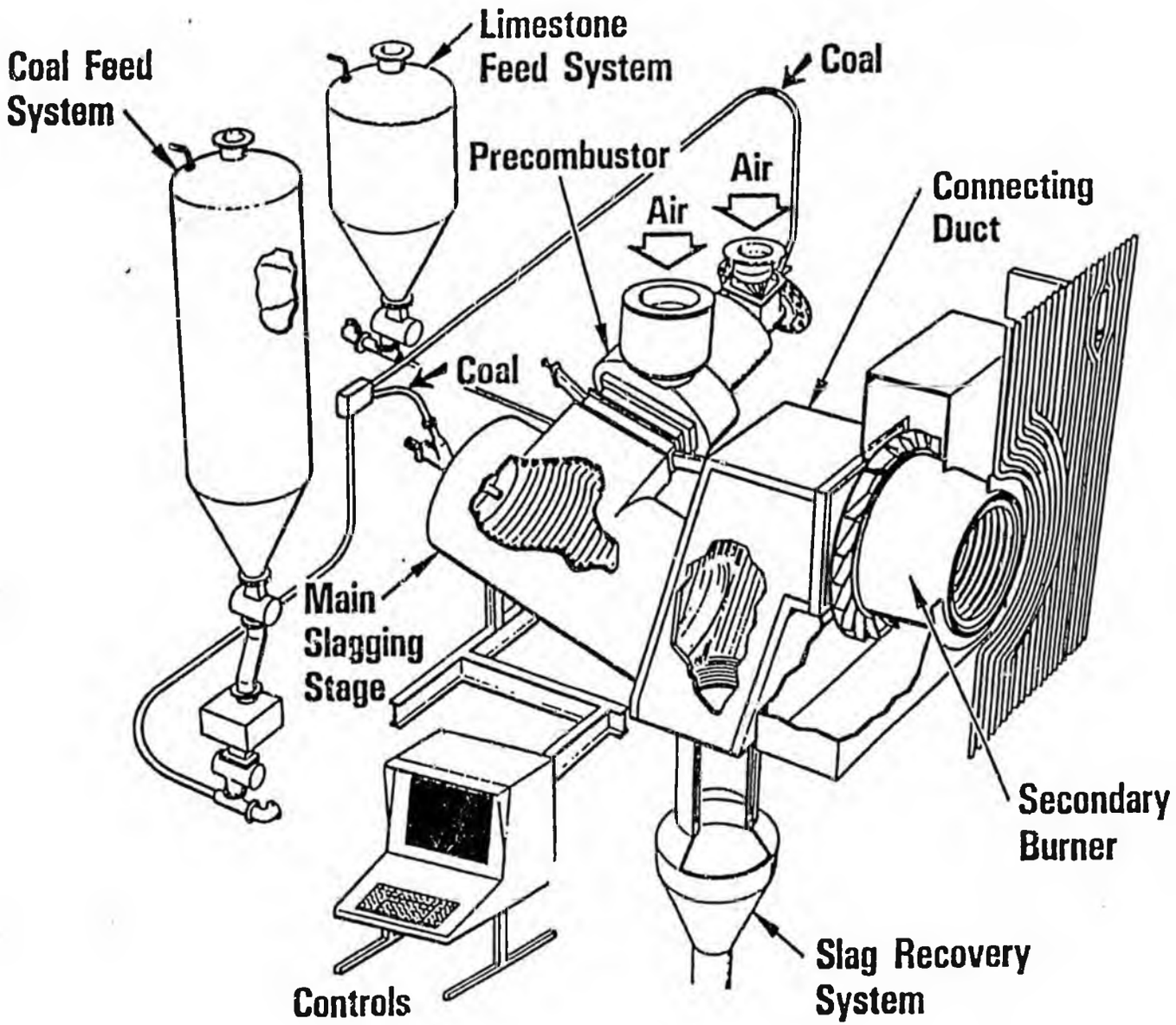
ROUNDS I & II	$973 MILLION
ROUND III	$575 MILLION
ROUNDS IV & V	$1,200 MILLION
	$2,748 MILLION

TECHNOLOGIES

PRECOMBUSTION
- COAL CLEANING, GASIFICATION

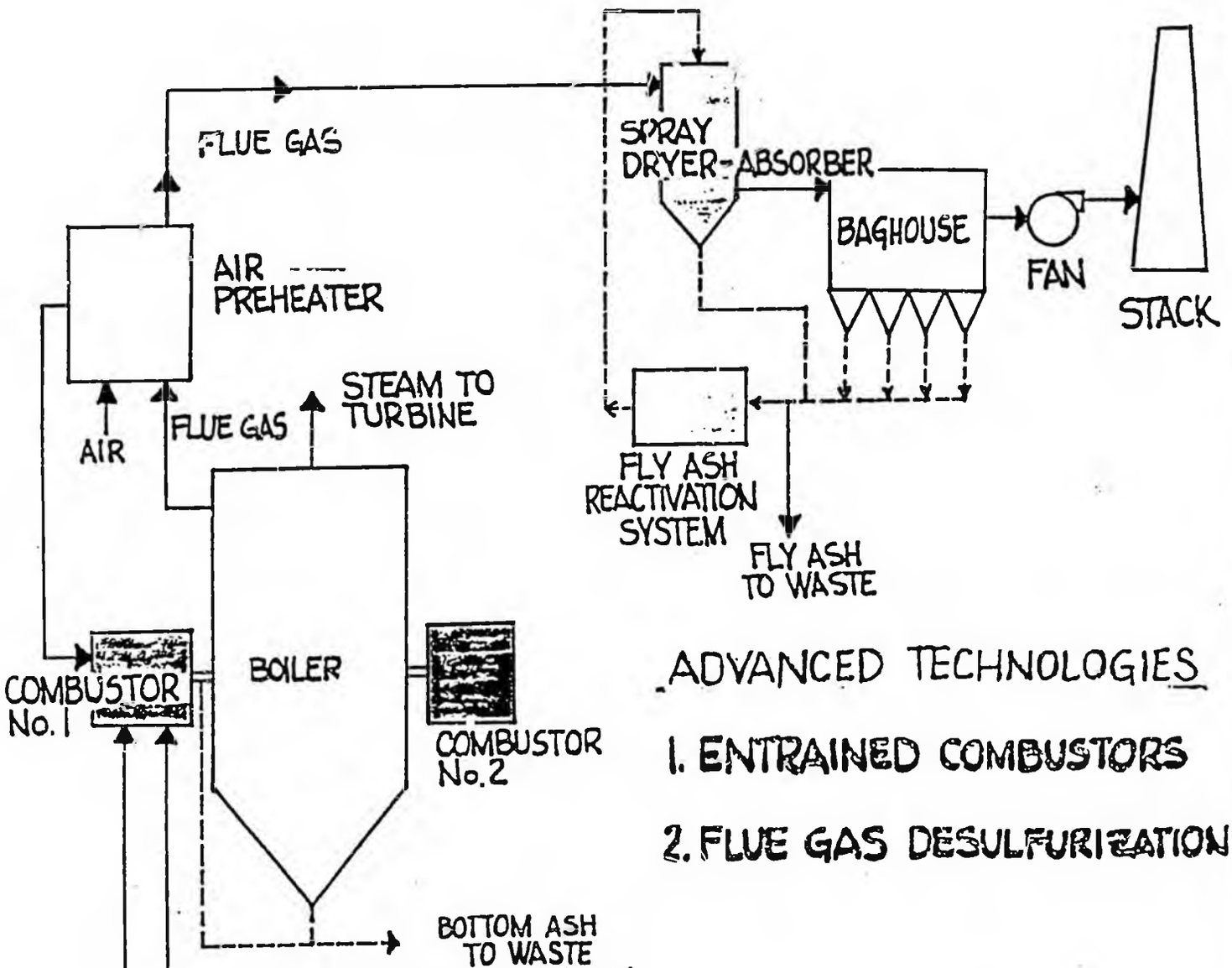
COMBUSTION
- ENTRAINED COMB., AFB, PFB

POST COMBUSTION
- FLUE GAS DESULFURIZATION



TRW ENTRAINED COMBUSTION SYSTEM

Alaska Industrial Development and Export Authority



ADVANCED TECHNOLOGIES

1. ENTRAINED COMBUSTORS

2. FLUE GAS DESULFURIZATION

HCP BENEFITS

- LOW COST, COAL-BASED POWER
- CLEAN COAL TECHNOLOGY - LOW PLANT EMISSIONS
- FUEL DIVERSIFICATION FOR POWER GENERATION
- WASTE COAL UTILIZED
- ENHANCED COAL EXPORT
- USEFUL BYPRODUCTS

SOURCES OF FUNDS

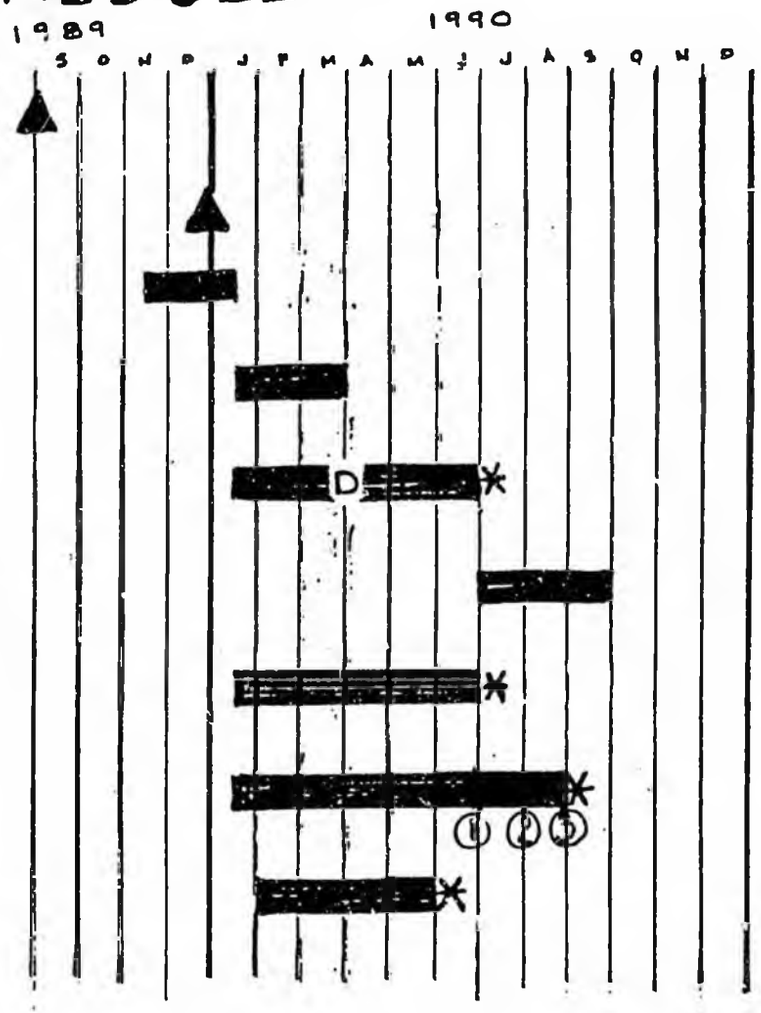
* CCT PROGRAM	$93,186,000
* RAILBELT FUND	30,000,000
* AIDEA BONDS	68,532,000
	$191,718,000

USES OF FUNDS

* DESIGN & PERMITS	$ 26,721,000
* CONSTRUCTION	134,197,000
* DEMONSTRATION	30,800,000
	$191,718,000

HCP NEAR-TERM SCHEDULE

DOE PROPOSAL
DOE SELECTION
FIN. CONSULT. SELECT.
FINANCIAL PLAN
POWER SALES AGMT.
APUC REVIEW P.S. AGMT.
COAL SALES AGMT.
DOE COOP. AGMT.
SECURE LEG. APPRN.



DOE COOP. AGMT.
① FINAL REPAYMENT PLAN
② HOST SITE AGREEMENT
③ DEMONSTRATE FINANCIAL CAPABILITY

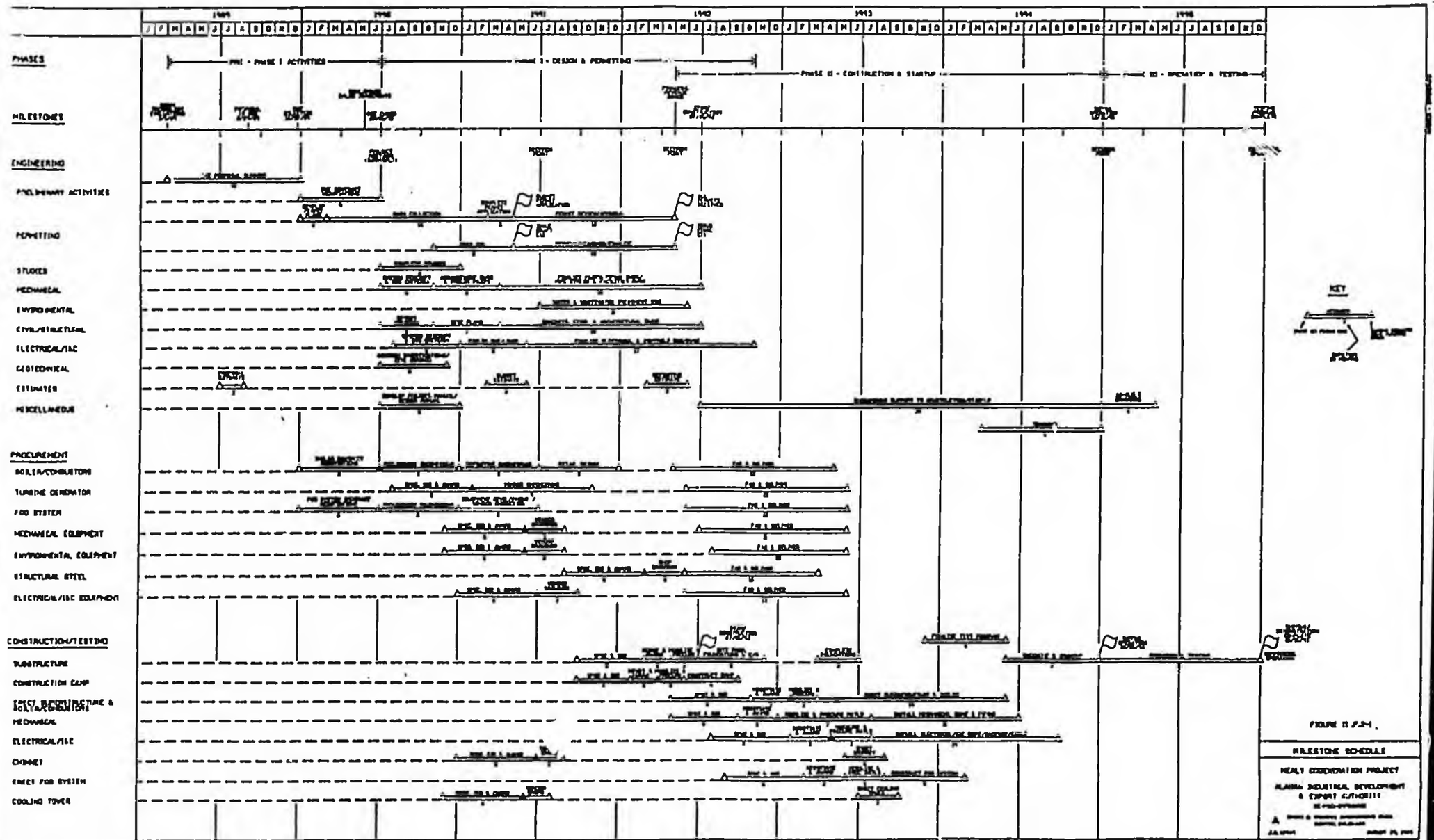
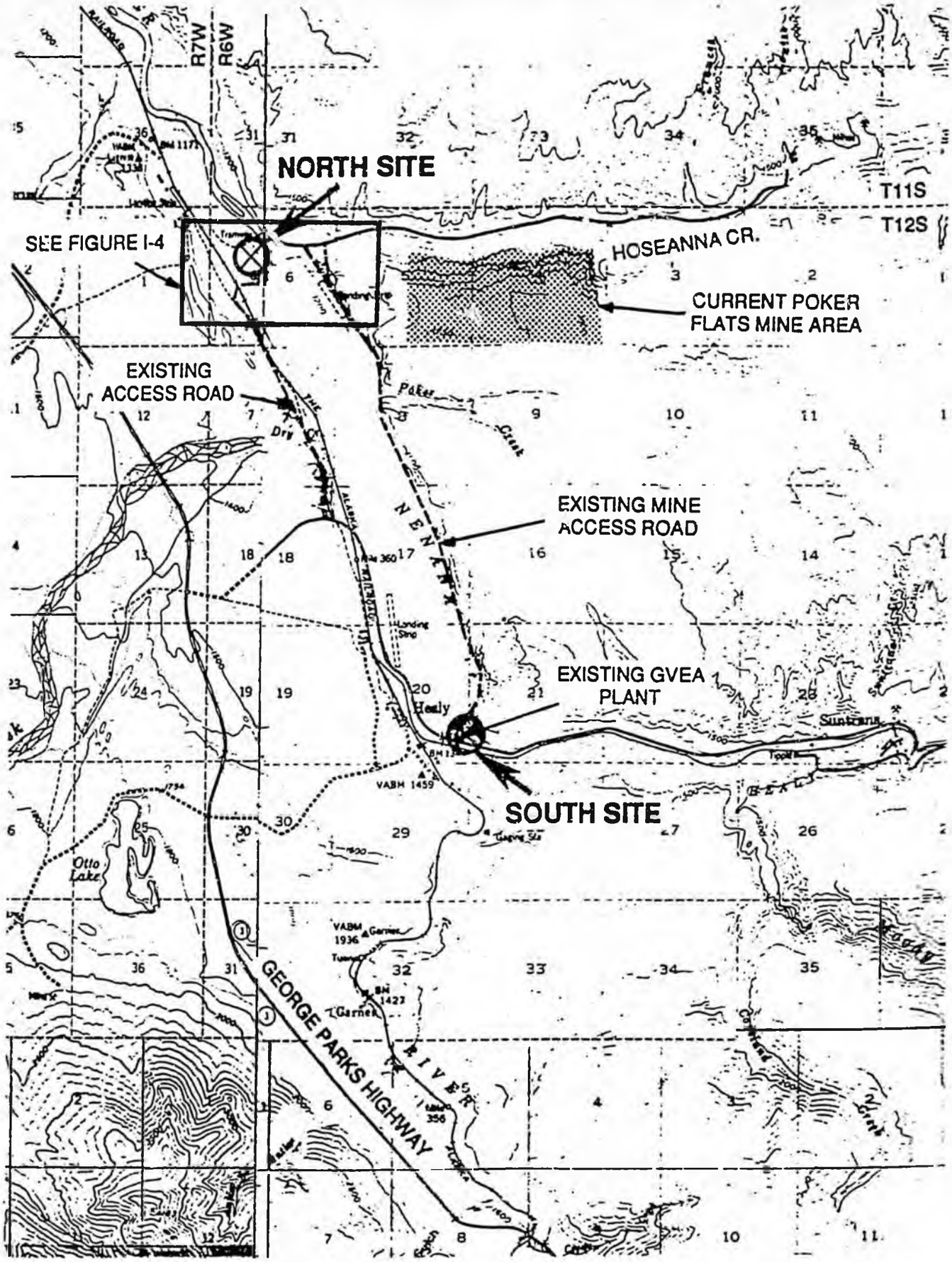


FIGURE II.F.1-1

MILESTONE SCHEDULE

MEALY COGENERATION PROJECT

ALABAMA INDUSTRIAL DEVELOPMENT & EXPORT AUTHORITY



PROJECT AREA
HEALY POWER PROJECT
Alaska Industrial Development and Export Authority

A0290002A

CONSTRUCTION EMPLOYMENT

Mid - 1992 through 1994

$134,197,000 Budget

Construction Employment - 200 Workers

OPERATIONAL EMPLOYMENT

GVEA/UCM - Power Generation
50 to 60 workers

UCM - Coal Beneficiation (Potential)
Additional Workers

A M E N D M E N T

OFFERED IN THE HOUSE BY REP. BOYER

TO: SSHB 454

Page 1, line 7, after "Authority":

Insert "and the Alaska Industrial Development and Export Authority for payment as grants and"

Page 1, after line 10:

Insert a new bill section to read:

"* Section 1. FINDINGS AND INTENT. The legislature finds that the Alaska Industrial Development and Export Authority has included the amount of interest expected to be earned on the $30,000,000 appropriated in sec. 5 of this Act when computing the financial feasibility of the Healy cogeneration project. It is the intent of the legislature that the Department of Revenue transfer the $30,000,000 appropriated in sec. 5 of this Act to the Alaska Industrial Development and Export Authority on July 1, 1990, or immediately thereafter."

Page 1, line 11:

Delete "Section 1"

Insert "Sec. 2"

Renumber the following bill sections accordingly.

Page 1, after line 22:

Insert a new bill section to read:

"* Sec. 5. The sum of $30,000,000 and the interest earned on that sum beginning on July 1, 1990, are appropriated from the Healy cogeneration project reserve in the Railbelt energy fund (AS 37.05.530) in the general fund to the Alaska Industrial Development and Export Authority for the design and construction of the Healy cogeneration project."

Renumber the remaining bill sections accordingly.

Adjust the funding information accordingly.

Alaska State Legislature

While in Session:
P.O. Box V
State Capitol
Juneau, Alaska 99811
465-4859

Representative Eugene Kubina

P. O. Box 2463
Valdez, Alaska 99686
835-2695

MEMORANDUM

TO: Representative Dave Donley, Chair
Labor and Commerce Committee

FROM: Representative Gene Kubina

RE: HB 454

DATE: February 1, 1990

I would like to request that HB 454; "An Act making special appropriations from the Railbelt energy fund to the Alaska Energy Authority for design and construction of energy projects in Alaska; and providing for an effective date", be scheduled in your Committee in the near future.

Thank you for your consideration of my request.

HOUSE BILL 454
Labor and Commerce Committee
The Honorable Dave Donley, Chairman

Testimony by: R.D. (Doug) Bursey
General Manager
Copper Valley Electric Association, Inc.

Thank you for the opportunity to provide testimony in support of House Bill 454. My name is Doug Bursey. I am the General Manager of Copper Valley Electric Association, Inc. with corporate offices in Valdez and Glennallen.

Copper Valley Electric Association, Inc., (CVEA) provides service to 1,510 consumers in Valdez and 1,052 in the Copper Basin area. The Valdez system is a compact urban area. The Copper Basin area is a quite sparsely settled rural area. The residential electrical rate for Valdez is 16.2 cents per Kwh, and the Copper Basin cost is 20.2 cents per Kwh.

CVEA was a participant in the Old Power Cost Assistance (PCA) program, however, CVEA has not participated in the Power Cost Equalization (PCE) program, even though CVEA's rates are the highest (after PCE adjustment) in the State of Alaska. CVEA does participate in the Four Dam Pool through Solomon Gulch.

Solomon Gulch is under utilized in the summer months, which allows water to spill which if utilized could double the summer output. The Solomon Lake storage area is rather small, and accordingly CVEA's generation strategy is to maximize this limited resource. This strategy requires tandem operations of Solomon Gulch, along with CVEA owned diesel generation facilities for approximately 6 months each year.

Therein lies part of the cause for CVEA high rates. CVEA generates 80% (eighty percent) of its needs from hydro, but has to maintain staff and operate sufficient oil fired generation to carry all of its electrical generation throughout the year. This major cost could be avoided, if CVEA were interconnected to another source through a tieline.

Unless a tieline is built within the next two to three years, CVEA will have to replace aged generation machines which will cause the existing high rates to go even higher.

Economic feasibility assessment of the CVEA system shows that, as the rates increase, end use has been reduced, which of course is normal. However, with rates in the twenty cent (20¢) range and expected to go higher, one has to look at the

quality of life. We also looked at economic development opportunities, and have found very little to encourage economic growth. We, therefore, began to look at what we could do to reduce, not raise, the rates.

The Alaska Energy Authority included CVEA in the economic feasibility studies performed on various transmission lines, by Decision Focus Incorporated and Powers Engineering with completion in June 1989. One of the transmission routes studied was called the Northeast Intertie. While none of the transmission lines had a perfect Benefit to Cost ratio, the Northeast Intertie had a very good showing and with minor changes, would become a valuable part of Alaska's infrastructure at a beneficial cost to Alaska and very definite positive affect on the Copper Valley system. (Appendix C)

The cost of electricity could be reduced rather than raised. Another major benefit could be to provide central station service to Black Rapids Cold Weather training facility, Summit, Paxson, Alyeska Pump Station 10 and other miscellaneous electrical loads along the Richardson Highway.

The Northeast Intertie, would also be a major part of load transfer and provide alternate service needs for Fairbanks. This is supported by the North American Electric Reliability Council Study (NERC), draft final report. (Appendix A)

I am told by Penny Haldane of the Alaska Energy Authority, that the statement found in Paragraph 1 page 4, last sentence "or more likely some other separate Right of Way transmission path.....", will change to read "other separate path such as the route identified as the Northeast Intertie route...." Also, the map found on Page 12, will show the penciled in Northeast Intertie, as I have penciled it in and highlighted it. (Appendix A)

The State of Alaska would benefit not only through economic development opportunities, but through a better use of Solomon Gulch. As I noted before, nearly as much energy spills over the dam each year as is used. A tieline would afford the ability to use this spill water and in the process make $750,000 to $1 million for the State through the Four Dam Pool debt service. This would be in addition to the $1.5 million already returned annually by CVEA consumers.
(Appendix D)

CVEA proposed that the tieline be constructed in two phases. Phase one from Delta to Glennallen would tie the State owned Solomon Gulch line at the Alyeska Station 11 to the Golden Valley Electric system at Jarvis Creek, a substation near Delta. Golden Valley Electric supports this effort. (Appendix B)

This provides a win-win situation wherein everyone benefits;

* Copper Valley Electric consumers have lower energy costs, the ability to participate in economic sales of electricity, and future stability of rates and power.

* State of Alaska has additional income of approximately $750,000 each year the project operates.

* More area of the State is opened up to economic development, along with central station service being provided to Paxson, Summit, Black Rapid Military installation, and Pump Station 10.

Phase one needs to be built within two years. Phase two could be completed from Glennallen to Palmer within five years. When this leg is completed, a much greater benefit accrues in that Fairbanks utilities will have two sources to draw from, thus providing more stability. A different weather area exists on the Northeast Intertie route, which would reduce the impact of icing, windstorm or avalanche on the line along the Parks Highway, thus improving electrical service. This also provides for 125 MW of load transfer capability, as compared to the existing 70 MW, along the Parks Highway route.

CVEA's present costs for generation of oil fired generation is approximately twenty nine (29¢) cents per Kwh, as compared to power from Golden Valley Electric Association (GVEA) at Jarvis Creek at approximately three (3¢) or four (4¢) cents. If CVEA were interconnected, approximately 12,000,000 diesel fired Kwh's could be displaced at a direct cost savings of approximately $2,000,000 annually. This savings would yield a rate reduction for CVEA consumers of three (3) to five (5) cents per Kwh.

Phase two will provide to the Railbelt utilities, especially the Fairbanks utilities, several benefits associated with an integrated system.

* High-Cost Power Displacement
  An improved transmission system would allow energy produced as low cost in one area to displace high-cost generation produced in another area. This economy interchange between Anchorage and Fairbanks is limited by the capacity of the existing fully loaded transmission line.

* System Reliability
  Improvement to the transmission system can reduce the number and extent of power outages, especially between Anchorage and Fairbanks which will reduce outages that have occurred due to the intertie along Park's Highway.

* System Efficiency
  Power transfers between Anchorage and Fairbanks presently suffer losses exceeding ten percent. A second line will lower losses and reduce end user replacement costs.

* Reserve Sharing
  With an improved, reliable transmission system in place, electric utilities could reduce the amount of costly reserve capacity they maintain. They could rely instead on reserves available elsewhere in the interconnected system.

Flexibility for new generation;

Should the Usibelli power plant be completed or other generation be proposed in the area, two lines will allow more flexibility, both in siting as well as sizing.

* Access to Bradley Power
  An improved transmission system would ensure that all Railbelt electric utilities have freer and more direct access to the full peaking output of Bradley power, resulting in equal distribution of benefits from the project for all Railbelt communities.

* Utility Coordination
  Strengthening the transmission system in the Railbelt would afford electric utilities increased opportunity to better coordinate their planning and operations.

* Fuel Supply
  Improvements to the Railbelt transmission system would provide electric utilities with full access to a variety of energy sources, enhancing competition among fuels and fuel suppliers and would reduce the dependence on oil prices.

In summary, there are many compelling reasons to build the Northeast Intertie, not to include, creation of economic development, Bradley Lake marketing opportunities, generation of additional Four Dam Pool revenues, increased reliability and transfer capability of the Railbelt energy grid and rate relief for interior and Gulf Coast communities.

Given the States energy policy to best serve all Alaskans, CVEA feels the Northeast Intertie makes the best sense as an investment.

We urge your support for House Bill 454.

APPENDIX

A. NERC - Draft Final Report

B. GVEA Support - Mike Kelly

C. Supplement to DFI Report

D. Solomon Gulch Spill Water (CVEA Letter)

E. CVEA Kwh Sales and Rates

F. CVEA Total Generation

G. Railbelt Map

DRAFT
FINAL REPORT

RELIABILITY ASSESSMENT

OF THE

RAILBELT INTERCONNECTED ELECTRIC UTILITY SYSTEMS

OF THE

ALASKA SYSTEMS COORDINATING COUNCIL

1990-1999

March 16, 1990

by

a Subgroup of

NERC's 1990 Reliability Assessment Subcommittee

John H. Stout, Chairman
(Manager of Engineering Design and Development
Houston Lighting & Power Company)

Chisna H. Fleming, Vice Chairman
(Manager, Advanced Engineering and Planning
Ohio Edison Company)

Richard E. Phillips, Operating Committee Representative
(Operating Manager
New York Power Pool)

Virginia C. Sulzberger, NERC Staff Coordinator
(Director-Engineering
North American Electric Reliability Council)

Preface

A subgroup of NERC's 1990 Reliability Assessment Subcommittee (RAS) recently reviewed the overall reliability of the Railbelt interconnected electric utility systems of the Alaska Systems Coordinating Council (ASCC) at the request of ASCC. This assessment reviewed the adequacy of the existing system and the proposed generation and transmission plans for the Railbelt electric systems over the 1990-1999 period. Included in this review were the reliability impacts of two proposed transmission interconnections – a Soldotna to University 138 kV line and a Healy to Fort Wainright 138 kV line (possibly 230 kV or 345 kV construction).

This assessment was performed over an approximate eight week period from mid January to mid March 1990.

In preparing this report, the RAS subgroup interviewed representatives of the Alaska Energy Authority, Anchorage Municipal Light & Power, Chugach Electric Association, Golden Valley Electric Association, and Fairbanks Municip Utilities System. These interviews were conducted February 12-14, 1990 in Anchorage, Alaska.

In addition to the interviews, the assessment is based primarily on electric utility data and plans for 1990-1999 provided by the Railbelt interconnected systems on a basis consistent with the annual April 1 Coordinated Bulk Power Supply Program (IE-411) Reports submitted to the U.S. Department of Energy by each of NERC's nine Regional Reliability Councils and from the completion of additional annual data submittals generally requested by the Reliability Assessment Subcommittee from the nine Regions. Several reports of others, either prepared by outside consultants for the Railbelt electric systems or prepared by individual Railbelt electric systems, were also reviewed and provided background information.

This reliability assessment report is the culmination of these efforts and reflects the expertise, judgement, and interpretations of the RAS subgroup.

Reliability Assessment
of the
Railbelt Interconnected Electric Utility Systems

Overview

The Alaska Railbelt electric utility systems began interconnected operations just four years ago by linking together the Fairbanks area, the Anchorage Bowl, and the Kenai Peninsula. The unique geographic, economic, and electrical characteristics of the electrical systems in these three areas have resulted in a connection that is far less reliable than the four major electric Interconnections of the North American Electric Reliability Council (NERC). For example, the relatively small electrical size of the Railbelt interconnection and the relatively slow response time of the electrical generators require that automatic shedding of customer load take place following most generation and Railbelt interconnection transmission line contingencies. Nonetheless, this Railbelt interconnection has improved the reliability of electric supply to utility customers, primarily in the Anchorage Bowl area.

Two important reliability issues face the Alaska Railbelt interconnected systems. First is the need for additional transmission interconnection lines between the three major load centers and their generation facilities. The existing area interconnection lines are single, limited capacity lines prone to outage by weather and avalanche. Second, is the need to maintain a proper balance between economy and reliability. The cost of reliability is exceptionally high for the Railbelt systems resulting in compromises to the generally accepted electric utility reliability criteria in the lower 48 states and most of Canada. The expectations of the Alaska Railbelt customers toward reliable electric supply show signs of increasing. As a result, the interconnected Railbelt's seven members are recognizing that, along with sharing the economic benefits of interconnection operation, they must also share the responsibilities of reliability.

Assessment of the 1990-1999 generation adequacy clearly indicated that sufficient generating capacity margins exist in each of the three major load areas: the Fairbanks area, the Anchorage Bowl, and the Kenai Peninsula. Neither forced outages or maintenance outages are expected to adversely impact generating reserve adequacy. These three areas all have capacity margins well above the interconnection agreement requirement of 30% generation reserves. As electric demand within the Railbelt systems increases, the member systems should recognize that these margins will likely move down toward the 30% minimum. Of concern is the fact that the 30% reserve criteria is not founded on technical reliability studies such as loss of load probability analyses. The Alaska Railbelt systems should reassess carefully the justification of a 30% criteria and revise their interconnection agreement in accordance with such a reassessment.

The existing single line transmission interconnections between the Kenai Peninsula and the Anchorage Bowl and between the Anchorage Bowl and the Fairbanks area constrain the sharing of generation between and among load centers and pose a significantly higher than traditional reliability risk for system-wide blackouts due to single contingency outages.

In terms of traditional reliability criteria, the proposed Soldotna-University 138 kV transmission line provides a second circuit between the Kenai peninsula and the Anchorage Bowl and is necessary to help improve the reliability of electric supply to the Kenai peninsula, the Anchorage Bowl, and the Fairbanks area. This line will increase the electric transfer capability between the Kenai peninsula and the Anchorage area, improve system stability, and help to reduce the number of load shedding incidents in the Anchorage and Fairbanks areas and the black out or loss of electric supply to Kenai peninsula customers following certain system outages or contingencies. It will also help to reliably distribute the output of the Bradley Lake hydro generating facility to the appropriate utility purchasers of the hydro capacity. Without this line, reliability in the Kenai peninsula will likely be reduced following the completion of the Bradley Lake project.

The proposed Healy-Fort Wainwright 138 kV (possibly 230 kV or 345 kV construction) transmission line is needed for the reliability of electric supply to the Fairbanks area. It provides a second transmission path from Healy to the Fairbanks area for both Healy generation capacity and capacity purchases from the Anchorage area (and the Kenai peninsula). This line provides both improved reliability and economic benefits (Bradley Lake capacity) to the Fairbanks area. Its reliability impact, however, will not be as dramatic as the Soldotna-University 138 kV line, but based on traditional planning criteria, the tie is required to assure an adequate source-to-load path from Healy to the Fairbanks area. In fact, under traditional reliability criteria, a second transmission line between the Anchorage Bowl and the Fairbanks area would likely be required (either via Teeland and Healy, or more likely some other separate right-of-way transmission path between the Anchorage Bowl and the Fairbanks area).

Finally, as the existing Railbelt systems lack individual comprehensive planning and operating criteria as well as interconnection criteria for integrated planning and operations, the Railbelt utilities should develop, formulate in writing, and approve appropriate planning and operating reliability criteria for their respective systems and service areas as well as for interconnected planning and operations.

Peak Demand and Generation Adequacy

The assessment of the Alaska Railbelt systems generation adequacy should not be made solely on an aggregate interconnection basis. This is because the transmission interconnections between the three major load centers: the Fairbanks area, the Anchorage Bowl, and the Kenai Peninsula consist of single, limited capacity transmission lines. As such, these interconnection lines constrain the sharing of generation between load centers. A proper assessment of generation adequacy requires that the Fairbanks (Golden Valley-Fairbanks) area, the Anchorage Bowl, and Kenai Peninsula be evaluated individually.

The distribution of installed generating capacity among the three geographical regions of the Railbelt electric utilities is generally proportional to the load distribution as shown in Table 1. About 63% of the winter peak demand of the Railbelt is located in the Anchorage Bowl area, 22% in the Fairbanks area, and 15% in the Kenai Peninsula. Similarly, the installed generating capacity is 67% in the Anchorage Bowl, 20% in the Fairbanks area, and 13% on the Kenai Peninsula. The small mismatch is not significant as all areas have capacity margins of 30% or more in the early years of the assessment period.

With the addition of Bradley Lake hydro plant in 1991 at the southern extremity of the Kenai Peninsula in 1991, along with some planned retirements and replacements of capacity, the ratio of installed capacity by the winter of 1999/2000 will shift slightly resulting in about 61% in the Anchorage Bowl, 20% in the Fairbanks area, and nearly 19% on Kenai. The capacity margins will continue to be adequate in the three load areas and are projected to range from 38% to 54% at the end of the assessment period.

The makeup of the generating capacity and the relative economics of operating the various types of capacity in the three areas distort the apparent balance of generating resources and demand requirements. As shown in Figure 2, about 92% of the 1989/1990 installed capacity is primarily gas- or oil-fired with only about 4% consisting of coal-fired steam turbines (with all 45 MW of that located in the Fairbanks area) and the remainder about 4% hydro. About 32 MW of the 49.2 MW of hydro capacity is located in the Anchorage Bowl with the remaining hydro on the Kenai Peninsula. With the addition of Bradley Lake hydro plant (and other generating capacity replacements and retirements through 1999), the proportion of hydro will shift to nearly 13% with 125 MW of the 157 MW being concentrated on the Kenai Peninsula.

Due to relative fuel costs, the Fairbanks area relies primarily on its coal-fired steam generation and significant imports from the south. That is, depending on the time of the year, some 50% or more of its electrical energy requirements are imported over the single 170 mile line from the Anchorage Bowl area. These imports plus the output of the 25 MW coal-fired steam turbine at Healy, in turn, depend upon the single 103 mile line to Gold Hill substation to reach the Fairbanks area customers.

Similarly, except for a small amount of hydro, there is limited generation normally operated on the Kenai Peninsula, and the 89 mile transmission interconnection line with the Anchorage Bowl is relied on for imports approaching 60% of the load requirements of the Kenai area. However, after the completion of the Bradley Lake 108 MW hydro plant, that import situation will change. The Kenai Peninsula will become a net exporter of capacity entitlements to the systems north of the peninsula via the Anchorage Bowl during most of the year over that same single 89 mile interconnection line.

In the Anchorage Bowl area today, the electrical generation output is generally equal to twice the customer requirements in the area, or more. Net exports from the Bowl therefore equal or exceed the Bowl area demand. Nearly one-half of the generation in the Anchorage Bowl is located at Beluga generating facility at the western extremity of the Bowl on the western shore of Cook Inlet. This is also the most economical generation with the exception of the 32 MW of hydro at Eklutna near Palmer. The output of Beluga and Eklutna along with some generation in downtown Anchorage are relied upon heavily to support both the Anchorage Bowl load and the exports to the Fairbanks area and the Kenai Peninsula. This result is a mix of generation of some 80% or more of the total operating capacity in the Railbelt interconnection concentrated in the Anchorage Bowl, 10 to 15% in the Fairbanks area, and 5% or so in the Kenai Peninsula.

After the addition of Bradley Lake in 1991, it appears that the typical operating generation mix would shift to approximately 65 to 70% in the Anchorage Bowl, 20% in the Kenai Peninsula, with the Fairbanks area retaining its 10% to 15% share.

Sufficient generating capacity exists in the three major Railbelt electric areas for normal and emergency operation. However, the economic realities of the cost of operating that generation results in a preponderance of the electrical energy requirements of the Railbelt interconnection being generated in the Anchorage Bowl area. The Fairbanks and Kenai areas rely heavily on imports of that generation to supply their electrical requirements. Therefore, the transmission interconnection transfer capability and its reliability both north and south of the Bowl are critical. Although the addition of the Bradley Lake hydro plant will somewhat reduce the generation requirements in the Anchorage Bowl area and would result in Kenai Peninsula being a net exporter much of the time, the same transmission interconnection between Anchorage and the Kenai Peninsula would be relied upon to maintain that supply and the capability and reliability of the north and south transmission interconnection lines would continue to be important.

Assessment of generation adequacy clearly indicates that sufficient generating capacity margins exist in each of the three Alaska Railbelt areas. Neither forced outages or maintenance outages are expected to adversely impact generating reserve adequacy. However, while the individual utilities or areas may have capacity margins well above the interconnection agreement requirement of 30% reserves, the Railbelt member systems should recognize that as demand increases the margins will likely move down toward the 30% minimum. Of concern is the fact that the 30% criteria is not founded on technical reliability studies such as loss of load probability analyses. The Alaska Railbelt systems should reassess carefully the justification of a 30% criteria and revise their interconnection agreement in accordance with such a reassessment.

Transmission Adequacy

As the loads and generating capacity of the Railbelt electric systems are generally in three geographically separate areas, each of the areas had developed its own transmission systems prior to establishing interconnected operation in the mid 1980s. As a consequence, there are three transmission voltages in use that are interconnected by transformation at five substations in the Anchorage Bowl area as shown in Figure 1. In addition, there is underlying subtransmission in each of the areas consisting primarily of 69 kV facilities as well as some 34.5 kV.

In the Golden Valley area, which encompasses Fairbanks and extends from Denali Park up the Tanana River valley past Fairbanks to Delta Junction, the transmission system is a single 138 kV circuit of approximately 212 miles in length, except for a 33 mile section between the North Pole and Carney substations currently bridged by 69 kV facilities. However, there are plans to add a 138 kV segment to complete this system in 1994. The Fairbanks area (Golden Valley and Fairbanks) is interconnected with the Anchorage Bowl area by 170 miles of single circuit line between the Healy generating plant near Denali Park to Teeland substation. Teeland substation is an interconnection point for all three transmission voltages of these systems and is located in the northwestern portion of the Anchorage Bowl area.

The Kenai Peninsula is the southernmost of the three areas and has a transmission system of 115 kV which is essentially a single circuit serving the peninsula with branches to Fritz Creek, Lawing, and Bernice Lake. Approximately 180 miles of 115 kV transmission line serves the Kenai Peninsula. Future plans are to convert 24 miles of 69 kV line between Lawing to 115 kV thereby extending the 115 kV branch to Seward. The Kenai Peninsula is interconnected with the Anchorage Bowl by a 89 mile 115 kV circuit between Quartz Creek substation (41 miles north of Seward) and University substation. University substation is another interconnection point for three transmission voltages and is located in the southeastern portion of the Anchorage Bowl area.

The Anchorage Bowl area includes the city of Anchorage and the surrounding countryside between the Turnagain and Knik Arms of Cook Inlet, extending northward to Palmer and the Matanuska Valley area, and westward to the area north and west of the Knik Arm. The transmission system within Anchorage is 115 kV with an extension southward to the three voltage University substation and one north to Palmer and westward to the Teeland substation interconnection point. In addition, there is an overlay of about 98 miles of 230 kV transmission extending from Beluga generating station on the west shore of Cook Inlet to a 230/138 kV stepdown substation at Point MacKenzie, then north to the Teeland substation interconnection point as well as eastward from Point MacKenzie across Knik Arm (via submarine cable) to Anchorage where it is interconnected to the 115 kV system, and then southward to University substation with another transformation to 115 kV. The 230 kV loop is closed by 138 kV, transformed from 115 kV at University substation, along the southern boundaries of Anchorage to Point MacKenzie stepdown substation and extended west to the Beluga generating plant.

The transmission in the Anchorage Bowl area is such that it can be considered a network and, as such, should be able to withstand loss of any given circuit. The Kenai Peninsula is essentially a branched circuit with underlying subtransmission on the cross-peninsula sections, such that loss of any branch should be sustainable with only loss of the area served by that branch. However, the 89 mile single circuit tie between Kenai Peninsula and the Anchorage Bowl is, and has historically been, subject to outages due in large part to avalanches. These outages place the Kenai Peninsula in jeopardy from the effects of isolation from the Anchorage Bowl. The addition of the 108 MW Bradley Lake hydroelectric plant at the southern extremity of the peninsula near Homer along with 60 miles of 115 kV transmission between Fritz Creek and Soldotna will tend to exacerbate this situation with the further problem that loss of the

existing Kenai-Anchorage Bowl interconnection would interrupt Bradley Lake capacity entitlements of the Anchorage Bowl and Fairbanks area utilities.

The addition of the proposed 138 kV circuit between Soldotna substation, requiring transformation from 115 kV at that point, to the 138 kV portion of University substation would not only provide a parallel path to the existing tie but would also make the Kenai electric system more of a loop arrangement. It is in view of this that the following comments are offered as regard reliability aspects:

- The existing 115 kV interconnection line has a poor reliability history and has a transmission transfer capacity limit under 75 megawatts (MW). The chances of significantly improved performance is not great due to its physical/geographical location and system conditions that exist.

- The second (currently proposed Sokkotna to University 138 kV line) Kenai interconnection to the Anchorage Bowl area would improve reliability by preventing the shedding of customer load if the existing interconnection line trips, (with the possible exception of those times when the Kenai Peninsula generation is operating in anticipation of loss of the existing tie).

- When Bradley Lake comes into service, reliability will suffer without a second interconnection tie. That is, the second Kenai Peninsula to Anchorage Bowl line is necessary to support Bradley Lake and to help reliably distribute the Bradley Lake capacity to the purchasing systems, to minimize blackouts in the Kenai Peninsula, and to minimize underfrequency load shedding in the Fairbanks area and the Anchorage Bowl.

As indicated above, the Golden Valley-Fairbanks area transmission system is essentially a 212 mile single circuit from the primary electrical source at the Healy generating plant to the eastern extremities of the system at Jarvis Creek. Of this, only about 50 miles has underlying transmission and therefore this system is highly exposed for loss of any single 138 kV circuit segment, particularly the 103 mile circuit between Healy and Gold Hill. It is in view of this that the following comments are offered as regard reliability aspects.

- The addition of the proposed 105 mile 138 kV circuit between Healy generating plant and Fort Wainwright substation would not only provide an alternate path for loss of the circuit to Gold Hill, but would also provide essentially loop service between the Healy plant and the major part of the load in this area.

- The reliability of the Healy-Gold Hill line has been good, such that additional facilities will not have as dramatic an impact on reliability as the second Kenai Peninsula to Anchorage Bowl tie. However, based on traditional planning criteria, the Healy-Fort Wainwright tie is required to assure an adequate source-to-load path from the dual sources at Healy (Healy generation plus the capacity purchases from the Anchorage Bowl and Kenai Peninsula (Bradley Lake)) to the Fairbanks area.

The 170 mile interconnection line between Teeland substation and Healy generating plant is vulnerable to single circuit outage and would cause loss of transfer capability between the Anchorage Bowl area and Healy. Future consideration should be given to providing an additional transmission path between the Anchorage Bowl area and the Fairbanks area. Under traditional reliability criteria, a second transmission line between the Anchorage Bowl and the Fairbanks area would likely be required (either via Teeland and Healy, or more likely some other separate transmission path between the Anchorage Bowl and the Fairbanks area).

Operations

The following comments are made concerning the operational aspects of the Alaska Railbelt interconnected systems:

- Each Railbelt system indicated it brings on additional generation for reserves in recognition of adverse weather conditions. These reserves were indicated to be geographically located such that they would not be bottled by transmission contingencies. This type of response enhances reliability and should be encouraged.

- It was indicated in the interviews that customer load would be shed if economy or non-firm transactions were interrupted. This does not confirm to the traditional interpretation of NERC criteria for these types of transactions in the interconnected systems of the lower 48 states. The three traditional broad categories of electrical transactions and a summary of their application is as follows:

  Economy – Economy transactions are, by definition, immediately withdrawable. Receiving systems have the obligation to maintain generation backed-off and spinning to replace the economy without loss of load.

  Non-Firm or Interruptible – The receiving system must have generation available to replace the purchase within a specified time. The seller must maintain the delivery for the duration of the agreed upon time. Interruption of the transaction within the predetermined time frame is accomplished without any loss of load.

  Firm – A firm purchase is treated as a generator on the receiving system and a load on the sellers system.

- Lack of agreement exists over who must cut what generation schedules if a transmission constraint exists. This condition is partially due to conflicting terms between new and existing contracts, e.g. contracts between Chugach and Fairbanks and contracts associated with Bradley Lake. There is also a lack of definition in the area of transmission ownership vs use. These are policy decisions that should not wait for shift dispatchers to solve when the condition occurs.

- Additional spinning generator reserves will not prevent underfrequency load shedding for the loss of generation. Reliance on load shedding as spinning reserve is not traditional and is avoided by most NERC systems. However, due to the unique nature of the Railbelt systems, their generation inertia and size of loads, this technique may not only be appropriate, but essential.

- Each Railbelt system should develop written operating criteria and procedures for its system. These criteria and procedures could then be compared and utilized to develop overall operating criteria and procedures for the Railbelt interconnection

Reliability Issues

The existing Railbelt utilities lack comprehensive planning and operating criteria as well as interconnection criteria for integrated planning and operations. Therefore, the existing and proposed Railbelt electric utility systems were evaluated against traditional reliability criteria and practices followed by the interconnected electric systems of NERC's Regional Reliability Councils in the lower 48 states and Canada.

For example, NERC's Planning Guides recommend to the extent practicable that an excessive concentration of generating capacity in one unit, at one location or in one area, be avoided, that excessive dependence on a single transmission line be avoided, and that a system be designed to withstand credible contingency situations. Under traditional criteria, a single generation or transmission contingency generally would not black out an entire interconnected system or cause the shedding of a portion of system load. In contrast, within the Alaska Railbelt systems, a single contingency such as the loss of fuel supply to the Beluga generating plant on December 11, 1989 can and has blacked out the interconnected Railbelt electric systems. Similarly, based on information given to the RAS subgroup, during periods of high capacity transfers from the Kenai Peninsula Bradley Lake project, the sudden outage of the existing 115 kV interconnection line between the Kenai peninsula and the Anchorage Bowl would likely cause load shedding in the Anchorage and Fairbanks areas and a blackout of the complete Kenai electric system. These two examples illustrate the lack of compliance with traditional NERC planning and operating criteria.

Based on a comparison of the current Railbelt interconnected systems planning and operating procedures with traditional electric utility planning and operating reliability criteria in NERC-U.S. and NERC-Canada, the RAS subgroup offers the following comments:

- Planning and Operating Criteria The Railbelt utilities should develop, formulate in writing, and approve appropriate planning and operating reliability criteria for their respective electric systems and service areas. In addition, coordinated interconnection planning and operating reliability criteria should similarly be developed, formulated in writing, and approved under the auspices of the existing Interconnection Agreement or under the ASCC umbrella. NERC's Planning Policies encourage the development of planning and design criteria by Regional Councils, power pools, and individual systems applicable to their Region or area.

- Load Shedding and Spinning Reserve Studies The Railbelt utilities are currently conducting two important reliability related studies. The first involves the application of underfrequency load shedding schemes. Underfrequency load shedding is critical to the Railbelt utilities, because it is the primary method of preventing system blackouts following a loss of generation or certain transmission line outages. The second study involves spinning reserve requirements after the Bradley Lake hydro project comes into service. This study will also play an important role in determining the ability of the Railbelt utilities to avoid uncontrolled loss of customer load following a system disturbance. Both studies are likely to result in Railbelt members having to make difficult decisions affecting the balance between economy and reliability. Interconnected operation will require that such decisions be made, and complied with, as one, rather than as seven separate systems. The importance of these studies dictates that they be completed promptly and that the Railbelt utilities quickly determine and implement whatever policy and procedures are identified by those studies.

- Bradley Lake Hydro Project The Bradley Lake hydro project, on the Kenai Peninsula, is nearing completion, but the Railbelt utilities have not yet received approval for construction of the transmission facilities needed to reliably transfer capacity from the project to major load centers. As discussed elsewhere in this

assessment, this is a direct threat to the reliability of the Railbelt systems. However, it is also an indication of an even greater threat, the lack of an integrated, coordinated process of planning transmission to accompany generation resources. Electric system reliability is much like a chain, with generation, transmission, and distribution facilities as individual links. Making the generation link stronger is ineffective unless the transmission link is at least as strong. In the future, the Railbelt utilities must proactively and collectively plan transmission to support any generation or purchased capacity options. Reliability will likely suffer if transmission requirements remain an afterthought.

- Economy vs Reliability The most significant issue affecting the reliability of the Railbelt utilities is maintaining a proper balance between economy and reliability. If judged against the reliability levels generally maintained by the NERC Interconnections, it would appear that, within the Railbelt utilities, economics has encroached on reliability. However, given the unique geographic, electrical, and economic circumstances facing the Railbelt systems, the existing balance may be proper. The cost of providing reliability is exceptionally high for the Railbelt utilities, but there are indications that the reliability expectations of the customers in the Railbelt utilities are increasing. The lack of a clear, written definition of what constitutes adequate reliability for the Railbelt utilities makes a final judgment impossible. However, one judgment that can be made is that more than in any other NERC Region, the balance between economy and reliability is of concern. The members of the Railbelt utilities must pay utmost attention to this balance. It is easy to share in the economic benefits of an interconnected system. It is more difficult, but nevertheless just as important, to also share the responsibilities of maintaining reliability.

Table 1
RAILBELT INTERCONNECTED ELECTRIC UTILITY SYSTEMS OF ASCC
PEAK DEMAND & CAPACITY RESOURCES -- MW
Winter Season

Major Electric Load Centers	Utilities	1989/1990 Demand	1989/1990 Capacity	1999/2000 Demand	1999/2000 Capacity
Fairbanks Area	GVEA	109	197	122	221
	FMUS	30	44	33	28.5
	Total	139	241	155	249.5
Anchorage Bowl	CEA	163.8	413.8	170.0	383.9
	APAD	0	32	0	32
	MEA	97	0	113	0
	AML&P	143	331.8	155	331.8
	Total	403.8	777.6	438	747.7
Kenai Peninsula	CEA	13	99	13.3	63.7
	HEA	73.9	40	76.3	40
	SES	10.5	10.5	14	13.5
	AEA	0	0	0	108
	Total	97.4	149.5	103.6	225.2
All Systems	Total	640.2	1168.1	696.6	1222.4

Sources: Draft of the Railbelt interconnection's responses for the 1990-1999 period to the U.S. Department of Energy's annual April 1 Coordinated Bulk Power Supply Program (IE-411) Report and the NERC Reliability Assessment Subcommittee's data request forms 01 through 08.

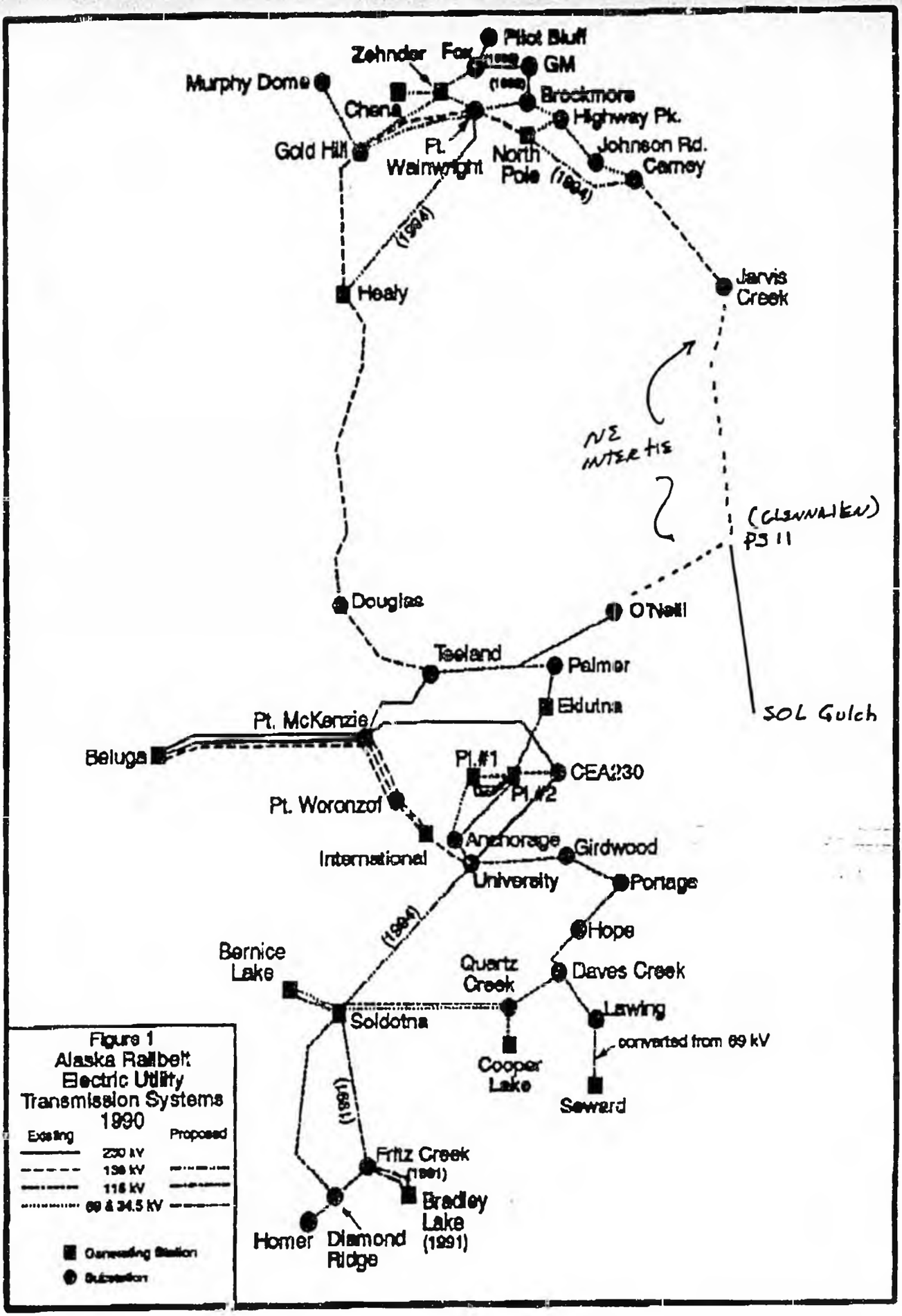
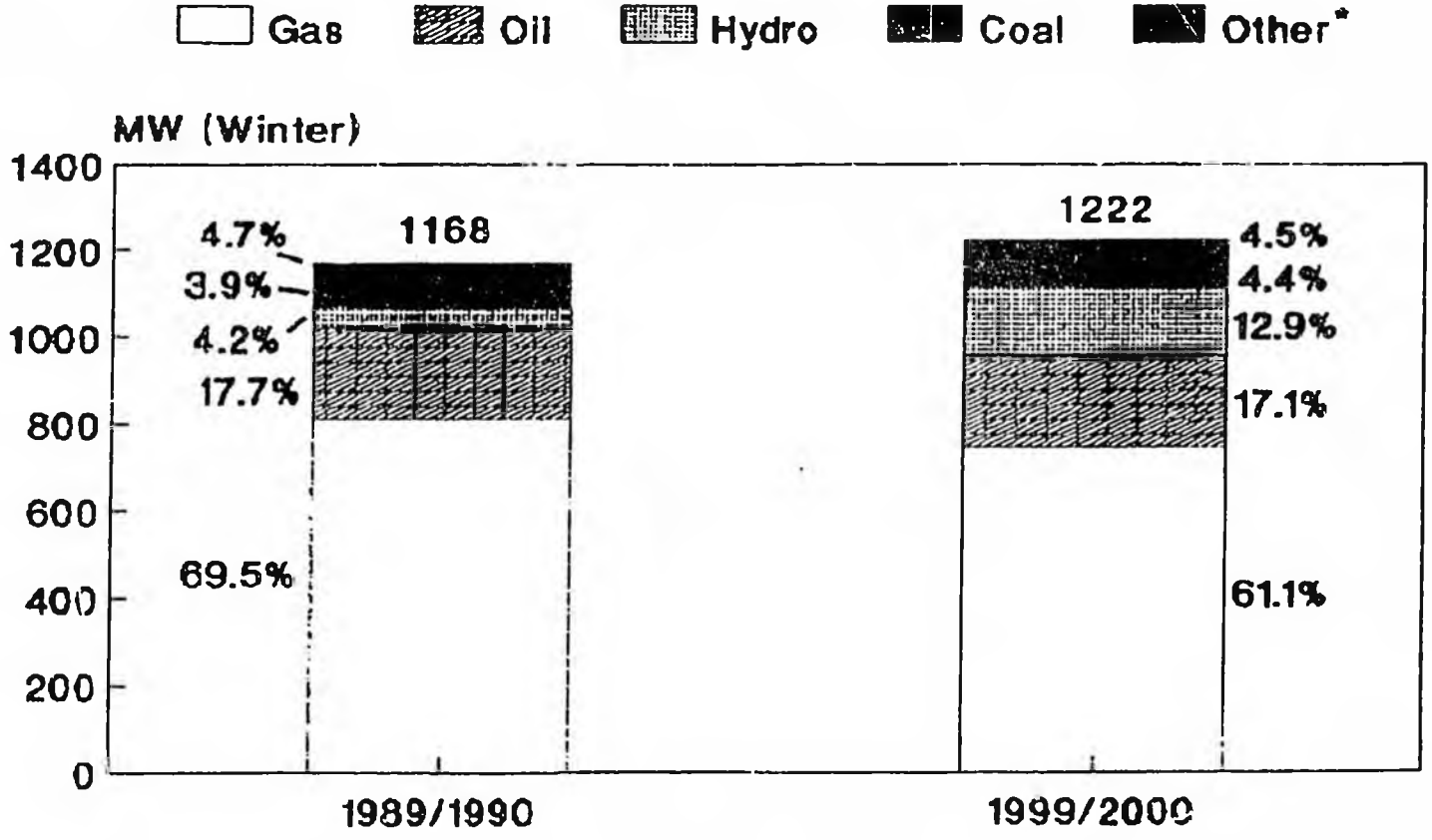

Pilot Bluff
Zehnder
Fox
GM
(1988)
Murphy Dome
Chena
Brockmore
Highway Pk.
Gold Hill
Pt. Wainwright
North Pole
(1984)
Johnson Rd.
Carney
(1984)
Healy
Jarvis Creek
NE INTERTIE
(GLENNALLEN) PS 11
Douglas
O'Neill
Teeland
Palmer
Eklutna
Pt. McKenzie
SOL Gulch
Beluga
Pt. #1
CEA230
Pt. #2
Pt. Woronzof
International
Anchorage
Girdwood
University
Portage
(1984)
Hope
Bernice Lake
Quartz Creek
Daves Creek
Lawing
Soldotna
converted from 69 kV
Cooper Lake
Seward
(1991)
Fritz Creek
(1991)
Bradley Lake
(1991)
Homer
Diamond Ridge
Figure 1
Alaska Railbelt
Electric Utility
Transmission Systems
1990
Existing
Proposed
230 kV
138 kV
115 kV
69 & 34.5 kV
Generating Station
Substation

Figure 2

Alaska Railbelt Electric Utility Systems Generating Capacity by Fuel



*Waste heat.

GOLDEN VALLEY ELECTRIC ASSOCIATION INC. Box 71249, Fairbanks, Alaska 99707-1249, Phone 907-452-1151

March 20, 1990

Mr. Doug Bursey
Copper Valley Electric Association
P.O. Box 45
Glennallen, AK 99588

Dear Mr. Bursey,

Thank you for the copy of HB 454. I was pleased when Mr. Kubina replaced our friend Representative Cato when she retired. He has a head start on energy issues because of his experience on your Board. He can be very helpful in assuring that the energy fund is used for its intended purpose. I also believe he has the energy and vision to work toward interconnection of the Copper/Cordova area into the Railbelt grid. He knows how important it is for power cost in that area to be cut in half.

As we discussed at the ARECA meeting in Juneau last week, the primary goals for use of the energy fund remain as follows: (1) construction of the Kenai-Anchorage and Healy-Fairbanks interties; and (2) ongoing funding of PCE. However, as we have discussed, we need to be looking beyond these projects toward solutions to the power cost problems in your consumers' area. I'd like to pay a role in implementing those solutions if possible.

The Northeast Intertie which was studied by AEA as a candidate for funding showed multiple millions of dollars in benefits to Southcentral, the Copper Basin and the Interior. If you believe as I do that our State will grow and prosper, this line must be built. In the lower 48 most major transmission ties are in place. They were funded during the past 50 years through a combination of federal programs for public power and generous tax breaks for the privates. All those opportunities are in the past. Alaska is a young state. Our state government must play the role of assisting our consumers in adding the important transmission infrastructure that will bring reliable, inexpensive power to our citizens. The Northeast Intertie is a worthy candidate-project.

The Northeast Intertie can be built in three stages. First, Delta Junction to Glennallen. Then Glennallen to Palmer; then later over to Cordova. The first leg from Delta to Glennallen has many immediate benefits. Among them are:

1. The high cost diesel generators would immediately be silenced.

2. Consumers could be connected at major points along the highway.

3. GVEA could purchase the "spilled KWHs" from Solomon during the summer when CVEA doesn't have enough load to absorb all the output.

4. Copper and Delta would benefit from the dual feed, thereby insuring reliability. The recently released NERC report points out the importance of the transmission ties.

5. CVEA rates would plummet as a result of gas-fired energy from Anchorage and coal-fired power from the new Healy plant.

6. If CVEA is still interested, we could renew investigation of a CVEA-GVEA merger.

Doug, I'll help all I can.

Best regards,

Michael P. Kelly
General Manager

Mice

COPPER VALLEY ELECTRIC ASSOCIATION, INC.
P O BOX 45 GLENNALLEN, ALASKA 99588-0045

Glennallen (907) 822-3211
Valdez (907) 835-4301
Telefax # (907) 822-5586

March 24, 1989

Mr. Salim Jabbour
Decision Focus Inc.
4984 El Camino Real
Los Altos, CA 94022

Subject: D.F.I. Report on Railbelt Intertie Feasibility Study

Dear Mr. Jabbour:

We appreciate the time spent in presenting the D.F.I. analysis during the meeting of March 13, 1989. Even though the schedule of the final report is rather inflexible, we must request that we are kept informed of the developing changes.

As discussed during the meeting, there are benefits associated with the Northeast Intertie that were not addressed in the model presented. The most significant benefit would be the costs associated with generation sharing between Golden Valley Electric and the other utilities. Since this savings is not possible with the alternate route, it seems an easily quantifiable and necessary benefit.

There has been discussion as to the merits of including the Backscatter load in the analysis. We feel that this load should not be down played and should realize full potential. Information we have indicates that the likely supplier is very interested in being connected to a power grid. This is certainly a good indication as to the merit of including the Backscatter load as truly viable.

We are concerned that the overall benefits to the CVEA system have been lessened due to questions concerning our system, specifically our system heat rate. CVEA operates its system in the most efficient manner possible, yet is limited by old and inefficient equipment. Assuming that our heat rate is any better than we reported is not supportable.

The model indicates additional generation being added with existing heat rates utilized. We feel that this is a conservative approach that should be followed. We have no way of forecasting the performance levels of future plant since the percentage of new generation versus use of existing is as yet undetermined.

As CVEA operates an isolated system, we feel very strongly about the Northeast Intertie. The overall effect on the quality of life to our members in Glennallen and Valdez stands to be greatly improved by this project. These benefits are not easily quantified, but must be considered. Currently, electricity is consumed on a purely subsistence level with absolute minimum use. The only way for this to change is for reductions in energy costs now exceeding 20 cents per Kwh, and the only way to lower these costs is for CVEA to become interconnected into the power grid through the Northeast Intertie. We hope that the importance of these issues will allow their incorporation into the final report even though the project completion draws near.

If we may provide any additional information which can be incorporated in the model, please let us know.

Sincerely,

Michael E. Easley, P.E.
Manager, Engineering Services

cc: Steve Haagenson, GVEA
Richard Emmerman, APA
Alan Mitchel, ISER

c:\wp50\me\89-23.me

SUMMARY OF BENEFITS-RAILBELT INTERTIE FEASIBILITY MARCH 15, 1989

ALL DOLLARS IN MILLIONS

PROJECT	EXPECTED LOW	EXPECTED HIGH	UTILITY LOW	UTILITY HIGH	COST
ANC-FBNK 100MW	31.7	32.4	22.8	23.5	8.46
ANC-FBNK	-38.5		-6.8		133.9
N.E INTERTIE	-30	41.5	-3	112	186.1
COAL	-88.8	-168	-86	-166	290.7
GAS	191.2		271.9		284.1
KENAI-ANCH	-72.8	-61.5	-77.2	-65.9	103.1
ENDUSE 3	5.19	7.11	10.28	10.28	15.42
ENDUSE 8	1.51	5.95	14.38	14.38	43.51

ADDITIONAL BENEFITS TO BE ADDED TO NE INTERTIE SINCE ADDITIONAL TRANSMISSION RELIABILITY WILL ALLOW GVEA TO REDUCE GENERATION CAPACITY.

GAS OPTION SHOWS LARGE BENIFITS AT THE COST OF ENERGY DIVERSIFICATION
MILITARY MAY NOT APPROVE SINGLE SOURCE PIPELINE.
GAS COMPANY PROFITS ARE INCLUDED IN BENEFITS.

OTH-B LOAD IS CONSIDERED IN HIGH VALUES FOR NE INTERTIE.

COPPER VALLEY ELECTRIC ASSOCIATION, INC.
P O BOX 45 GLENNALLEN ALASKA 99588-0045

Glennallen (907) 822-3211
Valdez (907) 835-4301
Telefax # (907) 822-5586

October 30, 1989

Mr. Brent Petrie
Alaska Energy Authority
P.O. Box 190869
Anchorage, Alaska 99519-0869

Dear Brent:

During 1989 CVEA was able to collect data on just how much energy was spilling. We had previously estimated 14 to 16 million kwhs would be available. This year 25,768,863 kwhs spilled represented by the overflow charts attached for July, August, and September.

Brent, if you assume a return to the State of four (4) cents per kwh this represents a $1,030,754.52 potential sale to the state. I believe, this is worthy of consideration in conjunction with discussion on tie lines between Copper Valley Electric and the Railbelt utilities.

Sincerely,

R.D. (Doug) Bursey
General Manager

attachments

c:\wp50\rdb\89-197

SOLOMON GULCH HYDRO
GULCH FLOW \ LAKE OVERFLOW JULY 1989

DATE:	CFS 0000	CFS 0800	CFS 1600	AVG \ CFS TOTAL	ACRE \ FEET OVERFLOW	KWH LOST
1	281.6	281.6	255.7	273.0	541.4	306,445
2	352.5	328.3	321.6	334.1	662.7	375,113
3	363.1	363.1	271.7	332.6	659.8	373,429
4	308.2	284.9	255.7	282.9	561.2	317,634
5	284.9	278.3	255.7	273.0	541.4	306,445
6	243.2	234.0	190.8	222.7	441.7	249,976
7	231.1	225.1	180.1	212.1	420.7	238,113
8	207.7	210.5	170.2	196.1	389.0	220,188
9	202.0	204.8	172.6	193.1	383.1	216,820
10	202.0	180.1	177.5	186.5	370.0	209,411
11	225.1	243.2	204.8	224.4	445.0	251,884
12	252.5	255.7	204.8	237.7	471.4	266,815
13	237.1	213.4	175.0	208.5	413.6	234,071
14	188.1	180.1	149.9	172.7	342.5	193,881
15	141.7	141.7	121.5	135.0	267.7	151,520
16	128.4	124.9	107.3	120.2	238.4	134,942
17	154.2	156.4	143.7	151.4	300.4	170,006
18	196.3	202.0	193.5	197.3	391.3	221,460
19	228.0	216.3	156.4	200.2	397.2	224,791
20	202.0	200.0	175.0	192.3	381.5	215,922
21	177.5	185.4	156.4	173.1	343.3	194,330
22	152.0	154.2	141.7	149.3	296.1	167,611
23	158.6	180.1	210.5	183.1	363.1	205,519
24	237.1	255.7	234.0	242.3	480.5	271,979
25	222.1	196.3	160.8	193.1	382.9	216,745
26	158.6	141.7	121.5	140.6	278.9	157,844
27	133.9	130.2	110.3	124.8	247.5	140,106
28	139.7	132.0	116.6	129.4	256.7	145,308
29	143.7	143.7	149.9	145.8	289.1	163,644
30	275.0	152.0	265.2	230.7	457.7	259,032
31	240.1	240.1	193.5	224.6	445.4	252,109
					12461.3	7,053,090

EINAME: LAKE OVERFLOW

SOLOMON GULCH HYDRO
GULCH FLOW \ LAKE OVERFLOW AUGUST 1989

TE:	CFS 0000	CFS 0800	CFS 1600	AVG \ CFS TOTAL	ACRE \ FEET OVERFLOW	KWH LOST
1	188.1	216.3	284.9	229.8	455.7	257,946
2	321.6	331.8	284.9	312.8	620.4	351,126
3	255.7	219.2	204.8	226.6	449.4	254,354
4	199.1	170.0	170.2	179.8	356.6	201,814
5	165.4	202.0	145.7	171.0	339.2	192,010
6	160.8	163.1	156.4	160.1	317.6	179,735
7	188.1	180.0	175.0	181.0	359.1	203,236
8	180.1	156.4	130.2	155.6	308.6	174,646
9	163.1	113.4	87.0	121.2	240.3	136,027
10	82.8	87.0	89.0	86.3	171.1	96,847
11	113.4	111.8	100.0	108.4	215.0	121,695
12	124.9	130.2	133.9	129.7	257.2	145,570
13	128.4	160.8	145.7	145.0	287.5	162,746
14	152.0	149.9	111.8	137.9	273.5	154,813
15	116.6	102.8	90.0	103.1	204.6	115,782
16	97.5	93.8	74.0	88.4	175.4	99,279
17	79.9	83.9	66.7	76.8	152.4	86,257
18	61.7	71.0	80.9	71.2	141.2	79,931
19	91.5	132.0	172.6	132.0	261.9	148,227
20	216.3	228.0	185.4	209.9	416.3	235,643
21	180.1	152.0	132.0	154.7	306.8	173,673
22	143.7	130.2	97.5	123.8	245.6	138,983
23	128.4	113.4	98.7	113.5	225.1	127,420
24	152.0	190.8	152.0	164.9	327.1	185,162
25	172.6	373.8	237.1	261.2	518.0	293,197
26	865.8	523.8	202.0	530.5	1052.3	595,600
27	366.6	252.6	188.1	269.1	533.8	302,104
28	288.0	384.6	962.9	545.2	1081.3	612,028
29	931.6	962.9	763.2	886.0	1757.3	994,626
30	608.3	370.2	291.6	423.4	839.7	475,290
31	255.7	228.0	190.8	224.8	446.0	252,408
					13336.0	7,548,176

LE NAME: LAKE OVERFLOW

SOLOMON GULCH HYDRO
GULCH FLOW \ LAKE OVERFLOW SEPTEMBER 1989

TE:	CFS 0000	CFS 0800	CFS 1600	AVG \ CFS TOTAL	ACRE \ FEET OVERFLOW	KWH LOST
	NOTE: LESS THAN 13 CFS = 0.0					
1	190.8	190.8	231.0	204.2	405.0	229,244
2	252.5	271.7	527.9	350.7	695.6	393,711
3	792.0	483.4	281.6	519.0	1029.4	582,653
4	237.1	172.7	123.2	177.7	352.4	199,457
5	121.5	202.0	1010.0	444.5	881.7	499,016
6	1343.0	777.2	536.1	885.4	1756.2	994,027
7	381.0	295.0	255.7	310.6	616.0	348,656
8	255.7	231.0	188.1	224.9	446.1	252,520
9	193.5	167.0	139.7	166.7	330.7	187,182
10	165.4	503.4	816.3	495.0	981.9	555,747
11	617.0	573.9	402.9	531.3	1053.8	596,424
12	298.3	338.6	291.6	309.5	613.9	347,459
13	249.4	228.0	160.8	212.7	422.0	238,824
14	130.2	113.4	78.9	107.5	213.2	120,684
15	65.4	54.7	29.7	49.9	99.0	56,057
16	20.8	18.3	9.9	16.3	32.4	18,337
17	6.9	6.3	5.8	6.3	12.6	0
18	5.6	5.6	11.8	7.7	15.2	0
19	5.1	5.1	6.1	5.4	10.8	0
20	5.8	5.7	5.9	5.8	11.5	0
21	6.1	9.1	79.1	31.4	62.3	35,288
22	288.3	311.5	845.8	481.9	955.8	540,965
23	630.2	366.6	377.4	456.1	908.6	514,246
24	758.5	1873.0	3033.0	1888.2	3745.1	2,119,740
25	2146.0	870.8	523.8	1180.2	2340.9	1,324,945
26	414.0	429.7	278.3	374.0	741.8	419,869
27	234.0	222.1	222.1	226.1	448.4	253,793
28	246.3	202.0	126.7	191.7	380.2	215,174
29	100.0	76.0	39.9	71.9	142.7	80,771
30	36.9	44.4	33.1	38.1	75.6	42,810
31				0.0	0.0	0
					19780.8	11,167,597

FY' 89 Statistics

COPPER VALLEY
REVENUE RECAP-1989
FILENAME:\AUD89\REVRCP

03-Feb-90 13:13:53

		REVENUE	KWH SALES	# OF CONSUMERS	REV/KWH	PERCENTAGE REVENUE	PERCENTAGE KWH SALES	PERCENTAGE # OF CONSUMERS
BY CUSTOMER CLASS								
G	RESIDENTIAL	781,568	3,866,082	798	0.202	9.8%	7.5%	31.1%
V	RESIDENTIAL	1,546,217	9,580,096	1,203	0.162	19.4%	18.5%	47.0%
G	SMALL COMM'L	860,976	4,345,817	205	0.198	10.8%	8.4%	8.0%
V	SMALL COMM'L	841,777	5,855,911	212	0.144	10.5%	11.3%	8.3%
G	LARGE COMM'L	1,272,394	8,527,840	11	0.149	15.9%	16.5%	0.4%
V	LARGE COMM'L	2,478,794	18,402,943	56	0.135	31.0%	35.5%	2.2%
G	STREET LIGHTS	19,141	105,801	8	0.181	0.2%	0.2%	0.3%
V	STREET LIGHTS	11,363	63,087	9	0.180	0.1%	0.1%	0.4%
G	PUBLIC BLDGS	67,327	357,256	30	0.188	0.8%	0.7%	1.2%
V	PUBLIC BLDGS	108,039	729,296	30	0.148	1.4%	1.4%	1.2%
	TOTAL REVENUES	7,989,597	51,834,129	2,562	0.154	100.0%	100.0%	100.0%
BY DISTRICT								
G	RESIDENTIAL	781,568	3,866,082	798	0.202	9.8%	7.5%	31.1%
G	SMALL COMM'L	860,976	4,345,817	205	0.198	10.8%	8.4%	8.0%
G	LARGE COMM'L	1,272,394	8,527,840	11	0.149	15.9%	16.5%	0.4%
G	STREET LIGHTS	19,141	105,801	8	0.181	0.2%	0.2%	0.3%
G	PUBLIC BLDGS	67,327	357,256	30	0.188	0.8%	0.7%	1.2%
	TOTAL COPPER BASIN	3,001,407	17,202,796	1,052	0.174	37.6%	33.2%	41.1%
V	RESIDENTIAL	1,548,217	9,580,096	1,203	0.162	19.4%	18.5%	47.0%
V	SMALL COMM'L	841,777	5,855,911	212	0.144	10.5%	11.3%	8.3%
V	LARGE COMM'L	2,478,794	18,402,943	56	0.135	31.0%	35.5%	2.2%
V	STREET LIGHTS	11,363	63,087	9	0.180	0.1%	0.1%	0.4%
V	PUBLIC BLDGS	108,039	729,296	30	0.148	1.4%	1.4%	1.2%
	TOTAL VALDEZ	4,988,191	34,631,333	1,510	0.144	62.4%	66.8%	58.9%
	TOTAL CVEA	7,989,597	51,834,129	2,562	0.154	100.0%	100.0%	100.0%
BY TYPE OF CUSTOMER								
	RESIDENTIAL	2,329,785	13,446,178	2,001	0.173	29.2%	25.9%	78.1%
	SMALL COMM'L	1,702,753	10,201,728	417	0.167	21.3%	19.7%	16.3%
	LARGE COMM'L	3,751,188	26,930,783	67	0.139	47.0%	52.0%	2.6%
	STREET LIGHTS	30,504	168,888	17	0.181	0.4%	0.3%	0.7%
	PUBLIC BLDGS	175,366	1,086,552	60	0.161	2.2%	2.1%	2.3%
	TOTAL REVENUES	7,989,596	51,834,129	2,562	0.154	100.0%	100.0%	100.0%

(APPENDIX E)

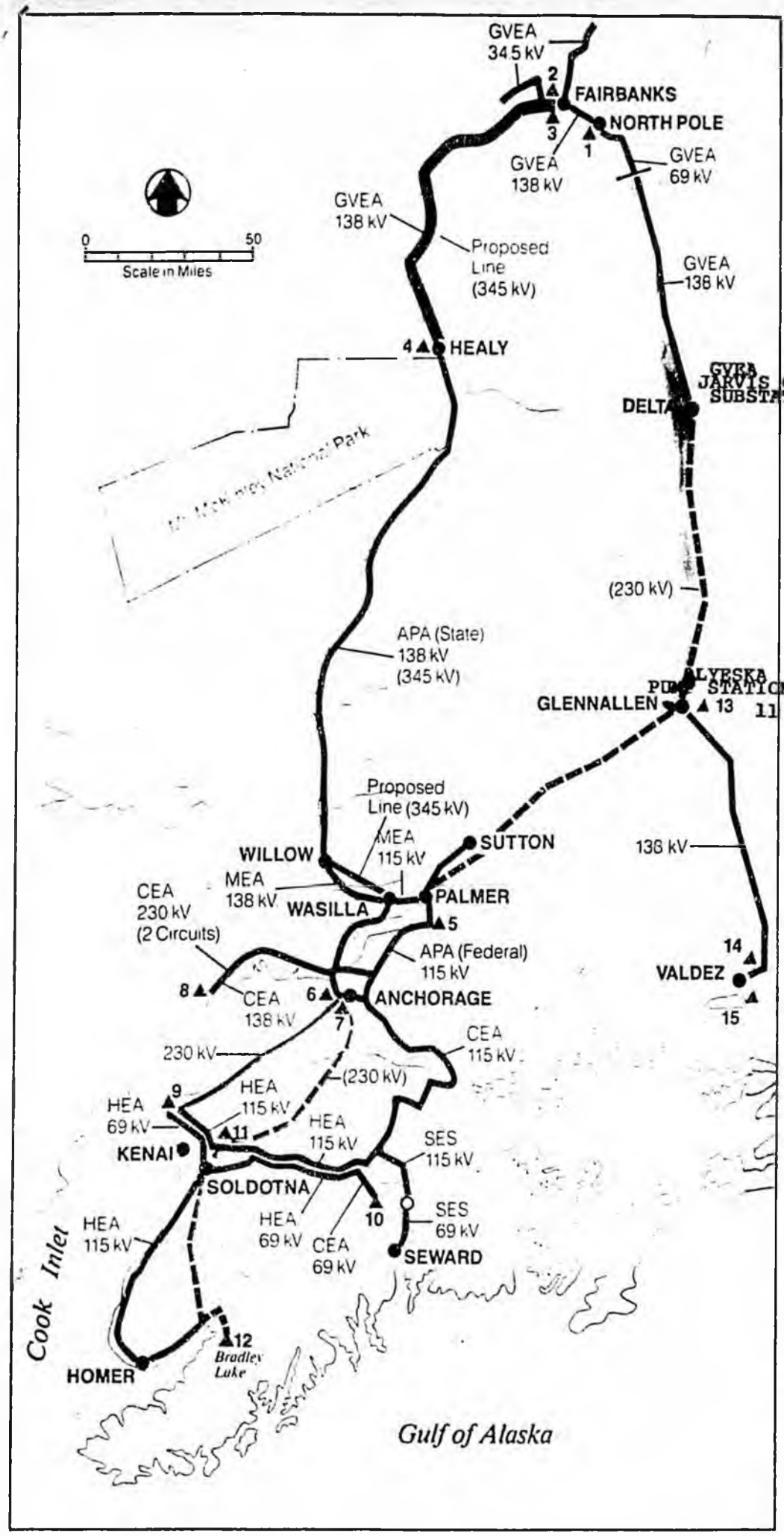
COPPER VALLEY ELECTRIC ASSOCIATION, INC. 25-Feb-91 10:19:51
1989 AUDIT
LINE LOSS
FILENAME:\AUD89\LINLOSS

MONTH		PURCHASED POWER	GLENN NET GEN	VALDEZ NET GEN	TOT. AVAIL KWH	KWh SALES	12 MONTH ROLLING AVG LINE LOSS %	CALENDAR TOTALS PURCHASED POWER	GLENN NET GEN	VALDEZ NET GEN	TOTAL AVAIL KWH	KWh SALES
December	1985	2,303,763	1,802,250	(75,277)	4,030,735	4,204,575	10.5%	36,749,955	13,151,260	792,199	50,733,415	45,401,085
January	1986	2,742,236	1,709,360	(61,926)	4,389,670	3,753,880	10.9%	72%	26%	2%	100%	
February	1986	2,590,026	1,400,380	(118,460)	3,871,946	3,893,884	11.0%					
March	1986	2,580,070	1,757,500	(161,726)	4,175,844	3,669,310	11.9%					
April	1986	1,345,950	2,643,076	(146,120)	3,842,906	3,600,769	9.6%					
May	1986	3,380,940	722,220	(3,670)	4,099,490	3,422,584	10.0%					
June	1986	3,455,554	(78,832)	(5,860)	3,370,862	3,671,715	10.1%					
July	1986	4,056,890	(53,066)	(2,040)	4,001,784	3,021,674	10.2%					
August	1986	4,105,573	219,752	(5,240)	4,322,085	4,151,221	9.6%					
September	1986	3,383,994	122,522	2,110	3,509,626	3,476,021	9.5%					
October	1986	3,924,595	115,834	(1,236)	4,037,293	3,138,959	10.0%					
November	1986	3,635,089	803,810	(27,900)	4,404,999	3,570,836	9.4%					
December	1986	3,212,626	1,026,022	(88,660)	4,152,048	4,200,014	9.6%	38,437,644	11,385,038	(618,704)	48,207,879	43,576,367
January	1987	2,755,802	1,615,354	(196,960)	4,174,196	3,839,373	9.0%	80%	22%	-1%	100%	
February	1987	3,009,040	961,542	(75,670)	3,894,912	3,633,546	9.6%					
March	1987	3,111,690	1,274,648	(119,830)	4,266,488	3,664,289	9.8%					
April	1987	2,146,580	1,747,916	60,546	3,955,042	3,880,099	9.4%					
May	1987	3,457,600	517,730	(40,500)	3,934,830	3,235,691	9.5%					
June	1987	3,739,954	(28,790)	(65,400)	3,645,764	3,316,605	10.8%					
July	1987	4,136,318	(30,030)	(49,210)	4,057,078	3,395,139	10.0%					
August	1987	3,966,541	213,874	5,172	4,185,587	3,880,528	10.3%					
September	1987	3,934,496	51,673	(124,340)	3,861,829	3,751,854	10.4%					
October	1987	4,028,669	(40,191)	(107,280)	3,881,198	3,675,436	9.0%					
November	1987	3,321,805	871,424	213,760	4,407,029	3,537,403	9.1%					
December	1987	3,015,390	1,019,848	152,840	4,188,078	3,750,601	10.1%	40,622,888	8,175,003	(347,118)	43,450,774	43,561,164
January	1988	3,180,000	1,406,220	156,460	4,742,680	4,288,084	10.2%	84%	17%	-1%	100%	
February	1988	2,591,792	1,298,860	137,560	4,028,212	3,690,897	10.3%					
March	1988	2,783,747	1,281,920	119,410	4,185,077	3,624,498	10.3%					
April	1988	1,373,945	2,277,080	16,245	3,667,270	4,043,449	9.4%					
May	1988	3,033,477	848,730	58,050	3,940,257	3,651,974	6.6%					
June	1988	3,215,942	461,300	(25,530)	3,651,682	2,883,168	9.5%					
July	1988	4,221,709	78,800	(37,225)	4,263,284	3,771,323	9.1%					
August	1988	4,229,479	11,194	(55,655)	4,186,968	3,828,933	9.2%					
September	1988	3,978,686	(32,520)	(23,560)	3,922,606	3,867,492	9.1%					
October	1988	4,028,387	85,440	(30,100)	4,083,727	3,489,060	9.8%					
November	1988	3,430,744	928,670	(61,430)	4,297,984	3,580,925	9.5%					
December	1988	2,771,156	1,573,960	0	4,345,116	3,854,630	9.6%	38,839,064	10,219,654	256,132	49,314,850	44,574,433
January	1989	3,321,842	2,045,130	(172,750)	5,194,222	4,259,735	10.5%	79%	21%	1%	100%	
February	1989	2,087,714	1,763,950	(129,940)	3,721,724	4,326,663	8.6%					
March	1989	2,855,431	1,812,950	(96,650)	4,571,731	3,394,775	9.8%					
April	1989	795,659	1,575,590	*1,859,530	4,230,779	4,402,260	10.1%					
May	1989	2,816,599	1,556,662	(15,300)	4,357,961	3,577,311	11.0%					
June	1989	2,149,365	1,445,490	(46,330)	3,548,525	4,310,097	8.0%					
July	1989	2,303,144	1,496,642	(28,130)	3,771,586	4,295,844	6.1%					
August	1989	3,456,934	1,528,100	(33,390)	4,951,644	4,646,803	5.9%					
September	1989	4,654,540	10,318	(24,900)	4,639,958	4,877,229	5.2%					
October	1989	4,495,374	484,386	(27,250)	4,952,510	4,456,037	4.9%					
November	1989	3,483,144	2,294,860	(96,590)	5,681,414	4,940,380	4.9%					
December	1989	2,670,147	2,471,150	(159,950)	4,981,347	4,346,995	5.1%	35,089,835	18,485,228	1,028,290	54,603,411	51,834,129
								64%	34%	2%	100%	

(APPENDIX E)

HOUSE BILL 454
PROPOSAL

Railbelt Generation and Transmission Systems



LEGEND

- Community
- ▲ Generation Station
- 2 Generation Station Identification Number
- 230 kV Line Capacity
- O Line Capacity Change
- Northeast Transmission Line Route (Proposed)
- Parks Highway Line (Proposed)
- Fritz Creek Transmission Line (Proposed)
- Enstar Gas Pipeline Route (Proposed)
- Tesoro Products Line Route (Proposed)
- Transmission Line Route (Existing)
- Bradley Junction to Soldotna Line (under construction)
- Bradley Transmission Line (part of Bradley Lake Project)

(Prepared by ARECA—January 1989)

1. Oil Fired Generation — 121.8 mW — Golden Valley Electric Association — North Pole
2. Oil Fired Generation — 40.6 mW — Fairbanks Municipal Utilities System — Fairbanks
   Coal Fired Generation — 28.6 mW — Fairbanks Municipal Utilities System — Fairbanks
3. Oil Fired Generation — 51 mW — Golden Valley Electric Association — Fairbanks
4. Coal Fired Generation — 25 mW — Golden Valley Electric Association — Healy
5. Hydroelectric Generation — 30 mW — Alaska Power Administration (Federal) — Eklutna
6. Natural Gas Generation — 330 mW — Anchorage Municipal Light & Power — Anchorage
7. Natural Gas Generation — 49.4 mW — Chugach Electric Association — Anchorage
8. Natural Gas Generation — 360 mW — Chugach Electric Association — Beluga
9. Natural Gas Generation — 81.7 mW — Chugach Electric Association — Bernice Lake
10. Hydroelectric Generation — 17.4 mW — Chugach Electric Association — Cooper Lake
11. Natural Gas Generation — 38.5 mW — Alaska Electric Generation & Transmission — Soldotna
12. Hydroelectric Generation — 90 mW — Alaska Power Authority (State) — Bradley Lake
13. Oil Fired Generation—10.4 mW—Copper Valley Electric Association—Glennallen
14. Oil Fired Generation—7.2 mW—Copper Valley Electric Association—Valdez
15. Hydroelectric Generation—12 mW—Alaska Power Authority (State)—Solomon Gulch

(APPENDIX G)

HB
455

go0130hG
Utermohle
4/23/90

Original sponsor(s): Rules/Governor

IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 455 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Skagway ore terminal project and the Ballyhoo dock project in Unalaska, to be owned by the authority; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and reconstruction of a public use ore terminal in Skagway to be owned by the authority. The principal amount of the bonds may not exceed $25,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 3. Before bonds authorized in secs. 1 and 2 of this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

This CS Adopted @ except Sec 3

go0130hE
Utermohle
3/26/90

Original sponsor(s): Rules/Governor

IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 455 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Ballyhoo dock project in Unalaska, to be owned by the authority; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. Before bonds authorized by this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 3. This Act is retroactive to December 31, 1989.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

Proposed / Not ADOPTED

go0130hAa
Utermohle

A M E N D M E N T

OFFERED IN THE HOUSE BY REP. BOYER

TO: HB 455

Page 1, line 8:

Delete "and"

Insert ","

Page 1, lines 9 - 10:

Delete "to be owned by the authority; granting the authority"

Insert "and the Healy cogeneration project; relating to"

Page 1, line 11, after "relating":

Insert "to certain demonstration projects and"

Page 1, following line 25:

Insert new bill sections to read:

"* Sec. 3. The Alaska Industrial Development and Export Authority may issue bonds for the Healy cogeneration project. The principal amount of the bonds may not exceed $85,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 4. AS 36.30.850(b) is amended by adding a new paragraph to read:

(22) contracts for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric

generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation under P.L. 99-190 as amended."

Renumber the following bill sections accordingly.

Page 1, line 26:

Delete "1 and 2"

Insert "1 - 3"

Page 2, line 3, after "awarded":

Insert "by the primary user"

Proposed / Not Adopted

go0130hJ
Utermohle
3/27/90

Original sponsor(s): Rules/Governor

IN THE HOUSE

CS FOR HOUSE BILL NO. 455 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Ballyhoo dock project in Unalaska and the Healy cogeneration project; relating to procurement for certain demonstration projects; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. The Alaska Industrial Development and Export Authority may issue bonds for the Healy cogeneration project. The principal amount of the bonds may not exceed $85,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 3. AS 36.30.850(b) is amended by adding a new paragraph to read:

(22) contracts for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation

under P.L. 99-190 as amended.

* Sec. 4. Before bonds authorized by secs. 1 and 2 of this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 5. Section 1 of this Act is retroactive to December 31, 1989.

* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

HOUSE BILL NO. 1717

State of Washington 50th Legislature 1988 Regular Session

by Representatives Cole, R. King, Fisher, Winsley, Leonard, Anderson, Ebersole, Dellwo, Miller, Allen, Wang, Sayan, Nelson, Vekich, Lux and Unsoeld

Read first time 1/22/88 and referred to Committee on Commerce & Labor.

AN ACT Relating to workplace safety; adding a new chapter to Title 49 RCW; and prescribing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

NEW SECTION. Sec. 1. The legislature finds that certain work conditions, especially evening hours of work, expose employees to substantial danger of injury and may result in an economic burden for both employers and employees because of lost work time, wage loss, medical expenses, and payment of industrial insurance benefits. Therefore, the purpose of this chapter is to establish security requirements to ensure so far as possible safe working conditions for employees.

NEW SECTION. Sec. 2. Any franchisee whose industry is defined by the United States office of management and budget in the 1972 standard industrial classification code manual as number 5411 or 5541, and who remains open for twenty-four hours per day is required to provide the following at the workplace:

(1) Have more than one employee on duty at the workplace;

(2) Equip the workplace with sound alarm equipment that signals the police or sheriff of the jurisdiction within which the workplace is located that a robbery is taking place; and

(3) Provide training for employees in robbery and violence prevention and procedures in case of robbery or other violence.

Franchisors who require franchisees to remain open twenty-four hours per day shall be liable for any costs associated with the franchisee's compliance with this section.

NEW SECTION. Sec. 3. This chapter shall be implemented and enforced by the department of labor and industries pursuant to the Washington industrial safety and health act, chapter 49.17 RCW. Any

violation of this chapter or of any rule adopted under this chapter shall subject the employer to assessment of a civil penalty under chapter 49.17 RCW. For purposes of this section, each day of a continuing violation constitutes a separate violation.

NEW SECTION. Sec. 4. An employer who refuses or fails to provide the employee training required under section 2 of this act shall be liable to the employee who is not trained for a civil penalty of one hundred dollars and for costs and such reasonable attorneys' fees as may be allowed by the court.

NEW SECTION. Sec. 5. Each franchisee shall make, keep, preserve, and make available to the director of labor and industries such records regarding the franchisee's activities relating to this chapter as the director may prescribe by rule as necessary or appropriate for the enforcement of this chapter.

NEW SECTION. Sec. 6. Sections 1 through 5 of this act shall constitute a new chapter in Title 49 RCW.

go0130hE
Utermohle
3/28/90

Original sponsor(s): Rules/Governor

IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 455 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Ballyhoo dock project in Unalaska, to be owned by the authority; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. Before bonds authorized by this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 3. This Act takes effect immediately under AS 01.10.070(c).

go0130hD
Utermohle
3/28/90

Original sponsor(s): Rules/Governor

IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 455 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Ballyhoo dock project in Unalaska and the Healy cogeneration project; relating to procurement for certain demonstration projects; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. The Alaska Industrial Development and Export Authority may issue bonds for the Healy cogeneration project. The principal amount of the bonds may not exceed $85,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 3. AS 36.30.850(b) is amended by adding a new paragraph to read:

(22) contracts for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation

under P.L. 99-190 as amended.

* Sec. 4. Before bonds authorized by secs. 1 and 2 of this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 5. This Act takes effect immediately under AS 01.10.070(c).

go0130hJ
Utermohle
3/27/90

Original sponsor(s): Rules/Governor

IN THE HOUSE

CS FOR HOUSE BILL NO. 455 ( )

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Ballyhoo dock project in Unalaska and the Healy cogeneration project; relating to procurement for certain demonstration projects; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. The Alaska Industrial Development and Export Authority may issue bonds for the Healy cogeneration project. The principal amount of the bonds may not exceed $85,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 3. AS 36.30.850(b) is amended by adding a new paragraph to read:

(22) contracts for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation

under P.L. 99-190 as amended.

* Sec. 4. Before bonds authorized by secs. 1 and 2 of this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 5. Section 1 of this Act is retroactive to December 31, 1989.

* Sec. 6. This Act takes effect immediately under AS 01.10.070(c).

A M E N D M E N T

OFFERED IN THE HOUSE BY REP. BOYER

TO: HB 455

Page 1, line 8:

Delete "and"

Insert ","

Page 1, lines 9 - 10:

Delete "to be owned by the authority; granting the authority"

Insert and the Healy cogeneration project; relating to"

Page 1, line 11, after "relating":

Insert "to certain demonstration projects and"

Page 1, following line 25:

Insert new bill sections to read:

"* Sec. 3. The Alaska Industrial Development and Export Authority may issue bonds for the Healy cogeneration project. The principal amount of the bonds may not exceed $85,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 4. AS 36.30.850(b) is amended by adding a new paragraph to read:

(22) contracts for a clean coal technology demonstration project that

(A) is attempting to develop a coal-fired electric

generation project;

(B) uses technology that is capable of commercialization during the 1990's; and

(C) qualifies for federal financial participation under P.L. 99-190 as amended."

Renumber the following bill sections accordingly.

Page 1, line 26:

Delete "1 and 2"

Insert "1 - 3"

Page 2, line 3, after "awarded":

Insert "by the primary user"

go0130hE
Utermohle
3/26/90

Original sponsor(s): Rules/Governor

IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 455 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Ballyhoo dock project in Unalaska, to be owned by the authority; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. Before bonds authorized by this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 3. This Act is retroactive to December 31, 1989.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

go0130hE
Utermohle
3/26/90

Original sponsor(s): Rules/Governor

IN THE HOUSE BY THE LABOR & COMMERCE COMMITTEE

CS FOR HOUSE BILL NO. 455 (L&C)

IN THE LEGISLATURE OF THE STATE OF ALASKA

SIXTEENTH LEGISLATURE - SECOND SESSION

A BILL

For an Act entitled: "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Ballyhoo dock project in Unalaska, to be owned by the authority; and providing for an effective date."

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

* Section 1. The Alaska Industrial Development and Export Authority may issue bonds to finance the acquisition, design, and construction of improvements to the Ballyhoo dock in Unalaska to be owned by the authority. The principal amount of the bonds may not exceed $10,000,000. This section grants the legislative approval required by AS 44.88.090 and 44.88.172(c).

* Sec. 2. Before bonds authorized by this Act are issued, the Alaska Industrial Development and Export Authority shall comply with the requirements of AS 44.88.173.

* Sec. 3. This Act is retroactive to December 31, 1989.

* Sec. 4. This Act takes effect immediately under AS 01.10.070(c).

REPRESENTATIVE
PETER GOLL

P O BOX V
JUNEAU, ALASKA 99811
(907) 465-4925

STATE OF ALASKA
HOUSE OF REPRESENTATIVES

April 2, 1990

Ms. Mavis I. Henricksen
P.O. Box 152
Skagway, Alaska 99840

Dear Ms. Henricksen:

Thank you for your letter of March 30.

My position on the matter of bond authorization for AIDEA to construct port facilities in Skagway will depend upon the related vote of the citizens of Skagway.

I will not support legislative consideration of this matter until the local vote can be considered as a part of that review. This has always been and will continue to be my position on this matter.

If the vote is positive, I will work hard and fast to gain passage. I have already arranged for hearings by the House Finance Committee for immediately after the vote. There should be no time problem if the vote is positive.

If the vote is negative, I will work to ensure that the bill receives no further consideration.

I have not commented on the balance of Skagway public comment, except to say that there has been plenty on both sides. If my remarks were differently understood, I will be happy to clarify this matter with any party.

Sincerely,

Peter Goll

cc: Senator Dick Eliason
Mayor Stan Selmer
House Labor and Commerce Committee

Citizens For Public Port Development
Hon. Bill Feero, Chairman
P.O. Box 355 • Skagway, Alaska 99840

March 31, 1990

House Labor and Commerce Committee
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, Alaska 99811

Dear Chairman Donley and Members:

We strongly support approval of House Bill 455, "An Act authorizing the Alaska Industrial Development and Export Authority to issue bonds for the Skagway dock project and the Ballyhoo dock project in Unalaska."

Yours very truly,

W. E. "Bill" Feero
Chairman

P. O. Box 152
Skagway, Alaska 99840
March 30, 1990

Representative Peter Goll
Alaska State Legislature
P. O. Box V (MS 3100)
Juneau, Alaska 99811

Reference: House Bill 455

Dear Representative Goll:

Thank you for returning my telephone call of March 29. After considering our conversation, I am still of the opinion you betrayed what you told me, "The decision on the funding of the AIDEA Project in Skagway is Skagway's decision, I will support whatever Skagway decides in their election."

Your argument that Unalaska wanted out of the bill was a valid argument for Unalaska's representative, but not for Skagway's representative to offer substitute legislation!

I understand that you did not contact the Skagway Mayor, the City Manager, or the Citizens Committee for Public Port Development, prior to your action on this legislation. At last nights Skagway City Council work session, everyone expressed surprise on your action. Even Councilman John Mielke, who votes "no" on everything to do with the AIDEA Project said, "This is certainly a surprise to me, guess he wants the ore facility for Haines."

You are suppose to have said at the hearing that your mail was running heavily against the Skagway AIDEA Project. Do you think White Pass would be fighting this so hard if they thought they had the election "in the bag".

The secret ballot was invented for such issues as the AIDEA Project in Skagway. Few, if any people can afford to openly support the project. White Pass, and especially Marvin Taylor, are past masters at intimidation. Have you been intimidated by White Pass or do you want this project for Haines?

Skagway's best interest would have been best served by your staying out of the issue until after our election April 17, as you told me in early March that you were doing. Were your best interests served by your submitting the substitute legislation on House Bill 455?

Yours very truly,

Irene

Mavis Irene Henricksen

cc. Senator Eliasen

Office Copy

THE TIDELANDS LEASE

LESSOR - CITY OF SKAGWAY

LESSEE - PACIFIC & ARCTIC RAILWAY & NAVIGATION COMPANY (WHITE PASS/SKAGWAY TERMINAL COMPANY)

THE PURPOSE HERE IS TO DESCRIBE THE TIDELANDS LEASE AND THE RELATIONSHIP WHICH HAS EVOLVED BETWEEN THE CITY OF SKAGWAY AND THE LESSEE IN DEMONSTRATION OF THE NEED FOR ADDITIONAL DEVELOPMENT OF THE SKAGWAY SEAPORT.

Written by Gil Acker, former city manager, at request of Citizens for Public Port Development

CHRONOLOGY

1957 FEDERAL LEGISLATION INTRODUCED FOR AUTHORIZATION OF THE TRANSFER OF TIDELANDS FRONTING MUNICIPALITIES TO THE TERRITORY OF ALASKA

MARCH 1957 BY ORDINANCE CITY OF SKAGWAY EXPRESSED INTEREST IN ACQUIRING TIDELANDS (CY COYNE, MAYOR)

SEPT 7, 1957 CONGRESS PASSED PL 35-303 AUTHORIZING TRANSFER OF TIDELANDS TO TERRITORY OF ALASKA

JUNE 1959 CITY OF SKAGWAY APPLIED FOR TITLE TO TIDELANDS

DEC. 20, 1960 SKAGWAY BECAME FIRST CITY IN ALASKA TO OBTAIN TIDELANDS GRANT.

JAN 3, 1961 TRANSFER CEREMONEY IN SKAGWAY

MARCH 1964 PACIFIC & ARCTIC RAILWAY AND NAVIGATION COMPANY LTD (WHITE PASS) FILED FOR TIDELANDS UNDER THE OLD DOCK

FEB
1967 WHITE PASS ADVISED CITY OF SKAGWAY OF INTEREST IN DEVELOPMENT OF AN ORE DOCK AND REQUESTED PURCHASE OF TIDELANDS SUBJECT TO FAVORABLE OUTCOME OF ENGINEERING SURVEY. CITY APPROVED CONDUCT OF SURVEY PRINCIPAL PURPOSE - STORING AND SHIPLOADING OF BULK CONCENTRATES OF ORES FROM MINES IN THE YUKON TERRITORY.

JAN 1968 CITY HAD AN APPRAISAL MADE OF THE TIDELANDS PARCEL DESIRED BY WHITE PASS

ABOVE MEAN HIGH TIDE		6.5 acres
BETWEEN MEAN LOWER LOW WATER AND MEAN HIGH TIDE		45.5 acres
BELOW MEAN LOWER LOW WATER		18.2 acres
	TOTAL	70.2

APPRAISERS VALUATION - 60,000.00
RECOMMENDED ANNUAL RENTAL 5,000.00

JAN 24, 1968 WHITE PASS APPLIED TO CITY FOR LEASE OF TIDELANDS FOR PERIOD OF 55 YEARS.

JAN 25, 1968 EXTRACTS FROM CITY ATTORNEYS RESPONSE TO WHITE PASS STATED:

1) "THE APPLICATION, EVEN IF BASED ON THE STATE FORM, DOES NOT MEET SEC. 2, ARTICLE III, ORD. 229, INSOFAR AS SHOWING A DEVELOPMENT PLAN, EVEN IF THE PLAT OF JANUARY 3 IS ATTACHED TO THE APPLICATION."

2) "STUDY OF THE PLAT SHOWS THE PROPOSED LEASE COVERS THE ENTIRE AREA OF TIDE AND SUBMERGED LAND AVAILABLE AND SUITABLE FOR SUCH PURPOSES. YET THE LACK OF A DEVELOPMENT PLAN, OR ANY REPRESENTATION WHATEVER BY WHITE PASS TO THIS EFFECT, SIMPLY RESULTS IN THERE BEING NO JUSTIFICATION OF LEASING THIS ENTIRE AREA."

3) "THUS, THE SITE ITSELF, COMPRISING IN EFFECT THE WHOLE WATERFRONT, IS GEOGRAPHICALLY UNIQUE. WHILE IT IS TIED GEOGRAPHICALLY INTO LOGICAL USE ONLY BY THE WHITE PASS AS THE PRESENT SOLE TRANSPORTATION LINK BETWEEN ALASKA TIDEWATER AND THE YUKON, THERE IS A POSSIBILITY OF THE CARCROSS ROAD BEING EVENTUALLY CONSTRUCTED AND WHEN THAT DOES HAPPEN IT WOULD MAKE SKAGWAY LOOK PRETTY SICK IF AT THAT TIME THERE WAS NO TIDELAND AVAILABLE FOR OTHER DEVELOPMENTS, OR IF THERE WAS NO PROVISION IN THE LEASE REQUIRING THAT THE FACILITIES ON THE SITE, OR THE PRESENT PUBLIC DOCK FACILITIES OF THE WHITE PASS BE MADE AVAILABLE FOR SHIPPING THE COMMERCE DEVELOPED BY THE ROAD. PERHAPS THE FERRY COULD BE CONSIDERED SUCH AN ALTERNATIVE, BUT I RATHER DOUBT IF IT COULD BE CONSIDERED AN ECONOMIC ALTERNATIVE."

4) "THE APPLICATION WILL ALSO NEED TO BE EXPANDED TO INCLUDE THE "USE, VALUE AND NATURE" OF THE IMPROVEMENTS TO BE CONSTRUCTED, AS WELL AS THE "TYPE" OF CONSTRUCTION. I THINK THAT THE "NATURE" OF THE IMPROVEMENTS CALLS FOR A BRIEF DESCRIPTION OF THEIR (1) LOCATION, (2) AREA NEEDED, (3) WIDTH, LENGTH AND HEIGHT, AND (4) FRAME, STEEL, CONCRETE OR WHATEVER. AS THE SUBMISSIONS NOW STAND IT IS IMPOSSIBLE FOR THE CITY TO DETERMINE OTHER THAN THAT THE SURFACE WILL BE USED FOR THE STATED USES."

FEB 5, 1968 BY RESOLUTION #31, CITY APPROVED LEASE OF TIDELANDS BY COMPETITIVE BID.

MARCH 8, 1968 AT 10AM AUCTION HELD AT CITY HALL, INITIALLY NO ONE APPEARED AND NO APPLICATION WAS RECEIVED. AT 10:15AM A REPRESENTATIVE OF PACIFIC AND ARCTIC RAILWAY AND NAVIGATION COMPANY APPEARED AND MADE PAYMENT OF $1794.55

MARCH 19, 1968 BY RESOLUTION #32, THE CITY OF SKAGWAY APPROVED ENTERING INTO A LEASE OF THE TIDELANDS WITH THE PACIFIC AND ARCTIC RAILWAY AND NAVIGATION COMPANY. SIGNIFICANT TERMS OF THE LEASE INCLUDED:

1) TERM OF THE LEASE - 55 YEARS
2) ANNUAL RENTAL - $3600.00 PAYABLE MONTHLY
3) LEASE RENTAL SUBJECT TO ADJUSTMENT ON FIFTH ANNIVERSARY DATE OF LEASE AND EACH ANNIVERSARY DATE THEREAFTER DEVISIBLE BY 5.
4) LESSEE TO COMMENCE CONSTRUCTION WITHIN 2 YEARS OF SPUR RAIL LINE, BULK MINERAL STORAGE AND HANDLING FACILITY, DOCK AND DOLPHINS AND A DEEP WATER BASIN AT THE FACE OF THE DOCK
5) COST FOR COMPLETION OF FACILITIES TO BE NOT LESS THAN 2 MILLION DOLLAR
6) ALL IMPROVEMENTS WITHIN LEASED PROPERTY OTHER THAN THE EXCAVATED BASIN AND FILL MATERIAL TO BE SUBJECT TO TAXATION BY THE CITY

DEC 1968 WHITE PASS ASSIGNED THE LEASE TO SKAGWAY TERMINAL COMPANY

MARCH 1973 THE CITY AND WHITE PASS FAILED TO ADJUST THE LEASE RENTAL ON THE 5th ANNIVERSARY DATE, MARCH 1973. <u>REASON UNKNOWN</u>

OCT 23, 1974 CITY LETTER TO WHITE PASS PROPOSED TO CONSTRUCT COMBINED FERRY TERMINAL - BARGE FACILITY IN EAST SIDE OF BASIN AND REQUESTED RELEASE THAT PORTION OF THE TIDELANDS LEASE.

THERE FOLLOWED SEVERAL YEARS OF DISCUSSIONS AMONG THE CITY, STATE AND WHITE PASS

OCT 1975 CITY NOTIFIED SKAGWAY TERMINAL COMPANY THAT TIDELANDS WOULD BE APPRAISED AS A BASIS FOR ADJUSTMENT OF RENTAL

DEC 30, 1975 CITY INFORMED LESSEE OF RESULTS OF APPRAISAL: REQUESTED PAYMENTS OF RENTS RETROACTIVELY FOR PERIOD FROM MARCH 1973, CY 74 and CY 7 AND PROPOSED SCHEDULE OF RENTALS FOR PERIOD CY 76 THRU CY 79. DEC 1975

TIDELANDS 70.2 ACRES - APPRAISED VALUE	300,000.00
LOTS 11, 12, BL 44 & part Lot 7 BL 45	30,000.00
#(Additional tract leased to White Pass & included in tidelands)	
Total	330,000.00
ANNUAL LEASE RENTALS FOR BOTH TRACTS, RENT COMMENCING FROM JAN 1976	19,800.00
BACK RENTALS DUE FOR PERIOD MARCH 1973 THRU CY 74 & CY 75	31,140.00

APRIL 15, 1976 CITY PROVIDED LESSEE WITH EXPLANATION OF APPRAISERS METHODOLOGY AND REQUESTED PAYMENTS BE MADE

JUNE 7, 1976 WHITE PASS REQUESTED RECONFIRMATION BY APPRAISER OF BASIS FOR HIS APPRAISALS

AUGUST 12, 1976 CITY ADVISED WHITE PASS OF RESULTS OF REVIEW OF MATTER WITH APPRAISER, ADJUSTED VALUES OF LEASED PROPERTIES, ADJUSTED RENTALS AND PAST RENT DUE THE CITY AS OF AUGUST 1976.

AUGUST 24, 1976 WHITE PASS RESPONDED IN GENERAL AGREEMENT BUT QUESTIONED APPRAISERS VALUATIONS OF DECEMBER 1975

SEPT 2, 1976 STATE DOT LTR TO CITY RE FERRY-BARGE PROJECT

1) " WITH REGARD TO THE LATEST INFORMATION PRESENTED BY WHITE PASS, I CAN ONLY SAY THAT IN MY OPINION IT IS A DELIBERATE ATTEMPT TO DISTORT AND CONFUSE THE ENTIRE ISSUE. WE DO NOT FEEL THAT OPERATION OF THE PROPOSED NEW FERRY TERMINAL WILL HAVE ANY SIGNIFICANT DETRIMENTAL EFFECT ON WHITE PASS USE OF THE SHIP BASIN, EITHER PRESENTLY OR IN THE FUTURE.

2) THE LUXURY OF WASTING AVAILABLE HARBOR SPACE WITH RIP RAP PROTECTED SIDE SLOPES CAN NO LONGER BE TOLERATED AT SKAGWAY. IT IS PAINFULLY OBVIOUS THAT MUCH OF THE AVAILABLE AREA WITHIN THE EXISTING WHITE PASS SHIP BASIN IS ALREADY BEING POORLY UTILIZED BECAUSE OF EXCESSIVE USE OF SIDE SLOPE CONSTRUCTION.

3) THE DEPARTMENT OF PUBLIC WORKS HAS EXPENDED EVERY EFFORT TO ARRIVE AT AN AMIABLE COMPROMISE WHICH WOULD HAVE THE LEAST DETRIMENTAL EFFECT ON THE CITY OR WHITE PASS AND AT THE SAME TIME COULD BE ACCOMPLISHED WITHIN THE FUNDING AVAILABLE. THE CITY SHOULD BEAR IN MIND THAT THE STATE IS NOT COMPELLED TO UNDERTAKE ANY NEW IMPROVEMENTS AT SKAGWAY, EITHER TO THE FERRY TERMINAL, BARGE FACILITY OR SMALL BOAT HARBOR."

NOV 22, 1976 CITY AGAIN REQUESTED PAYMENT OF BACK DUE RENT AS AS OF DECEMBER 1, 1976 IN AMOUNT OF $34,953.39

NOV 24, 1976 WHITE PASS FORWARDED RENTAL PAYMENT IN AMOUNT OF $34,347.50

NOV 29, 1976 WHITE PASS TELEGRAM PROTESTING CITY - STATE PLANS FOR NEW FERRY - BARGE FACILITY

1)" A DOCK FOR 35,000 TON ORE CARRYING SHIPS WAS BUILT ON THE WEST SIDE OF THE BASIN AND THE BASIN WAS DREDGED WIDE ENOUGH TO ACCOMMODATE A FUTURE CARGO DOCK FOR LARGE DEEP DRAFT SHIPS ON THE EAST SIDE OF THE BASIN AS CALLED FOR BY LONG TERM PLANS DEVELOPED AND WRITTEN UP AT THE TIME.

2) IT IS OUR POSITION THAT SKAGWAY HARBOR MUST HAVE A PLACE WHERE MUCH BIGGER CARGO SHIPS CAN DOCK REGULARLY IN FUTURE.

3) THE BEST EXAMPLE OF THIS IS THAT OUR CONSULTANTS THINK SEVERAL HUNDRED THOUSAND DOLLARS CAN BE SAVED BY USING SLOPED EMBANKMENTS TO SUPPORT DREDGED FILL, INSTEAD OF USING COSTLY VERTICAL SHEET PILE BULKHEADS WHICH THE STATE PLANS FOR USE FOR THE SAME PURPOSE.

4) THE FACT REMAINS THAT IN 1974 (PRIOR TO THE SYSTEMATIC PREPARATION OF ANY OVERALL HARBOR PLAN) THE STATE DETERMINED TO PUT A FERRY IN THE BASIN, AND NO AMOUNT OF PLANNING OR EXPERT COMMENT HAS BEEN ABLE TO CHANGE THEIR MINDS. THIS APPEARS TO BE A CASE OF SHEER PERSISTENCE ON THE FACE OF INCREASINGLY OBVIOUS EVIDENCE THAT THERE IS NO JUSTIFICATIC FOR BUILDING A FERRY BERTH IN THE SHIP BASIN. IF THERE IS ANY OTHER REASON FOR THIS CONTINUING CONTROVERSY WITH THE STATE, WE CAN ASSURE YOU THAT IT HAS NOTHING TO DO WITH US AND WE DO NOT KNOW WHAT IT IS."

SEPT 19, 1977 CITY ADVISED WHITE PASS OF PENDING LEASE RENTAL ADJUSTMENT IN MARCH 1978 AND INVITED WHITE PASS TO PARTICIPATE IN APPRAISAL

JULY 28, 1978 CITY ADVISED WHITE PASS OF RESULTS OF APPRAISERS VALUATIONS AND NEW RENTALS EFFECTIVE MARCH 1978.

APPRAISED VALUE (TIDELANDS & LOTS)	$467,111.00
RENTAL (INCLUDING 3% SALES TAX)	28,667.46 pr

JULY 29, 1978 CITY LTR TO EDA REQUESTS ADDITIONAL FUNDING ASSISTANCE FOR CITY - STATE FERRY BARGE TRANSFER BRIDGE PROJECT.

AUGUST 31, 1978 WHITE PASS RESPONDED TO NEW MARCH 1978 PROPOSED LEASE RENTALS:

" PLEASE BE ADVISED THAT WE HAVE BRIEFLY EXAMINED YOUR LETTER UNDER REPLY AND OUR OVERALL REACTION IS THAT THE RATES ARE RATHER HIGH. WE ARE LOOKIN INTO THIS MATTER FURTHER AND SHALL ADVISE YOU IN DUE COURSE. DUE TO A

RECENT, LARGE, RE-ORGANIZATION OF THE WHITE PASS & YUKON ROUTE, WE MUST INFORM YOU THAT IT MAY TAKE SOME TIME BEFORE WE ARE ABLE TO GET BACK TO YOU ON THIS MATTER. WE DO HOPE THIS DOES NOT CAUSE YOU TOO MUCH IN-CONVENIENCE."

SEPT 6, 1978 THE CITY ANSWERED THIS AS FOLLOWS:
"THE ASSESSOR ADVISES THAT THE APPRAISALS ARE BASED ON VALUES OF COMPARABLE WATERFRONT PROPERTIES IN SOUTHEASTERN ALASKA; THAT THIS IS AN ACCEPTED METHOD OF ASSESSMENT; AND THAT THE VALUATIONS ARE CONSIDERED TO BE QUITE EQUITABLE. THE CITY CONCURS IN THIS JUDGEMENT.

THE CITY DOES NOT DESIRE TO ENTER INTO PROTRACTED CORRESPONDENCE ON THIS MATTER, AS WAS THE CASE FOR THE PREVIOUS RENTAL ADJUSTMENT. THE CITY'S FINANCIAL CIRCUMSTANCES ARE SUCH THAT IT IS NOT IN A POSITION TO SERVE AS A BANKER FOR YOUR COMPANY - E.G. THE CITY'S BUDGET INCLUDES AS REVENUE THE RENTAL PAYMENTS COMPUTED AT THE ADJUSTED RATE. THEREFORE, THE CITY WOULD BE GRATEFUL TO RECEIVE THE RENTAL PAYMENTS AT YOUR EARLIEST CONVENIENCE AND, IF YOUR DELIBERATIONS AND THE FORWARDING OF RENTS ARE TO EXTEND BEYOND THE FIRST OF OCTOBER, THE CITY WILL EXPECT THE PAYMENTS TO BE INCREASED TO INCLUDE AN INTEREST CHARGE ON THE AMOUNT OF RENT UNPAID COMPUTED AT THE RATE OF 8% PER ANNUM."

MAY 9, 1979 CITY LTR TO EDA RECONFIRMING NEED FOR FERRY - BARGE FACILITY HEAVY DUTY TRANSFER BRIDGE (SIGNED BY CITY MANAGER, M.P.TAYLOR VICE MAYOR AND CHAIRMAN SKAGWAY PORT AUTHORITY AND BY E.E.FAIRBANKS, PRESIDENT SKAGWAY CHAMBER OF COMMERCE).

SEPT 18, 1979 CITY REQUESTED OF WHITE PASS PAYMENT OF DELINQUENT LEASE RENTAL PAYMENTS IN THE AMOUNT OF $8679.92 FOR THE MONTHS OF JUNE, JULY, AUGUST AND SEPTEMBER 1979.

OCT 6, 1983 CITY ADVISED WHITE PASS OF LEASE RENTAL ADJUSTMENTS BASED ON CITY ASSESSORS VALUATIONS AS OF 17 MARCH 1968

TIDELANDS & LOTS	$897,000.00
RENTALS (PLUS 3% SALES TAX)	4,619.55 per mo
ADJUSTMENT DUE FOR PERIOD MARCH THROUGH SEPT 1983	18,760.14

OCT 27, 1983 WHITE PASS RESPONDED AND STATED INTENTION TO APPEAL THE RENTAL RATES

FEB 14, 1984 CITY ADVISED WHITE PASS OF MAJOR DELINQUENIES IN LEASE PAYMENTS

FEB 28, 1984 WHITE PASS RESPONDED THAT COMPANY COMMISSIONED APPRAISAL NEARING COMPLETION AND HOPE FOR RESOLUTION OF ISSUE BY APRIL

MAY 8, 1984 WHITE PASS ORE TERMINAL DOCK UPGRADED TO PROVIDE BOW RAMP; PROJECT RECEIVED STATE AND FED FUNDING AND WHITE PASS AGREED TO GUARANTEE 3 CRUISE SHIP BERTHS FOR PERIOD OF 15 YEARS.

JULY 16, 1984 APPRAISAL COMPANY OF ALASKA VALUED TIDELAND 70.2 ACRES AT $350,000.00

OCT 11, 1984 CITY AND WHITE PASS AGREED TO RESOLVE RENT RATE ISSUE THRU ARBITRATION.

NOV 21, 1984 ARBITRATOR, THE WAKELAND COMPANY, SUBMITTED ITS DECISION:
TIDELANDS MARKET VALUE AND RENTALS FOR PERIOD MARCH '83 - MARCH '88:

TIDELANDS		$525,000.00
UPLAND LOTS		40,000.00
	Total	565,000.00
ANNUAL RENTALS 33,900.+3% SALES TAX 1017. =	Total	34,917.00

SEPT 13, 1985 WHITE PASS LTR TO SOUTHEAST STEVEDORING (COPY TO CITY) EXPRESSES OPPOSITION TO CONSTRUCTION OF ANOTHER RAMP OFF LOADING FACILITY

1) "IF ANOTHER RAMP IS CONSTRUCTED FROM LEFT OVER STATE TAX DOLLARS, JUST BECAUSE IF THEY ARE NOT SPENT THEY MUST BE RETURNED TO THE STATE, IS AN INAPPROPRIATE REASON TO DUPLICATE A FACILITY WHICH ALREADY HAS STATE TAX DOLLARS IN IT AND GUARANTEES A RETURN TO THE CITY. WE SERIOUSLY QUESTION IF THE PENDING PLAN TO SPEND THESE FUNDS MEETS THE LAWFUL INTENTION. FROM THE VIEWPOINT OF A LONG TIME ALASKA TAXPAYER, IT IS THE HEIGHT OF RIDICULOUSNESS.

2) I CANNOT HELP BUT FEEL THE COURSE OF ACTION BEING TAKEN BY THE CITY OF SKAGWAY IS BASED, FOR A LARGE PART, ON PERSONALITIES, BIASES, CONFLICTS OF INTEREST AND ATTEMPTS TO NEGOTIATE OTHER PARTIES' AGREEMENTS. THIS RESULTS IN UNSOUND BUSINESS PRACTICES IN THEIR HASTE TO SPEND $700,000 BRFORE RETURNING IT TO THE STATE. JUST A DESIRE TO "CONTROL" DOESN'T WASH

3) IT CANNOT BE DENIED THAT WHITE PASS HAS BEEN A GOOD CORPORATE CITIZEN IN SKAGWAY AND THE STATE OF ALASKA FOR EIGHTY-FIVE YEARS AND IT IS OUR INTENTION TO REMAIN SO. WE CAN ONLY DO SO IF ALLOWED TO BE COMPETITIVE ON FAIR AND EQUAL TERMS. TWO LOADING/UNLOADING RAMPS, COMPETING WITH PRIVATE INDUSTRY, BOTH BUILT BY STATE TAX DOLLARS, PROVIDING GUARANTEED REVENUE FOR THE CITY, IS NOT A TRUE OR EQUAL COMPETITIVE POSITION. ONE PAYS LEASE FEES, PROPERTY TAXES, COLLECTS SALES TAX, USES LOCAL LABOUR, GUARANTEES A FIXED PERCENTAGE OF FREIGHT TARIFFS TO THE CITY AND HAS GUARANTEED THREE CRUISE BERTHS FOR FIFTEEN YEARS. THE SECOND RAMP WOULD HAVE NO SUCH OBLIGATIONS. WE TOOK SEVERAL MILLION DOLLARS IN PROPERTY TO THE PARTY, THE STATE PUT IN STATE TAX DOLLARS. THE CITY PUT IN NOTHING. WE FURTHER PUT IN A PRIORITY BERTH SCHEDULE FOR CRUISE VESSELS OVER FREIGHT VESSELS. MUCH WAS DONE ON GOOD FAITH INTERPRETATION OF INTENT AND MORAL COMMITMENTS. IT APPEARS THE WINDOW HAS CLOSED ON MORAL COMMITMENT, GOOD FAITH AND INTENT."

JAN 25, 1988 CITY ADVISED WHITE PASS OF PENDING LEASE RENTAL ADJUSTMENT ON MARCH 19, 1988 AND OF REQUIREMENT FOR 3% SALES TAX ON WHITE PASS SUB LEASE TO CURRAGH RESOURCES. (CITY SALES TAX INCREASED TO 4% IN 1989)

APRIL 22, 1988 CITY ADVISED WHITE PASS OF ASSESSED VALUATIONS AND RENTALS COMMENCING MARCH 1988.

APPRAISERS VALUATIONS:

		Annual Rental	(+ 3% sales tax)
TIDELANDS	$702,000.00	$42,120.00	
LOTS	51,300.00	3,078.00	
TOTAL	753,300.00	45,198.00	= 46,553.94

RETURNS AND BENEFITS

AS IS THE CASE NORMAL TO ANY LONG TERM ECONOMIC VENTURE INVOLVING PARTICIPATION BY PUBLIC/GOVERNMENTAL ACTIVITIES AND PRIVATE BUSINESS ENTERPRISE, A DISTINCTION MUST BE MADE BETWEEN THE RETURNS TO THE GOVERNMENT SIDE WHICH ARE IMMEDIATELY MEASURABLE UPON RECEIPT AND THE BENEFITS WHICH ACCRUE OVER TIME OR ARE CUMULATIVE IN NATURE.

THE FIRST CATEGORY CONSISTS OF THE FINANCIAL RETURNS TO THE CITY'S COFFERS GENERATED BY:

1) THE CITY'S LEASE RENTAL FEE FOR THE TIDELANDS LEASE.
2) THE CITY'S SALES TAX ON THIS RENTAL FEE.
3) THE CITY'S PROPERTY TAX ON IMPROVEMENTS OWNED BY THE LESSEE AND
4) THE CITY'S SALES TAX ON THE SUB LEASE RENTAL FEES.

THE EXACT DOLLAR AMOUNT OF THE LATTER MUST BE TREATED AS CONFIDENTIAL HOWEVER, A FIGURE OF ABOUT $90,000.00 HAS BEEN SUGGESTED. ON THE BASIS OF THIS AMOUNT IT MAY BE INFERRED THAT THE ANNUAL SUB LEASE RENTAL PAID TO WHITE PASS BY CURRAUGH APPROXIMATES 2 MILLION AND THAT THE TOTAL ANNUAL RETURN TO THE CITY FROM THE TIDELANDS LEASE IS ABOUT $175,000.00 THIS RETURN MAY BE COMPARED WITH THAT WHICH MIGHT BE EXPECTED FROM THE PROPOSED LEASE OF THE CITY'S REMAINING TIDELANDS TO AIDEA. SUCH RETURNS WOULD CONSIST OF:

1) THE CITY'S LEASE RENTAL FEE FROM AIDEA.
2) THE CITY'S SALES TAX ON RENTALS PAID TO AIDEA BY SUB LESSEES (CURRAUGH HAS COMMITTED AND THERE LIKELY WOULD BE OTHER SUB LEASES)
3) CITY PROPERTY TAX ON ANY PROPERTY OWNED BY SUCH SUB LESSEES.

THERE WOULD BE NO SALES TAXES ON THE BASIC RENTAL FEE PAID OR PROPERTY TAXES ON IMPROVEMENTS OWNED BY AIDEA AS IT IS AN AGENCY OF THE STATE. THE CITY WOULD CONTINUE TO RECEIVE THE FIRST THREE TYPES OF RETURN UNDER THE ORIGINAL TIDELANDS LEASE: THEREFORE, OVER ALL FINANCIAL RETURNS TO THE CITY FROM A LEASE TO AIDEA WOULD BE NO LESS AND LIKELY BE GREATER.

THE SECOND CATEGORY, THE BENEFITS GENERATED BY ACTIVITIES ASSOCIATED WITH THE LEASED TIDELANDS CAN NOT BE MEASURED PRECISELY IN DOLLAR AMOUNTS: HOWEVER, THEY ARE OF GREATER LONG TERM VALUE TO THE CITY THAN THE CALCULABLE FINANCIAL RETURNS. THEY CONSIST OF SUCH THINGS AS INCREASED POPULATION, INCREASED EMPLOYMENT OPPORTUNITIES, INCREASED SCHOOL ENROLLMENT, INCREASED EXPENDITURES WITHIN THE COMMUNITY ALONG WITH THE MULTIPLIER EFFECT OF SUCH EXPENDITURES AND INCREASED ACCESSIBILITY AND VISITATION TO THE CITY RESULTING FROM YEAR AROUND MAINTENANCE AND OPERATION OF THE KLONDIKE HIGHWAY. CURRAUGH MAKES A MAJOR CONTRIBUTION TO HIGHWAY MAINTENANCE. IT IS UNLIKELY THAT THE ROAD WOULD BE OPERATIONAL YEAR AROUND WITHOUT THIS SOURCE OF FUNDING. AND, AS IN THE CASE OF THE FINANCIAL RETURNS, THE BENEFITS TO THE COMMUNITY WOULD BE GREATER THAN THOSE RECEIVED UNDER THE PRESENT LEASE AS THE MULTI PURPOSE DOCK FACILITY WOULD BE AVAILABLE FOR ADDITIONAL SUB LEASE BY COMMERCIAL CARGO CARRIERS AND CRUISE SHIPS.

MOST IMPORTANTLY, THE AVAILABILITY OF THE MULTI PURPOSE DOCK WOULD INSURE THE CONTINUATION OF SHIPMENT OF MINERALS THROUGH SKAGWAY AS CURRAUGH HAS COMMITTED TO AIDEA THAT IT WILL USE THIS DOCK. IN CONTRAST, IF CURRAUGH WERE TO DISCONTINUE USE OF THE WHITE PASS DOCK BY REASON OF OBSOLESCENCE, ENVIRONMENTAL UNSUITABILITY OR INABILITY TO AGREE TO LEASE TERMS WITH WHITE PASS AND THERE WERE NO ALTERNATIVE FACILITY AVAILABLE FOR ORE SHIPMENT THROUGH SKAGWAY, THE CITY WOULD LOSE A GREAT PORTION OF THE CURRENT FINANCIAL RETURNS AND ESSENTIALLY ALL OF THE BENEFITS PRESENTLY BEING RECEIVED FROM THE TIDELANDS LEASE.

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LESSOR - LESSEE RELATIONSHIPS

THE CITY ATTORNEY'S LETTER OF CAUTION OF JAN 1968 QUESTIONING THE EXTENT OF THE TIDELANDS LEASE AND WARNING OF THE DANGER OF FORECLOSING ADDITIONAL DEVELOPMENTS TO MEET FUTURE NEEDS HAS PROVEN TO HAVE BEEN PROPHETIC. THE TIDELANDS LEASE ESSENTIALLY GRANTED TO WHITE PASS A MONOPOLY FOR CONTROL OF COMMERCIAL USE OF THE PORT OF SKAGWAY. ALTHOUGH WHITE PASS HAS MADE ITS DOCKS AVAILABLE FOR USE BY ALL CARRIERS THE FEES HAVE BEEN WITHOUT COMPETITION OR ESSENTIALLY ON A "TAKE IT OR LEAVE IT " BASIS. THE WHITE PASS HAS EFFECTIVELY ACTED TO BLOCK CITY AND STATE PROPOSALS TO TAKE BACK A PORTION OF THE LEASED AREA FOR CONSTRUCTION OF A COMBINED FERRY - BARGE FACILITY ON THE EAST SIDE OF THE DREDGED BASIN.

THE RELATIONSHIPS BETWEEN THE CITY AND THE LESSEE HAVE BEEN LESS THAN AMICABLE AT TIMES AND PARTICULARLY SO DURING THE PERIODS OF THE FIFTH ANNIVERSARY RENTAL ADJUSTMENTS. THE WHITE PASS ALSO HAS FREQUENTLY BEEN DELINQUENT IN MAKING THE RENTAL PAYMENTS. PRESENTLY THE WHITE PASS IS MAKING STRONG EFFORTS IN OPPOSITION TO THE CITYS PROPOSED LEASE OF ITS REMAINING WATERFRONT PROPERTY TO AIDEA FOR THE CONSTRUCTION OF A MULTIPURPOSE DOCK (PASSENGER, CARGO AND ORE TERMINAL).

THIS PATTERN OF CITY - LESSEE RELATIONSHIP UNDER THE TIDELANDS LEASE IS UNDERSTANDABLE. THE WHITE PASS IS A "FOR PROFIT" CORPORATION: HENCE, ITS ACTIONS TO OPPOSE COMPETITION, TO PROTECT ITS MONOPOLY AND TO MAXIMIZE PROFIT MAY BE VIEWED AS BEING SIMPLY THE RESULT OF EXERCISE OF ASTUTE BUSINESS ACUMEN. IT IS QUESTIONABLE, HOWEVER, THAT THE OUTCOME OF THIS PATTERN OF CITY - WHITE PASS RELATIONSHIPS HAS BEEN IN THE PAST OR WILL BE IN THE FUTURE IN THE LONG TERM BEST INTERESTS OF THE COMMUNITY OF SKAGWAY.

COMMENTS AND ANALYSIS

TIDELANDS DESIGN AND DEVELOPMENT: THE WHITE PASS FULFILLED ITS INITIAL OBLIGATIONS UNDER THE TERMS OF THE LEASE BY CONSTRUCTION OF THE DEEP WATER BASIN, BULK STORAGE AND ORE HANDLING FACILITY AND THE DOCK AND DOLPHINS. HOWEVER, THE DESIGN FOLLOWED FOR THESE DEVELOPMENTS FAILED TO MAXIMIZE OR MAKE EFFICIENT USE OF THE LIMITED TIDELANDS SEAFRONT. PARENTHETICALLY, IT IS TO BE NOTED THAT THIS SAME WASTEFUL DESIGN IS BEING USED FOR THE CRUISE SHIP DOCK CURRENTLY UNDER CONSTRUCTION ON THE EAST SIDE OF THE BASIN.

THE SEAWARD BOUNDARY OF THE LEASED TIDELANDS MEASURES ONLY ABOUT 1160 FEET. THE WHITE PASS BY ADOPTING THE SLANTED SLOPE AND OFF LYING MOORING DOCK DESIGN HAS ESSENTIALLY LIMITED THE LEASED TIDELANDS, OR ABOUT ONE HALF OF SKAGWAY'S DEVELOPABLE WATER FRONT, TO TWO DOCKS. IN CONTRAST, THROUGH THE USE OF VERTICAL SEA WALL PILINGS AND FINGER PIERS MOORINGS FOR AT LEAST SIX SHIPS MIGHT HAVE BEEN PROVIDED.

SUMMARY: CONCLUSIONS AND RECOMMENDATION

THE OUTCOMES OF THE FIRST TWENTY TWO YEARS OF THE TIDELANDS LEASE HAVE BEEN BOTH FAVORABLE AND DETRIMENTAL TO THE COMMUNITY OF SKAGWAY. SUCCINCTLY, THE FAVORABLE RESULTS HAVE BEEN LIMITED TO THE FINANCIAL RETURNS TO THE CITY GOVERNMENT IN THE FORM OF LEASE RENTALS, PROPERTY AND SALES TAXES AND TO THE SPIN OFF BENEFITS ATTRIBUTABLE TO ORE TERMINAL EMPLOYMENT AND TO THE IMPETUS TRUCK TRANSPORT OF ORE PROVIDED FOR YEAR AROUND OPERATION OF THE KLONDIKE HIGHWAY. THE ADVERSE EFFECTS HAVE BEEN PERNICIOUS AND THEY HAVE BEEN PERVASIVE. IN TO-TO, THE LEASE HAS WORKED TO THWART OPTIMUM DEVELOPMENT AND OPERATION OF THE SEAPORT OF SKAGWAY.

THE PROPOSED LEASE WITH AIDEA AND THE DEVELOPMENT OF A MULTI PURPOSE DOCK OFFERS TO THE COMMUNITY OF SKAGWAY AN OPPORTUNITY TO SHED ITSELF, AT LEAST PARTIALLY, OF ITS SUBSERVIENT STATUS AS A "COMPANY TOWN", AND A MEANS AS WELL FOR REALIZATION OF ITS INHERENT ROLE OF THE GATEWAY TO THE YUKON. IN OTHER WORDS, THE CITY OF SKAGWAY HAS MUCH TO GAIN AND NOTHING TO LOSE BY APPROVING THE PROPOSED TIDELANDS LEASE WITH AIDEA. CONTRAWISE, THE CITY HAS MUCH TO LOSE AND NOTHING TO GAIN BY FAILURE TO SIGN THIS LEASE.

RECOMMENDATION: THAT THE CITY OF SKAGWAY ENTER INTO A LEASE OF ITS TIDELANDS WITH AIDEA.

HB455

MEMORANDUM State of Alaska

TO: Linda Wild, Deputy Commissioner
Department of Commerce and
Economic Development

DATE: April 23, 1990

FILE NO:

TELEPHONE NO:

FROM: William R. Snell
Deputy Director - Development
Alaska Industrial Development and
Export Authority

SUBJECT: HB 455 Authorizing the Issuance of AIDEA Bonds for the Skagway and Unalaska Dock Projects

You have asked me to explain the change of scope and cost for the Authority's Skagway Ore Terminal Port Facility since Curragh, White Pass and the City of Skagway have now determined that an AIDEA purchase and refurbishment of the existing ore terminal facility is desirable over constructing new facilities.

Under the recently completed negotiations between Curragh and White Pass, it has been agreed that White Pass will sell its interest in the existing ore terminal facility to Curragh or AIDEA by the end of September 1990.

AIDEA would become the owner of the project providing certain conditions are met:

1. In accordance with AS 44.88.175, the City of Skagway formally endorses the project;

2. Legislation is enacted authorizing AIDEA to own the project and to finance the acquisition and capital improvement costs of the facility;

3. AIDEA's Board of Directors approve the project;

4. The City of Skagway approves either a sublease or an assignment of the property from White Pass to AIDEA;

5. White Pass and Curragh agree to certify and warrant the lease property as being in full compliance with all DEC/EPA environmental standards;

6. AIDEA is indemnified and held harmless by White Pass, Curragh (and their agents) and the City of Skagway for any past contamination of the property;

7. An acceptable user contract is successfully negotiated between AIDEA and the priority user of the facility (Curragh); and

8. Prior to AIDEA's purchase, the facility is brought up to building code requirements and minimum environmental operating standards.

The conceptual cost estimate for the financing, acquisition, and needed capital improvements range from a low of $20.0 million to a high of $25.0 million.

Our ability to further refine the scope of work and firm up the cost estimate is limited until such time as a detailed facility inventory and condition survey is completed by Curragh and we have met with the City of Skagway, and state and federal regulatory agencies to determine needed environmental improvements or mitigation work necessary to bring terminal operations up to acceptable standards.

Furthermore, Curragh has announced its intentions of developing new zinc and lead deposits which will require the ore terminal to be expanded and its material handling systems to be upgraded. The exact scope and cost of this work has yet to be defined.

Current best guesses place the acquisition costs in the $10.0 to $12.0 million range and the needed capital improvements and expansion costs in the $4.5 to $10.0 million range depending on the results from the inventory and condition survey and Curragh's expansion plans.

Should you require additional information or need clarification of the information provided, please do not hesitate to contact me.

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42390a

cc: Bert L. Wagnon, Executive Director, AIDEA
Reed Stoops
Marrion Pelley