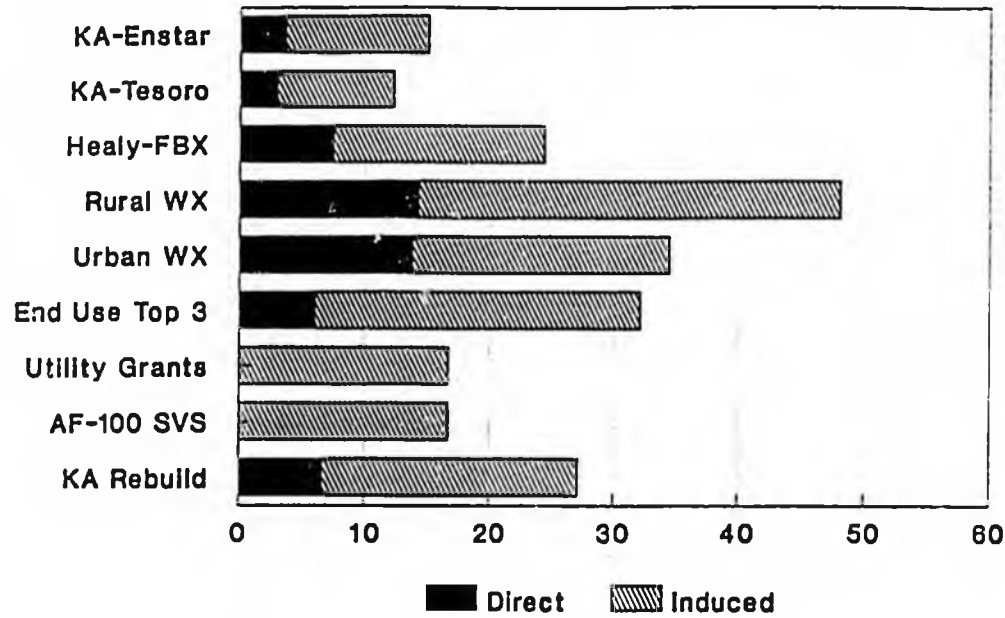


ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672
7041 HOUSE LABOR & COMMERCE

Employment per Million Dollars of State Outlay



Employment Impacts Summary: HB 76/77 and HB 228

Employment per Million \$ State Outlay:	KA Enstar	KA Tesoro	Healy-Fbx	Rural Wx	Urban Wx	End Use Top 3	Utility Grants	AF-100 SVS	KA Rebuild
Direct Project	4	3	7	14	14	6	0	0	7
Induced	11	9	17	34	21	26	17	17	20
Total job-years	15	12	24	48	35	32	17	17	27

Outlay Levels: (Million \$)	KA Enstar	KA Tesoro	Healy-Fbx	Rural Wx	Urban Wx	End Use Top 3	Utility Grants	AF-100 SVS	KA Rebuild	Total Outlay
HB 76/77	61	0	64	5	23	20	30	20	30	125
HB 228			0	5	23	20	30	20	30	128

Employment Impacts:	KA Enstar	KA Tesoro	Healy-Fbx	Rural Wx	Urban Wx	End Use Top 3	Utility Grants	AF-100 SVS	KA Rebuild	Total Job-yrs
HB 76/77										
Direct Project	219	0	477	0	0	0	0	0	0	696
Induced	705	0	1,075	0	0	0	0	0	0	1,780
TOTAL Job-years	924	0	1,553	0	0	0	0	0	0	2,476
HR 228										
Direct Project	0	0	0	71	319	121	0	0	200	711
Induced	0	0	0	169	475	522	500	333	615	2,613
TOTAL Job-years	0	0	0	240	794	642	500	333	815	3,324

Prepared by Steve Colt, Institute of Social & Economic Research, UAA. See also memo submitted to House Labor & Commerce Committee dated 3/23/91.

STATE OF ALASKA

April 17, 1991

OFFICE OF THE GOVERNOR

OFFICE OF MANAGEMENT AND BUDGET

WALTER J. HICKEL, GOVERNOR

P.O. BOX AM
JUNEAU, ALASKA 99811-0199
PHONE: (907) 465-3588

The Honorable David Finkelstein
Alaska State Representative
P.O. Box V
Juneau, AK 99811

Dear Representative Finkelstein:

The Administration has reviewed the several energy bills now before the legislature, and strongly supports the enactment of HB76 and HB77, authorizing the Anchorage to Kenai Peninsula and Healy to Fairbanks power transmission lines, and appropriating money from the Railbelt intertie reserve (sec. 159, ch. 208, SLA 1990) to pay a portion of their design and construction costs.

We support these projects as essential and economically feasible additions to the State's infrastructure, and support the use of the Railbelt intertie reserve fund for their construction. However, our support for the appropriation is limited to that amount presently in the Railbelt intertie reserve account (plus interest earned and to be earned, as provided in the act establishing that account). The account had a balance of \$105,988,542 at March 31, 1991.

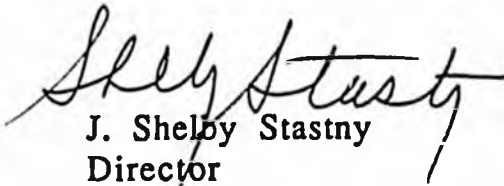
We believe the intertie projects meet Governor Hickel's goal of providing state resources for projects which will create infrastructure and which have the economic support of current beneficiaries as indicated by their willingness to share in the cost of the project.

Accordingly, our support for the projects is conditioned on full implementation of the terms of the Memorandum of Understanding executed between the railbelt utilities and the Alaska Energy Authority, and dated March 22, 1991. In this MOU, the utilities agree to pay all costs above an amount appropriated by the legislature, to pay all operations and maintenance costs during the life of the facilities, and to repay the State appropriation in future

dollars by continuing level debt service payments after retirement of the completion bonds.

We urge you to enact HB76 and HB77, with the limitations suggested above, this session.

Sincerely,

A handwritten signature in cursive script, appearing to read "Shelby Stastny".

J. Shelby Stastny
Director
Office of Management and Budget



MUNICIPALITY OF ANCHORAGE

ASSEMBLY MEMORANDUM

No. AM 1167-90

Meeting Date: December 18, 1990

From: Mayor Fink

Subject: Assembly Support for Constructing the North and South Electrical Interties with State Funding

The purpose of this action is to urge strong Assembly support before the 1991 State Legislature for constructing the North (Healy-Fairbanks) and South (Anchorage-Soldotna) Interties with state funding. The construction proposed is based on utility sponsored studies which show that two new sections of 138 Kilovolt intertie lines, one from Fairbanks to Healy, Alaska and the other from Anchorage to Kenai, Alaska, would have positive cost-benefit ratios and yield millions of dollars in benefits to Railbelt consumers. Reliability and stability of the electrical transmission system would be significantly enhanced and a major step will be taken to prevent Railbelt electrical blackouts which have been experienced in the past.

It is important that project construction begin in 1991. The earlier the line is in place, the sooner Anchorage will realize the full potential of the Bradley Lake Hydroelectric Project, and a more reliable electrical transmission infrastructure.

The Administration recommends strong support for construction of the North-South Electrical Interties supported by state funding.

Concur:

Submitted by:

Larry Crawford
Larry Crawford
Municipal Manager

Thomas R. Stahr FOR T.R. STAHR
Thomas R. Stahr
General Manager
Municipal Light and Power

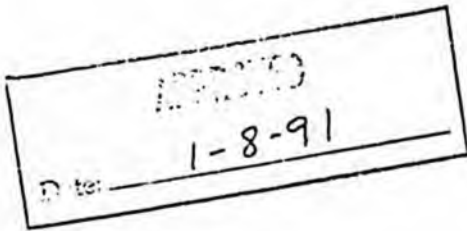
Concur:

Will Gay
Will Gay
Executive Manager
Enterprise Activities

Respectfully submitted,

Tom Fink
Tom Fink
Mayor

Submitted by: Chairman of the Assembly at
the request of the Mayor
Prepared by: Anchorage Municipal Light
and Power
For Reading: December 18, 1990



ANCHORAGE, ALASKA

AR NO. 90-318

A RESOLUTION URGING ELECTRICAL INTERTIE CONSTRUCTION SUPPORTED BY
STATE FUNDING

WHEREAS, the Interties Reserve Account was established with \$100 million in unexpended funds from the Railbelt Energy Fund, which was originally established to be used exclusively to meet the energy needs of Alaskans in the Railbelt region; and

WHEREAS, the Railbelt Energy Council endorsed use of a portion of the Railbelt Energy Fund to upgrade the Anchorage-Fairbanks electrical intertie system; and

WHEREAS, Alaskans in other regions of the state continue to enjoy the benefits of state-financed energy projects and the Bush continues to receive annual energy cost assistance through the Power Cost Equalization program; and

WHEREAS, a study by the North American Reliability Council has determined that the existing Railbelt intertied transmission system is below accepted industry reliability standards in the Lower 48 states; and

WHEREAS, utility sponsored studies show that two new sections of 138 kilovolt intertie line would have positive benefit-cost ratios and would yield many millions of dollars in benefits; and

WHEREAS, because of limited existing intertie capacity, the full generation benefits of the Bradley Lake Hydro Project would not be realized without intertie upgrades; and

WHEREAS, a new electrical transmission line between Healy and Fairbanks will enable the Usibelli Coal Company's Healy Coal Project to deliver its full output to the Fairbanks electrical load center; and

WHEREAS, the transfer of economical energy between Southcentral generation sources will be greatly enhanced with a new 138 kilovolt Kenai-Anchorage southern intertie; and

ASSEMBLY RESOLUTION
Urging Electrical Intertie
Construction Supported by
State Funding
Page 2

WHEREAS, transmission system reliability and increased control over major power outages will be much improved with the addition of a 138 kilovolt southern intertie;

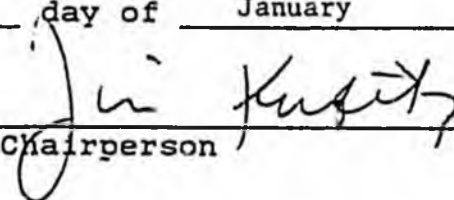
WHEREAS, electric utilities serving the Railbelt have pledged to pay interties construction costs above \$125 million and make payments to the state beyond the term of debt service throughout the useful life of the lines;

NOW, THEREFORE, BE IT RESOLVED, that

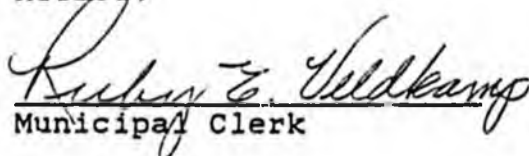
THE ANCHORAGE MUNICIPAL ASSEMBLY urges the Legislature to make an appropriation of \$125 million to the Alaska Energy Authority from the Railbelt Interties Reserve Account and other funds for construction of a new 138 kilovolt line between Healy and Fairbanks and the addition of voltage compensation on the existing Anchorage-Fairbanks transmission system, and for construction of a new 138 kilovolt line between Soldotna and Anchorage.

BE IT FURTHER RESOLVED, that the Governor is urged to support this legislative appropriation in its entirety.

Passed and approved this 8th day of January, 1991.


Chairperson

ATTEST:


Municipal Clerk



Municipality of Anchorage

Tom Fink, Mayor



Municipal Light & Power

1200 East First Avenue

Anchorage, Alaska 99501-1685

(907) 279-7671, Telecopiers: (907) 276-2961, 277-9272

April 17, 1991

Representative Dave Donley
Alaska State Legislature
Capitol, Room 122
Juneau, Alaska

Dear Representative Donley:

I am writing to request your support for HB 76 and HB 77. I am requesting you pass these two bills out of your committee.

I fully support the Railbelt Utilities Intertie study which was presented last year. I want to take this opportunity to comment on the legislative research agencies April 5, 1991 memorandum. This is not intended to be a comprehensive review, but it is intended to show that the April 5 memo contains significant errors and misconceptions such that it's conclusions are suspect.

On page three of the memo, certain end use conservation projects are cited as a preferable use of Railbelt funds. If these end use conservation programs have the benefit/cost ratios implied, they will automatically happen without any state involvement because the consumers themselves will find it profitable to invest in them. This is one area that can be left on to the open market. Economic studies have shown conclusively that conservation projects have the most pay-back if undertaken by the ultimate user, and, in fact, this is constantly occurring. This will not, however, have any significant effect on overall power system reliability.

On page ten of the memo, in the second paragraph, on reliability, it refers to the amount users would be willing to pay to avoid outages as a measure of the value of increased reliability. Unfortunately, this is not the proper measure because users will, in general, not be willing to pay the full cost of outages and interruptions for improved reliability for a number of reasons. The proper financial measure of improved reliability is the decreased cost of interruptions to the customer. It should be pointed out that, in general, an outage costs a customer far more on a minute by minute basis than the per minute value of his production, because a power interruption generally disrupts his business or production for considerably longer than the length of the power outage. The extreme case of this is an extreme voltage dip, which might be caused by an instantaneous fault on a transmission line but where there was no actual interruption of power. This type of disturbance can be very disruptive without any outage minutes.

Putting Energy Into Anchorage

Representative Dave Donley

April 17, 1991

Page Two

Page eleven contains a rather interesting sophistry proposing a cap on the reliability value of the proposed intertie by saying outages are a consequence of energy transfers and that outages can be avoided by stopping non-emergency energy transfers. In order to be able to make emergency energy transfers, a transmission must be energized and connected at both ends. While it is generally true that the reliability consequences of a transmission line fault will be more severe the higher the energy transfer, it is not at all true that stopping energy transfers will stop outages, unless the line is deenergized and this will eliminate emergency transfers as well. One does not have to be an electrical engineer to understand that a tree contacting an energized transmission line will cause a fault (short circuit) irregardless if energy is being transferred or not. Option 1 cited in the legislative research memo will not avoid outages and is not an option for increasing reliability. The only option is Option 2; use the new intertie.

The reality of this situation has been demonstrated several times when Municipal Light and Power has been forced to separate from Chugach during snow slide conditions because the voltage dips have been so severe that critical hospital equipment malfunctions. This occurred when transmission line energy transfers were minimal because Kenai generation was operating. Not only is the Legislative Research Agency premise wrong, it is, in light of experience and reality, absurd.

In Attachment A to the memo, there is a long and erudite-appearing dissertation on the cost of spinning reserves and, if the conclusion it draws were true, we all would have lower electric rates. They calculate 2800 BTU as the cost of spinning reserves of one kilowatt for one hour, but the best that is possible on the ML&P system is 5521 BTU in a textbook-perfect situation. Most likely, the fuel requirements of other Railbelt systems would be even higher.

The reason for this large discrepancy is that the author ignores several important factors in his derivation. The principal ones being that the requirement for spinning reserves and the capacity of the machine available to provide the spin are usually different, which, in practice, means one must spin more than is required. This, of course, increases the fuel penalty for the required spin. Spin must always equal or exceed the system requirements. The next most significant factor is that, in most cases, the most efficient machines also have the lowest fuel cost for spin. But they are already loaded producing energy because the savings of high efficiency are even more important in producing energy than spin. This means spin is obtained from less efficient machines which require more fuel to produce the spin. Another factor is that starting or stopping a machine takes a high toll in maintenance and spin requirements vary from hour to hour, but the compliment of spinning machines cannot be changed too frequently, without an unreasonably high maintenance impact. This means the combination of machines running is frequently suboptimal from a spinning reserve standpoint, which is reasonable because a higher spinning reserve cost is preferable to an even higher energy cost or even higher maintenance costs, but the end result is a higher fuel requirement for spin.

Representative Dave Donley
 April 17, 1991
 Page Three

On Page 24 of the Appendix, the author questions the utilities peak rating strategy which will allow exploitation of Bradley's full spinning reserve capabilities if adequate interties are constructed. I submit that effects of operating turbines in the peak and peak reserve mode are well known to the generating Railbelt utilities but not to the author of Attachment A.

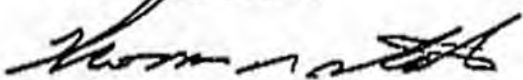
A great deal is made of the difference in intertie benefits between the original power authority study and the Railbelt utilities study. The original study was headed up by a economist who did not have any expertise in either transmission theory or utility and transmission operation. This original study was in regard to transmission lines, based on unrealistic assumptions as to the capability of the existing transmission lines and assumed certain inexpensive technological fixes which could increase their transmission capability. It, unfortunately, did not address warnings that these fixes could have side effects so severe that prudent operators would not use them. At least not without much more detailed study than had been done at that time. This led to an over optimistic base case which minimized the improvements achieved with a proper intertie. Since the utilities study did not make such over optimistic base case assumptions, the benefits of appropriate interties was greater.

Subsequent and more detailed studies have resulted in abandoning the risky technological fixes for more conventional (and more expensive) equipment. Unfortunately, the original APA Study has not been updated to reflect this fact.

The Legislative Research Agencies memo juxtaposes the utilities position and analysis by outside reviewers, but does not explain that the outside reviewer may, in fact, have a greater economic interest in the results than the utilities.

As a utility manager, my salary will not increase if the interties are built, they will have no effect on kilowatt hour sales and I believe they will result in less, not more, revenue to the utility. The only possible personal benefit to utility managers would be less flack about outages. On the other hand, Mr. Mitchell of Analysis North, the outside reviewer and apparent favorite of two Legislative Research Agency reviews, does, in fact, have a vested interest in higher electrical energy process. At the Consumer Service and Safety Standard Conference last November he was asked, "Given a study that properly treated all of the factors appropriate to the pricing of electricity and which concluded a lowering of the price would be appropriate, would you favor the price reduction?" to which he replied, "Conservation is inadequate in my view, so any changes that reduce the per-unit cost of electric power would be viewed as inappropriate." Based on his own statement, I believe one has a legitimate basis to question his review of the economic feasibility of the Railbelt transmission Improvements and Legislative Research Agency's review which draw so heavily on the Analysis North work should receive equal concern.

Very truly yours,



Thomas R. Stahr
 General Manager

*if you want undergrounding
 support our \$20 million
 request for replacing
 bad underground*



Tom Fink,
Mayor

Municipality of Anchorage

Department of Health and Human Services

825 "L" Street
P.O. Box 196650 Anchorage, Alaska 99519-6650



March 28, 1991

Honorable David Finkelstein
House of Representatives
P. O. Box Z
Juneau, Alaska 99811

Dear Mr. Finkelstein:

Mr. Steve Baden, Chief Energy Programs Section, Department of Community and Regional Affairs, requested us to forward the enclosed letters from Weatherization clients. I think you'll find them to be good testimony to the work Weatherization is doing for the community of Anchorage.

I want to take this opportunity to say "Thank You" on behalf of the needy people of Anchorage for your support and commitment toward providing this much needed service.

If I can be of any further assistance in your efforts to introduce new legislation in support of Weatherization, please do not hesitate to call me.

Sincerely,

Larry Roetto
Manager
Weatherization Program

LR/lr
Enclosures

To The Coordinator of the weatherization program:

I dont know who to address this to - Its about a furnace that your program purchased for me. I'd like to see you exactly what you did for my family.

We were in a very unsafe situation. Had it gone unchecked, we'd have had to have moved. We would have been in complete financial ruin. A disaster would have occurred in a year or so, we'd have a chance to buy this trailer. We would have lost everything.

I cant even begin to thank you.

Your program performed magic for me. I dont know how you believe in God, but I truly believe that He provided me family w/ your service. With my heart & soul, I send my gratitude.

Its not much, but Im sending you some info on a free seeds for gardens place. Also - I'd like to tell you about a product I've found. Its been in Europe for 60 years - Canada for 4 & the U.S. for 2. It corrects blood pressure - hypertension, it detoxifies your body & puts oxygen into every cell of your body. I truly believe it saved an infants life. He had open heart surgery & even the doctors were amazed he lived. The product is called K.M. Its an herb, potassium food supplement. You performed magic for me, let me try for God. Its not an attempt to sell you something. Its an honest way of saying thank you. The only way I know how. One doctor said that this product could possibly detox cancer if introduced into the body before the carcinogen.

If your interested, drop me a 3x5 card & I'll send you more info.

Please accept my sincere thanks for your assistance. w/out you, I dont know where we'd be or what we'd be doing. You see - we just moved here from Calif. Im trying to get started w/ school, save for a vehicle, get a bath, sitting

November 28, 1989

Mr. Larry Roetto, Program Manager
Weatherization Program
Municipality of Anchorage
4831 Old Seward Highway
Anchorage, AK 99503

Dear Mr. Roetto:

Please accept this letter of appreciation from me and my family concerning the excellent work performed by three of your energy specialists on the Municipality of Anchorage Weatherization Program.

A few days after our application for weatherization assistance had been approved, an energy audit was performed by Scott McEntire. He also pointed out trouble spots, and advised how we could avoid energy loss by paying attention to simple steps to keep our home snug and to heat it more economically. He then made a list of materials needed and scheduled a day and time for the work to be performed.

Yesterday morning, Odd (who isn't odd at all--really quite a nice man!) Kristiansen and Larry Kittoe arrived, and after assessing the work to be done, immediately began the job of weatherizing our mobile home. They sealed windows, placed styrofoam inside outlets, replaced a shower head with a water-saving one and removed the front and back doors and replaced weatherstripping. They then removed and replaced damaged skirting which might have allowed our pipes to freeze.

It was a pleasure to see how well they worked together, assisting each other and responding to requests from the other in such a cooperative spirit, the time seemed to fly. Every task was performed quickly and thoroughly. Just before they left for the day, they advised us how we could continue to enjoy the benefits of our now well-weatherized home, offering energy-saving tips which we will remember and practice.

My family and I will continue to enjoy the benefits these men have been instrumental in achieving. We sincerely appreciate the very vital service which was granted by your program. We will also be writing our endorsement of, and appreciation for, the Weatherization Program to the Anchorage Daily News and to our state legislators.

We hope the future of the Weatherization Program will be assured for many years to come...at least, until Alaska turns tropical!

Sincerely,



June Bond
2221 Muldoon Road, Space 725
Anchorage, AK 99504

cc: Mayor Tom Fink



ADHolness Company

P.O. Box 190967 • Anchorage, AK 99519 • (907) 338-0891

January 21, 1991

Mr Larry Roetto
Department of Health & Human Services
Weatherization Program Manager,
4831 Old Seward Highway, Suite 104
Anchorage, Alaska 99503

Dear Mr Roetto:

Again, you and your men have surpassed yourselves in the processing and compleation of winterization work done at 708 South Klevin, Anchorage, Alaska. Your outstanding mastery and proficient effort in assessing the needs and the expeditious professional compleation of work was most impressive. The positive effect on the property was immediate. The tenants are happy, the environment is pleased and I am thoroughly grateful. Without question, it has appreciated the value of the property, assisted in the efficiency of the heating system and allowed for a more secure living environment.

I will make it a point of duty to advice my representative and the pertinent governmental agencies that their effort is being felt and that they should keep up the good work. If I can be of help in any way please allow me the chance.

Very Truly Yours,

Allan D. Holness Jr

CITY OF CORDOVA, ALASKA

RESOLUTION 91-16

A RESOLUTION REGARDING CORDOVA'S ECONOMIC SITUATION AND
REQUESTING ASSISTANCE FROM THE STATE OF ALASKA

WHEREAS Cordova has experienced serious economic hardship as a result of the Exxon Valdez oil spill, and

WHEREAS those hardships have been most apparent in the fish processing segment of the community, and

WHEREAS three of the five major fish plants in the community have recently gone into Chapter Eleven Bankruptcy largely as a result of the oil spill, and

WHEREAS the entire economy of the community is based on fishing and fish processing, and

WHEREAS a number of businesses providing service to the fishing fleet and processors are experiencing financial difficulty because of the spill itself and the resultant bankruptcies, and

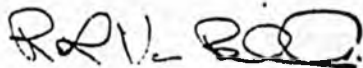
WHEREAS the value of fishing permits for Prince William Sound have declined in value by approximately one-third since March 24, 1989.

NOW, THEREFORE, BE IT RESOLVED BY THE CORDOVA CITY COUNCIL that it hereby requests assistance from the State of Alaska in the form of:

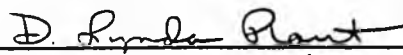
- special programs for businesses so that debt can be restructured and the fish plants can operate,
- retention of existing state offices in Cordova and establishment of a Job Service office here,
- funding for a Community Response Center and Oil Spill Training Center to be established in Cordova,
- funding for an economic development planning effort for the city,
- capital project financing to provide employment for Cordovans,
- establishment of a state camper park in Cordova,
- increased funding for mental health programs for the villages of Prince William Sound.

AND BE IT FURTHER RESOLVED THAT copies of this resolution will be sent to thw Governor of the State of Alaska, the Alaska Attorney General, the Alaska Commissioner of Commerce and Economic Devleopment, the Alaska Commissioner of Community and Regional Affiars, the Alaska Commissioner of Environmental Conservation, the Alaska Commissioner of Fish and Game, the Alaska Commissioner of Health and Social Services, the Alaska Commissioner of Labor, the Alaska Commissioner of Natural Resources, the Alaska Commissioner of Transportation and Public Facilities, the members of the Alaska Legislature, Sentaor Ted Stevens, Senator Frank Murkowski, and Representative Don Young.

PASSED AND APPROVED THIS 3rd DAY OF APRIL, 1991.



Robert Van Brocklin, Mayor



D. Lynda Plant, City Clerk

File
cc: Linda Plant

CORDOVA'S POINT OF VIEW

- **The Trans Alaska Pipeline provides 25% of the nation's oil and 80% of the State of Alaska's revenue.**
- **Everyone enjoys the benefits of the oil. However, only a few coastal communities share the risks posed by the transportation of this oil along our coast. The risks and benefits are not shared proportionally.**
- **Cordova's economy is based almost entirely on commercial salmon fisheries. The City Council's primary concern is the long term stability of our local economy.**
- **We do not yet understand the long term effect on Cordova's economy due to the oil spill. There are continuing impacts on the Cordova economy from the EXXON VALDEZ oil spill. The citizens are very concerned about the future of Cordova's economy.**
- **The oil spill is partly the cause of the current price crisis in the salmon market. This price crisis, and the fact that three of the five canneries in Cordova are in Chapter 11 bankruptcy, do not bode well for the future of Cordova's economy.**
- **Cordova is still at risk for future oil spills. Another oil spill, even a relatively small one, could completely shut down our fisheries and economy.**
- **Cordova and other local communities were not consulted when the settlement deal was made with EXXON even though it will have a major affect on us.**
- **Cordova nor other local communities have any say in how restoration funds are spent.**
- **The State of Alaska, the Unites States Government, and the oil industry have made many promises to Cordova, both before and after the oil spill, which have not been kept.**

CORDOVA'S NEEDS

- **Support from the Hickel Administration for the passage of SB-25 allowing Municipal access to the 470 fund for oil spill response.**
- **Increased funding for the ADF&G office in Cordova and support of any research or management efforts to increase the commercial fisheries of the region.**
- **Increased funding of mental health programs for Prince William Sound.**
- **The opening of a Jobs Services office in Cordova.**
- **Rebate of the State of Alaska's portion of raw fish taxes to processors if they put additional capital investment in developing value added products.**
- **Full and complete publication of all studies related to the damages of the EXXON Valdez oil spill.**
- **Funding for a study of the Cordova economy and a plan for long term economic recovery and stabilization of the economy.**
- **State support and funding for a Community Response Center and Oil Spill Training Center to be established in Cordova.**
- **Relocation of the Oil and Hazardous Substance Technology Review Council to Cordova.**
- **Funding and access to a disaster relief program that will allow local citizens and business to restructure their debt and business plans to compensate for the effect of the oil spill.**
- **Full funding for the take over of state hatcheries by Prince William Sound Aquaculture.**
- **Funding for Cordova's Capital Improvement Projects list.**
- **Establishment of a State Park in Cordova. Location of the headquarters of the Marine Park in Cordova.**
- **State assistance for shore based processors, other businesses, and affected individuals which are in Chapter 11 bankruptcy due to the EXXON Valdez oil spill.**
- **A state program to reduce the cost of electricity in Cordova.**

Gakona Junction

Village



April 1, 1991

State of Alaska - Legislature
P. O. Box V
Juneau, 99811

Attention: Representative Dave Finkerstein

Re: Use of Rail Belt Funding for electrical interties.

Dear Representative Finkelstein:

Pursuant to the teleconference of March 26, 1991 on the above noted topic I have spent some time looking at the merits of developing a tie line for the Copper Valley and South Central Alaska Corridors. Now, I am writing to ask for your support on the bills before you that address that subject.

The legislative and executive branches appear to have as top priorities: *1. more jobs for Alaskans; 2. savings on cost of operations; and 3. state wide development of industry.* This will not and cannot happen with high energy costs!

SB 180 and HB184 along with SB181 and HB 185 are bills that provide for low cost energy through the construction of a tie line from Delta to the Copper Valley and if approved will address these areas of priority.

1. The construction of such a line will cause an increase in employment as it will necessitate the hiring of large crews to build the line.
2. Savings on energy costs result in lower rates. That translates to savings to the private consumer as well as over \$300,000 in savings to the state in lower electrical rates in the Copper Valley alone.
3. When we provide cost effective energy to industry, industry will look more favorably at our valley as a viable location for production and operation.

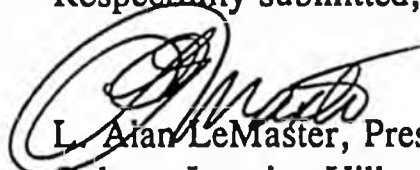
We are currently paying 22.6 cents per kw hour in the Copper Valley. This ranks us at the top of the energy costs in the State of Alaska if not most of the free world! The Bradley Lakes Dam project will have the capacity to produce up to 90 megawatts of power. A Glennallen - Delta tie line can easily be connected to the main grid from the Bradley Lakes Dam project giving nearly 10,000 consumers cheap energy from that source.

Then, when the tie lines from Healy - Fairbanks; Valdez-Cordova; Glennallen-Palmer; and Kenai Peninsula is complete we will have a grid that will pull all of South Central Alaska into a low cost, efficient energy belt and save millions of dollars of state and private funds that are now purchasing fossil fuels to make high cost energy and pollute the air. But we must look beyond the politics of our personal interests.

This is a direct infusion of dollars to the state coffers in a very real way. One that will easily offset millions of dollars in taxes or royalty monies with no bureaucracy to massage the funds!

How about it? Can you support these bills with your vote? We, your constituents, want it, need it and expect it. We'll be watching for the results in the coming weeks of the legislature.

Respectfully submitted,



L. Alan LeMaster, President
Gakona Junction Village, Inc.

cc: All Legislators

Mr. R. D. (Doug) Bursey, General Manager
Copper Valley Electric Association, Inc.

file

CITY OF HOMER
HOMER, ALASKA

RESOLUTION 91-09

A RESOLUTION OF THE HOMER CITY COUNCIL URGING
ELECTRICAL INTERTIE CONSTRUCTION SUPPORTED BY
STATE FUNDING.

WHEREAS, the Interties Reserve Account was established with \$100 million in unexpended funds from the Railbelt Energy Fund, which was originally established to be used exclusively to meet the energy needs of Alaskans in the Railbelt region; and

WHEREAS, the Railbelt Energy Council endorsed use of a portion of the Railbelt Energy Fund to upgrade the Anchorage-Fairbanks electrical intertie system; and

WHEREAS, Alaskans in other regions of the state continue to enjoy the benefits of state-financed energy projects and the Bush continues to receive annual energy cost assistance through the Power Cost Equalization program; and

WHEREAS, a study by the North American Reliability Council has determined that the existing railbelt intertied transmission system is below accepted industry reliability standards in the Lower 48 states; and

WHEREAS, utility sponsored studies show that two new sections of 138 kilovolt intertie line would have positive benefit-cost ratios and would yield many millions of dollars in benefits; and

WHEREAS, because of limited existing intertie capacity, the full generation benefits of the Bradley Lake Hydro Project would not be realized without intertie upgrades; and

WHEREAS, a new electrical transmission line between Healy and Fairbanks will enable the Usibelli Coal Company's Healy Coal Project to deliver its full output to the Fairbanks electrical load center; and

WHEREAS, the transfer of economical energy between Southcentral generation sources will be greatly enhanced with a new 138 kilovolt Kenai-Anchorage southern intertie; and

WHEREAS, transmission system reliability and increased control over major power outages will be much improved with the addition of a 138 kilovolt southern intertie; and

WHEREAS, electric utilities serving the Railbelt have pledged to pay interties construction costs above \$125 million and make payments to the state beyond the term of debt service throughout the useful life of the lines.

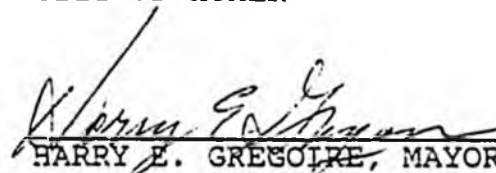
page 2 of resolution 91- (intertie)

NOW, THEREFORE, BE IT RESOLVED, that the Homer City Council urges the Legislature to make an appropriation of \$125 million to the Alaska Energy Authority from the Railbelt Interties Reserve Account and other funds for construction of a new 138 kilovolt line between Healy and Fairbanks transmission system, and the construction of a new 138 kilovolt line between Soldotna and Anchorage.

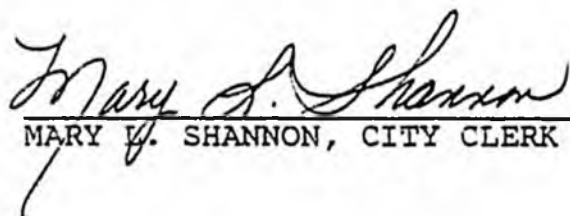
BE IT FURTHER RESOLVED, that the Governor is urges to support this legislative appropriation in its entirety.

ADOPTED BY THE HOMER CITY COUNCIL ON THIS 28th DAY OF January, 1991.

CITY OF HOMER


HARRY E. GREGOIRE, MAYOR

ATTEST:


MARY V. SHANNON, CITY CLERK

NOTE:

THERE IS NO FISCAL IMPACT NOTED REGARDING THIS RESOLUTION.

January 28, 1991

Gov. Walter Hickel
State Legislators
State of Alaska
Pouch A
Juneau, AK 99881



**A RESOLUTION URGING ELECTRICAL INTERTIE CONSTRUCTION
SUPPORTED BY STATE FUNDING**

WHEREAS, the Interties Reserve Account was established with \$100 million in unexpended funds from the Railbelt Energy Fund, which was originally established to be used exclusively to meet the energy needs of Alaskans in the Railbelt region; and

WHEREAS, the Railbelt Energy Council endorsed use of a portion of the Railbelt Energy Fund to upgrade the Anchorage-Fairbanks electrical intertie system; and

WHEREAS, Alaskans in other regions of the state continue to enjoy the benefits of state-financed energy projects and the Bush continues to receive annual energy cost assistance through the Power Cost Equalization program; and

WHEREAS, a study by the North American Reliability Council has determined that the existing Railbelt intertied transmission system is below accepted industry reliability standards in the Lower 48 states; and

WHEREAS, utility sponsored studies show that two new sections of 138 kilovolt intertie line would have positive benefit-cost ratios and would yield many millions of dollars in benefits; and

WHEREAS, because of limited existing intertie capacity, the full generation benefits of the Bradley Lake Hydro Project would not be realized without intertie upgrades; and

WHEREAS, a new electrical transmission line between Healy and Fairbanks will enable the Usibelli Coal Company's Healy Coal Project to deliver its full output to the Fairbanks electrical load center; and

WHEREAS, the transfer of economical energy between Southcentral generation sources will be greatly enhanced with a new 138 kilovolt Kenai-Anchorage southern intertie; and

WHEREAS, transmission system reliability and increased control over major power outages will be much improved with the addition of a 138 kilovolt southern intertie;

WHEREAS, electric utilities serving the Railbelt have pledged to pay interties construction costs above \$125 million and make payments to the state beyond the term of debt service throughout the useful life of the lines;

NOW, THEREFORE, BE IT RESOLVED, that

THE Homer Chamber of Commerce urges the Legislature to make an appropriation of \$125 million to the Alaska Energy Authority from the Railbelt Interties Reserve Account and other funds for construction of a new 138 kilovolt line between Healy and Fairbanks and the addition of voltage compensation on the existing Anchorage-Fairbanks transmission system, and for construction of a new 138 kilovolt line between Soldotna and Anchorage.

BE IT FURTHER RESOLVED, the Governor is urged to support this legislative appropriation in its entirety.

ADOPTED BY THE Homer Chamber of Commerce ON THIS 29th DAY
OF January 1991.

Dee Forrest

ATTEST:

Pat Springer

INTERTIE.RES/RR:ss

Introduced by: Hodgins, Glick
Date: January 22, 1991
Action: Adopted
Vote: Unanimous Consent

KENAI PENINSULA BOROUGH

RESOLUTION 91-5

A RESOLUTION URGING ELECTRICAL INTERTIE CONSTRUCTION SUPPORTED BY STATE FUNDING

WHEREAS, the Interties Reserve Account was established with \$100 million in unexpended funds from the Railbelt Energy Fund, which was originally established to be used exclusively to meet the energy needs of Alaskans in the Railbelt region; and

WHEREAS, the Railbelt Energy Council endorsed use of a portion of the Railbelt Energy Fund to upgrade the Anchorage-Fairbanks electrical intertie system; and

WHEREAS, Alaskans in other regions of the state continue to enjoy the benefits of state-financed energy projects and the Bush continues to receive annual energy cost assistance through the Power Cost Equalization program; and

WHEREAS, a study by the North American Reliability Council has determined that the existing Railbelt intertied transmission system is below accepted industry reliability standards in the Lower 48 states; and

WHEREAS, utility sponsored studies show that two new sections of 138 kilovolt intertie line would have positive benefit-cost ratios and would yield many millions of dollars in benefits; and

WHEREAS, because of limited existing intertie capacity, the full generation benefits of the Bradley Lake Hydro Project would not be realized without intertie upgrades; and

WHEREAS, a new electrical transmission line between Healy and Fairbanks will enable the Usibelli Coal Company's Healy Coal Project to deliver its full output to the Fairbanks electrical load center; and

WHEREAS, the transfer of economical energy between Southcentral generation sources will be greatly enhanced with a new 138 kilovolt Kenai-Anchorage southern intertie; and

WHEREAS, transmission system reliability and increased control over major power outages will be much improved with the addition of a 138 kilovolt southern intertie;

WHEREAS, electric utilities serving the Railbelt have pledged to pay interties construction costs above \$125 million and make payments to the state beyond the term of debt service throughout the useful life of the lines;

NOW, THEREFORE, BE IT RESOLVED, that

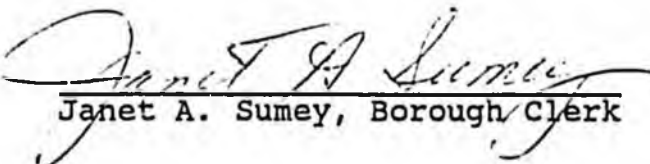
THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH urges the Legislature to make an appropriation of \$125 million to the Alaska Energy Authority from the Railbelt Interties Reserve Account and other funds for construction of a new 138 kilovolt line between Healy and Fairbanks and the addition of voltage compensation on the existing Anchorage-Fairbanks transmission system, and for construction of a new 138 kilovolt line between Soldotna and Anchorage.

BE IT FURTHER RESOLVED, the Governor is urged to support this legislative appropriation in its entirety.

ADOPTED BY THE ASSEMBLY OF THE KENAI PENINSULA BOROUGH ON THIS 22nd DAY OF January, 1991.


James W. Skogstad, Assembly President

ATTEST:


Janet A. Sumey, Borough Clerk

CITY OF SOLDOTNA

RESOLUTION 91-2
(Proposed by City Manager)

A RESOLUTION CONCERNING THE PROPOSED RAILBELT AREA
ELECTRICAL TRANSMISSION INTERTIES

WHEREAS, total State appropriations to the Railbelt Energy Fund at one time in the past provided up to \$282 million for the generation and distribution of electrical power throughout the Railbelt region of Alaska; and,

WHEREAS, now only about \$100 million remains of the Railbelt Energy Funds due to subsequent appropriations out of the Fund for a variety of energy and non-energy projects; and,

WHEREAS, since 1987 the Soldotna City Council has urged the State to use Railbelt Energy Funds for financing electrical transmission interties between the Kenai Peninsula, Anchorage and Fairbanks; and,

WHEREAS, up-graded transmission intertie systems would enable each utility within the Railbelt to share electrical power and, thereby, avoid duplication of capital investment for power generation; and,

WHEREAS, up-graded interties would enable mutually beneficial arrangements between the utilities whereby Fairbanks area utilities could buy less expensive gas generated power from the Kenai and Anchorage areas; and,

WHEREAS, up-graded interties would enable natural gas, coal or alternative technology electrical generation projects to be brought on line in less expensive increments as justified by growth in demand; and,

WHEREAS, the Railbelt transmission system has broad support among labor and government leaders, Chambers of Commerce, the Alaska coal industry, and others; and,

WHEREAS, it has become obvious to us that the up-graded intertie systems are more important to the well being of the Railbelt's electrical consumers than any other capital project proposal now under consideration by Alaska's new Governor and Legislature; now, therefore,

BE IT RESOLVED BY COUNCIL OF THE CITY OF SOLDOTNA AS FOLLOWS:

Section 1. We support using the remainder of the Railbelt Energy Funds for financing electrical transmission interties between the Kenai Peninsula, Anchorage and Fairbanks.

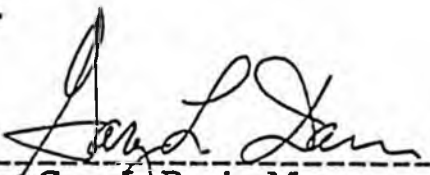
Section 2. We urge the Alaska Legislature to make an appropriation of at least \$125 million from Railbelt Energy Funds and other State funds for construction of: a new 138 kilovolt electrical transmission line between Soldotna and Anchorage; a new 138 kilovolt line between Healy and Fairbanks; and, voltage compensation upgrades on the existing Anchorage to Fairbanks electrical transmission system.

Section 3. We urge the Governor to support this legislative appropriation because it will enable lower cost electrical power throughout the Railbelt and thereby provide increased incentive for future private sector investments in economic retention and diversification initiatives.

Section 4. We encourage decision makers to look more closely at the costs and benefits of alternative means of electrical generation and conservation. We should not disregard the economic impacts of jobs associated with the present use and future development of gas, coal and alternative generation resources. Likewise, electrical conservation measures should be considered as a means to mitigate the need and expense for new electrical generation capacity.

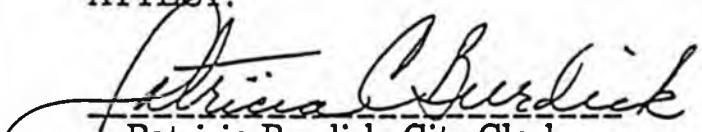
Section 5. The City Clerk is requested to send a copy of this Resolution to Governor Walter Hickel, all State Senators and Representatives who represent the Railbelt region of Alaska and to the General Manager of Homer Electric Association.

ADOPTED this 6th day of February, 1991.



Gary L. Davis, Mayor

ATTEST:



Patricia Burdick, City Clerk

GREATER SOLDOTNA CHAMBER OF COMMERCE
RESOLUTION NO. 91-3

A RESOLUTION URGING ELECTRICAL INTERTIE CONSTRUCTION SUPPORTED BY
STATE FUNDING

WHEREAS, the Interties Reserve Account was established with \$100 million in unexpended funds from the Railbelt Energy Fund, which was originally established to be used exclusively to meet the energy needs of Alaskans in Railbelt region; and

WHEREAS, the Railbelt Energy Council endorsed use of a portion of the Railbelt Energy Fund to upgrade the Anchorage-Fairbanks electrical intertie system; and

WHEREAS, Alaskans in other regions of the state continue to enjoy the benefits of state-financed energy projects and the Bush continues to receive annual energy cost assistance through the Power Cost Equalization program; and

WHEREAS, a study by the North American Reliability Council has determined that the existing Railbelt intertied transmission system is well below accepted industry reliability standards in the Lower 48 states; and

WHEREAS, utility sponsored studies show that two new sections of 138 kilovolt intertie line would have positive benefit-cost ratios and would yield many millions of dollars in benefits; and

WHEREAS, because of limited existing intertie capacity, the full generation benefits of the Bradley Lake Hydro Project would not be realized without intertie upgrades; and

WHEREAS, a new electrical transmission line between Healy and Fairbanks will enable the Usibelli Coal Company's Healy Coal Project to deliver its full output to the Fairbanks electrical load center; and

WHEREAS, the transfer of economical energy between Southcentral generation sources will be greatly enhanced with a new 138 Kilovolt Kenai-Anchorage southern intertie; and

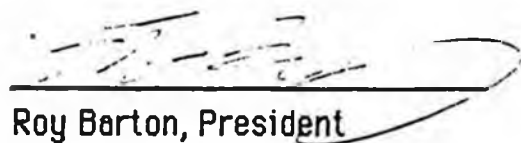
WHEREAS, transmission system reliability and increased control over major power outages will be much improved with the addition of a 138 kilovolt southern intertie; and

WHEREAS, electric utilities serving the Railbelt have pledged to pay interties construction costs above \$125 million and make payments to the state beyond the term of debt service throughout the useful life of the lines;

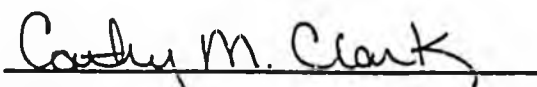
NOW, THEREFORE, BE IT RESOLVED, that the Soldotna Chamber of Commerce urges the Legislature to make an appropriation of \$125 million to the Alaska Energy Authority from the Railbelt Interties Reserve Account and other funds for construction of a new 138 kilovolt line between Healy and Fairbanks and the addition of voltage compensation on the existing Anchorage-Fairbanks transmission system, and for construction of a new 138 kilovolt line between Soldotna and Anchorage.

BE IT FURTHER RESOLVED, the Governor is urged to support this legislative appropriation in its entirety.

ADOPTED THIS 13th day of February, 1991 at Soldotna, Alaska.


Roy Barton, President

ATTEST.


Cathy M. Clark, Executive Director



ALASKA ELECTRIC GENERATION AND TRANSMISSION, INC.

March 29, 1991

Rep. David Finkelstein, Chairman
House Labor and Commerce Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Rep. Finkelstein:

I currently serve as President of the Board for Alaska Electric Generation & Transmission Cooperative, Inc. The cooperative owns a 40 megawatt power plant on the Kenai Peninsula. In addition to Chugach Electric's 75 megawatt power plant located in North Kenai, the new Bradley Lake hydroelectric project will produce 90 mW. The entire Railbelt from Homer to Fairbanks will benefit from the generation plants on the Kenai only if the second transmission line is constructed between Soldotna and Anchorage.

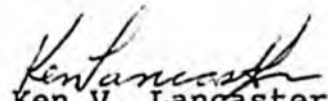
The Kenai Peninsula will have power production capabilities to assist the Anchorage area as well as points north during times of short power supply. Likewise, the Kenai Peninsula will have more reliable service and the ability to import power when needed.

House Bills #76 and #77 currently in your committee will serve to invest in the Railbelt Interties both in financial and social benefits. I urge you to move House Bills #76 and #77 out of committee.

Thank you for your consideration.

Sincerely yours,

ALASKA ELECTRIC GENERATION AND
TRANSMISSION COOPERATIVE, INC.


Ken V. Lancaster
President

KVL/NLS:em

cc: RF - NLS

PHONE: (907) 745-3231 • P. O. BOX 2929 • PALMER, ALASKA 99645

PHONE: (907) 235-8167 • P. O. BOX 169 • HOMER, ALASKA 99603



CHUGACH ELECTRIC ASSOCIATION, INC.

April 1, 1991

APR 04 1991

The Honorable David Finkelstein
House of Representatives
P.O. Box V, Room 15
Juneau, AK 99811

Dear Mr. Finkelstein:

I am writing this letter to share my thoughts with you about the hearing that was held on March 26, 1991, in the House Labor and Commerce Committee, to review several energy bills that have been introduced this year. The Railbelt utilities have supported H.B. 76 and H.B. 77, which would authorize and appropriate funds for construction of two intrastate electric transmission lines known as the interties. This is not a new idea. The utilities have been working for these projects for several years and have attracted broad support for them. This support includes all of the Railbelt utilities, which provide service to the 300,000 residents of the region, the municipal and borough assemblies of the communities from Fairbanks to Homer, labor, including both AFL-CIO and IBEW, business and industry, and as was announced by the Lieutenant Governor, support from the Administration.

I know that you do not support the interties. This was evidenced by the recent introduction of H.B. 228, which would offer alternative uses for the Railbelt Intertie Reserve Fund. Whether or not you personally like the interties is not the issue. What is important is that H.B. 76 and H.B. 77 have the opportunity to be voted on by the Labor and Commerce Committee, and hopefully by the full House of Representatives. It is becoming apparent that there is some move to slow-roll this legislation until it is too late in the session for any action to occur. The late date of the March 26 hearing, which was only made possible at the insistence of the bills' sponsors, the two-week delay for a second hearing, and the lack of action in the Committee hearing indicates to me that delay tactics are being used.

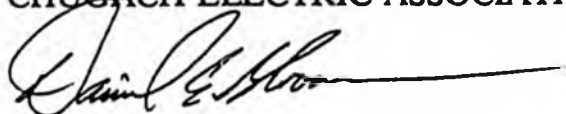
This type of activity is an insult to those who have worked hard to promote legislation for the projects that we believe will be the best use of the Railbelt Intertie Fund and provide the most benefits to the greatest number of residents in the region. The general managers of four of the five largest electric utilities in the state took the time to attend the hearing in Juneau, and like everyone else who participated, were afforded only a few short minutes to present testimony on this issue of critical importance. With time being at a premium, I would like to suggest that you reschedule the date for the next hearing on these bills to the first week in April, and if needed, consider scheduling a committee workshop in the

meantime, so that H.B. 76 and H.B. 77 can be moved on to the next committee in a timely manner.

If Chugach can assist you by providing information, or in any other way, please contact me at 762-4595. I will appreciate your expeditious handling of this matter.

Sincerely,

CHUGACH ELECTRIC ASSOCIATION, INC.



Daniel E. Bloomer
Executive Staff Assistant

cc: Governor Hickel

Representatives:

- L. Baker
- R. Barnes
- M. Boyer
- B. Bruckman
- D. Donley
- I. Ivan
- T. Martin
- M. Miller
- T. Moyer
- M. Navarre
- P. Parnell
- G. Phillips
- B. Sharp
- R. Taylor

**Chugach Comments on the April 5 Legislative Research Agency
Report on: Economic Feasibility of Interties and Other Railbelt Projects**

General Comments:

- There is no indication that Decision Focus, Inc. (DFI) was consulted regarding the strong conclusions drawn by this report's author on their 1989 report.
- To our knowledge, no utility contacts were made during the preparation of this report.
- There is no indication that additional experts in the field of power transmission or economics of power sales were consulted for verification of materials and concepts at any time during the compilation of the report; rather, statements and conclusions are restated by a newly-involved analyst.
- The credentials of the author is not identified in the report, particularly as relates to electrical utility system or reliability analysis. Further, the report relies heavily, if not primarily, on a prior review by Analysis North. The author has not provided an independent review.
- The "study" draws hard and fast conclusions regarding the interties based solely on review of prior documents with no apparent new research or study on, for example, Bradley Lake operational capability.
- Although information from utilities on DFI was apparently not obtained, great credence is assigned to the validity of "outside reviewer" positions and benefit of doubt and uncertainty generally applied against the proposed projects.
- The study recommends even further study in spite of the fact that these projects have undergone a scrutiny that exceeds all other projects in Alaska's legislative history.
- No mention is made of the fact that the original Railbelt Energy Fund (REF) was the railbelt's fair share of energy-support revenues. The bush got power cost equalization (PCE), other communities received hydroelectric and transmission projects, and the railbelt got the REF. Further, the REF was raided in 1990 and now less than half of the fund remains for its intended use.
- The conclusions drawn are based solely on a benefit-cost ratio perspective and downside revision to the prior analysis. No consideration is given for the direct impact on the railbelt ratepayers if the utilities must build the interties themselves.
- There is no discussion of the specific benefits to the Bradley Lake project and the expanded capability that would be available with additional ties, as well as the potential for reduced Bradley Lake project costs.

- Overall the report emphasizes negative aspects and comparisons rather than providing a balanced review of the available information. In short, the document is clearly biased.

Specific Comments:

- Page 8 - The author asserts that lower voltages normally provide lower benefits and implies anomalous response by the utility consultant. In the original study, the utilities agreed to use the system configuration recommended by Alaska Energy Authority's (AEA's) consultant in determining the reliability and transfer levels of the existing system after Bradley Lake, but without a new intertie. This was done under the condition that AEA would provide the studies to back up their claims of increased power transfers and improved reliability. After the first study was completed, AEA's consultant withdrew in writing his assertion that the system would be as reliable or provide as much power transfer capacity as originally proposed. The benefits included in the original DFI study were thus understated and led to the proposal for downsizing by the utilities. The economic evaluation based on the technical operation of the system as originally proposed was also invalid and should not be used as reference.

The second DFI study was also based on certain assumptions as to the restraints of system operation believed to be true at the time. Further studies have since revealed the system may be restricted more than believed at the time of the second DFI study. Since all of these restrictions add benefits to an intertie, none of the new information detracts from these benefits previously estimated.

- Page 10, Energy Transfer - The author emphasizes the computations without fully addressing all aspects of the issue.

The reliability benefits were very conservatively calculated in both DFI reports. There were certain restrictions placed on the utilities in that determination. For example:

1) Only single contingency events were utilized for the study, even though normal utility practice, including Chugach's, is to include multiple contingency analysis for long-term planning.

2) Both studies were based on AEA's claim that the existing system without a new intertie would never suffer an event in which the entire railbelt or any substantial portion thereof went totally black. This position has since been refuted by an independent engineering review and the system configuration on which the studies were based has been abandoned. The December 11, 1989 outage following the

failure of a gas valve at Beluga is an example of this phenomena. The southern intertie would most likely have saved the system from a complete blackout and reduced complete restoration to less than one hour. Studies completed since the second DFI study show there are a number of cases where the Kenai area in particular will suffer major blackouts unless the system is severely restricted in its operation. All of these increase the tie-line benefits.

- **Regarding capacity sharing** - The author, and other "outside reviewers," discount the capacity-sharing benefits cited by the DFI analysts on the basis of questions in resource planning. The utilities were not contacted in this regard. For example, Chugach recently obtained an independent engineering estimate of relocating a turbine, at costs more than double earlier estimates.



Homer Electric Association, Inc.

CENTRAL PENINSULA SERVICE CENTER

280 AIRPORT WAY • POUCH 5280 • KENAI, ALASKA 99611 • (907) 283-5831

March 29, 1991

Rep. David Finkelstein, Chairman
House Labor and Commerce Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

APR 04 1991

Dear Rep. Finkelstein:

The electrical transmission intertie projects are of vital importance to the Kenai Peninsula as well as the entire Railbelt. As president of Homer Electric Association, Inc., I can assure you I hear many complaints and concerns from residential and commercial consumers on the Kenai Peninsula as a result of transmission line outages between Soldotna and Anchorage.

As a member of the Homer Electric Board of Directors, I know full well the reliability problems that exist due to the existing single 115 kV transmission line. In addition, I have followed the Bradley Lake Project from its inception, and understand that under certain operating conditions Bradley could cause Kenai Peninsula blackouts that would result in taking down or greatly affecting the balance of the Railbelt.

The majority of the citizens of Alaska live along the Railbelt. They deserve to have reasonably priced power available and a level of reliability equal to the rest of our nation. I urge you to pass House Bills #76 and #77 so the Legislature will have the opportunity to invest in the future of Alaska.

Sincerely yours,

HOMER ELECTRIC ASSOCIATION, INC.


Fred F. Braun
President

FFB/NLS:em

cc: RF - NLS



Homer Electric Association, Inc.

CENTRAL OFFICE: 3977 LAKE STREET • HOMER, ALASKA 99603 • (907) 235-8167

March 27, 1991

APR 0 1991

Rep. David Finkelstein, Chairman
House Labor and Commerce Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Mr. Finkelstein:

I have felt there exists a lack of understanding and appreciation for the frequency, extent and impact of transmission line outages in the Railbelt. After your committee hearing, I am convinced it is not widely appreciated just how large a reliability benefit Alaskans would receive from the proposed Intertie.

These benefits extend to public health, safety, convenience, and central services. The financial well-being of business upon which many jobs depend also benefits. Consumers and generating plants on the Kenai, including the Bradley Lake hydroelectric project soon to be completed, are connected by a single, aging, 115 kV transmission line. A line that is over 30 years old and built through areas where high winds, avalanches, and bad soil conditions cause many outages.

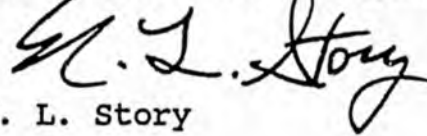
The outages on the Kenai are many more than normally tolerated according to current industry standards. In fact, the sum total of outages over the last two years is 10 times more than standards for this length of line over the same period of time. The Bradley power will put more stress on the existing line. Without a second line, the Railbelt will not realize full benefit from the Bradley project. The Kenai will experience substandard reliability. In addition there will be stability problems caused by the Bradley project without the second line. The weak electrical transmission system on the Kenai can cause widespread blackouts throughout the Railbelt area.

A maintenance program or fix on the existing line cannot change the fact that we have a weak and vulnerable regional transmission system dependent upon a single, aging transmission line from Soldotna to Anchorage. It is not just a problem for the Kenai, but is a regional problem affecting the entire Railbelt.

I urge the movement of House Bills #76 and #77, so the Legislature can invest in these important infrastructure improvements. Thank you.

Sincerely yours,

HOMER ELECTRIC ASSOCIATION, INC.



N. L. Story
General Manager

NLS:em

cc: RF - NLS
Railbelt Utility Managers
President, HEA Board
President, AEG&T Board
Rep. Mike Navarre
Rep. Gail Phillips
Sen. Paul Fischer
Dave Hutchens

Kotzebue Electric Association, Inc.

THIRTY MILES NORTH OF THE ARCTIC CIRCLE

P.O. BOX 44

Kotzebue, Alaska 99752

Phone (907) 442-3492



Representative David Finkelstein
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

APR 16 1991

April 12, 1991

Dear Representative Finkelstein:

This is to let you know that Kotzebue Electric Association (KEA) strongly supports H.B. 239, H.B. 76 and H.B. 77, which are among a number of energy related bills currently before the House Labor and Commerce Committee on which you are Chairman.

I speak for KEA's board of directors and the nearly 3,000 Northwest Alaska residents we serve in urging you to pass these three bills from your committee as soon as possible, especially since the legislative session is now almost three quarters complete and adjournment is not far off.

H.B. 239 will provide safe electricity in rural areas by ensuring that maintenance is done in small villages. KEA, a nonprofit electric cooperative has direct experience working with one such village (not part of our system). Which lost both of its generators during the deep cold spell several years ago. The village was without power for over 2 weeks, during one of the coldest periods in Alaska history. The state eventually had to pay to replace the generators. Adequate and timely maintenance would have prevented this.

If you truly want to reduce costs in rural areas, fuel efficiency improvement and line loss reduction are the most efficient and cost effective methods of doing that. As an example this year KEA rebuilt one of our engine generator sets with fuel efficient power packs and a fuel efficient turbo, the \$80,000 cost of the rebuild will be paid for in 1 year through fuel savings to our consumers. KEA has also saved our members over \$5 million in fuel costs by having our own storage tanks and by purchasing our fuel in a group buy arrangement.

H.B. 239 will achieve this type of return, by providing much needed deferred maintenance.

KEA is also in strong support of H.B. 76 and H.B. 77, for the Railbelt interties. Something that many people do not consider is that low cost energy affects the cost of goods and services in rural areas. In large part the Railbelt communities are the service centers for the rural areas of the state.

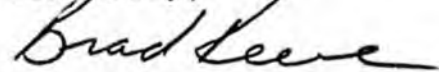
We are also in agreement with the Railbelt that the reliability of the interties is very important. The need for reliability is the same in the Railbelt as it is in the Kotzebue. The loss of power in this community even for short periods can mean the loss of a water system, or sewer system. Outages can affect, someone on life support, or increase the chances of an accident by lack of traffic lighting. These are just a few examples.

KEA promotes conservation by sponsoring energy fairs and conservation is part of the answer, but I am deathly afraid that if we put all our eggs in that basket, we will come up short later at a time when our children will need a reliable power delivery system that won't be there at a reasonable cost.

I look at the interties like I would a savings account, you can invest today for the future in the interties, or you can lose this opportunity by spending the remainder of the Railbelt fund on other projects and have everyone pay what will be higher energy costs later.

KEA encourages you to pass H.B. 239, H.B. 76 and H.B. 77, without delay. Feel free to contact me if you want more information.

Sincerely,



Brad Reeve
General Manager
Kotzebue Electric Association

Kotzebue Electric Association, Inc.

THIRTY MILES NORTH OF THE ARCTIC CIRCLE

P.O. BOX 44

Kotzebue, Alaska 99752

Phone (907) 442-3492



Representative David Finkelstein
Alaska State Legislature
P.O. Box V
Juneau, Alaska 99811

March 12, 1991

Dear Representative Finkelstein:

This is to let you know that Kotzebue Electric Association (KEA) strongly supports H.B. 239, H.B. 76 and H.B. 77, which are among a number of energy related bills currently before the House Labor and Commerce Committee on which you are Chairman.

I speak for KEA's board of directors and the nearly 3,000 Northwest Alaska residents we serve in urging you to pass these three bills from your committee as soon as possible, especially since the legislative session is now almost three quarters complete and adjournment is not far off.

H.B. 239 will provide safe electricity in rural areas by ensuring that maintenance is done in small villages. KEA, a nonprofit electric cooperative has direct experience working with one such village (not part of our system). Which lost both of its generators during the deep cold spell several years ago. The village was without power for over 2 weeks, during one of the coldest periods in Alaska history. The state eventually had to pay to replace the generators. Adequate and timely maintenance would have prevented this.

If you truly want to reduce costs in rural areas, fuel efficiency improvement and line loss reduction are the most efficient and cost effective methods of doing that. As an example this year KEA rebuilt one of our engine generator sets with fuel efficient power packs and a fuel efficient turbo, the \$80,000 cost of the rebuild will be paid for in 1 year through fuel savings to our consumers. KEA has also saved our members over \$5 million in fuel costs by having our own storage tanks and by purchasing our fuel in a group buy arrangement.

H.B. 239 will achieve this type of return, by providing much needed deferred maintenance.

KEA is also in strong support of H.B. 76 and H.B. 77, for the Railbelt interties. Something that many people do not consider is that low cost energy affects the cost of goods and services in rural areas. In large part the Railbelt communities are the service centers for the rural areas of the state.

We are also in agreement with the Railbelt that the reliability of the interties is very important. The need for reliability is the same in the Railbelt as it is in the Kotzebue. The loss of power in this community even for short periods can mean the loss of a water system, or sewer system. Outages can affect, someone on life support, or increase the chances of an accident by lack of traffic lighting. These are just a few examples.

KEA promotes conservation by sponsoring energy fairs and conservation is part of the answer, but I am deathly afraid that if we put all our eggs in that basket, we will come up short later at a time when our children will need a reliable power delivery system that won't be there at a reasonable cost.

I look at the interties like I would a savings account, you can invest today for the future in the interties, or you can lose this opportunity by spending the remainder of the Railbelt fund on other projects and have everyone pay what will be higher energy costs later.

KEA encourages you to pass H.B. 239, H.B. 76 and H.B. 77, without delay. Feel free to contact me if you want more information.

Sincerely,



Brad Reeve
General Manager
Kotzebue Electric Association



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

(907) 463-3366

April 19, 1991

Representative Finkelstein,

We would like to thank the Labor and Commerce committee for introducing HB 228. We would also like to thank you for holding the energy debate on Wednesday, April 17. As the debate elicited, the questions around energy choices involve values. The Alaska Environmental Lobby values conservation and a diversified approach to meeting our energy needs. We support HB 228 because it is the only intertie bill that provides such a conservative, diversified, and equitable approach to energy.

From the debate, it became very clear that HB 76 and 77--the rival intertie bills to HB 228--push the limits of value by spending approximately \$24 million for some twenty-five minutes of increased reliability. Also, the intertie proposals contained in HB 76 and 77 are superfluous. HB 76 and 77 call for new transmission line construction between Anchorage and Kenai, and Healy and Fairbanks--areas already adequately served.

Why build new transmission infrastructure in areas already adequately served with electricity? Why, especially when there are no unusually high rates to combat? Unless this is a "mega-project"--avowed to waste money--then there is no compelling reason to support HB 76 and 77. Its focus--transmission--is narrow. New transmission capability will do little to reduce consumption in areas that are already well-served and that already enjoy reasonable rates.

Now is the time for Alaska to conserve energy and maintain the transmission infrastructure it has already. HB 228 provides for an **upgrade** of the Healy to Fairbanks intertie, the **reconstruction** of the Kenai to Anchorage intertie, home **weatherization** and end-use **conservation** programs, and utilities' **debt retirement**.

The Alaska Environmental Lobby strongly supports HB 228, applauding its strides toward conservation.

Sincerely,

A handwritten signature in cursive script that reads "David van den Berg".

David van den Berg
AEL Volunteer



Alaska Environmental Lobby, Inc.

P.O. Box 22151 Juneau, Alaska 99802

907-463-3366

HB 228 To Appropriate for Power Projects, Energy Conservation, and Grants to Utilities

The Alaska Environmental Lobby strongly supports HB 228
HB 228 is the most comprehensive, equitable, and cost-effective of the
intertie bills.

HB 228 provides a varied approach to supplying Alaska's energy
needs. It is not a narrow approach, addressing neither electrical generation
nor transmission alone. Recognizing that problems often require diverse
solutions, this bill apportions funds for conservation, efficiency, transmission
infrastructure, and a program to relieve utilities of debts which impair their
ability to undertake and maintain initiatives.

Its theme is waste not, want not. It makes the most of our existing
energy resources.

Rather than build expensive, redundant transmission lines, HB 228
upgrades existing transmission infrastructure to meet the future demands of
the largest population centers in the state.

By using demand-side programs, HB 228 ensures the most cost-
effective arrangement of energy options. Demand-side programs--as
compared to traditional methods of increasing supply to meet demand--
reduce current demand through rebates for efficiency, use of conservation
gadgets, and insulation standards which, in essence, reduce overall demand
to meet demand. Thus, demand-side programs obviate the need for
expensive new generation facilities by reducing operating hours. Fewer
operating hours translate into less wear and tear on the facilities, lower
maintenance costs, lessened energy consumption, and reduced pollution.

HB 228's comprehensive, equitable, and cost-effective approach to
energy production and transmission is a wise choice, meeting today's needs
with tomorrow's solutions.

Prepared by AEL Volunteer, David van den Berg, 4-2-91.

CLEAN AIR COALITION • PRINCE WILLIAM SOUND CONSERVATION ALLIANCE • ALASKA CENTER FOR THE ENVIRONMENT
ALASKA CHAPTER SIERRA CLUB • JUNEAU GROUP SIERRA CLUB • ANIK GROUP SIERRA CLUB • DENALI GROUP SIERRA CLUB
ANCHORAGE AUDUBON SOCIETY • ARCTIC AUDUBON SOCIETY • DENALI CITIZENS COUNCIL • ALASKA FRIENDS OF THE EARTH
JUNEAU AUDUBON SOCIETY • KACHEMAK BAY CONSERVATION SOCIETY • KENAI PENINSULA AUDUBON SOCIETY • KODIAK AUDUBON SOCIETY
LYNN CANAL CONSERVATION • SITKA CONSERVATION SOCIETY • NORTHERN ALASKA ENVIRONMENTAL CENTER
SOUTHEAST ALASKA CONSERVATION COUNCIL • ANIK CANOERS AND KAYAKERS



March 28, 1991

via facsimile

Mayor VanBrocklin
City of Cordova

Dear Mr. VanBrocklin and City Council:

We are glad to respond to your request of support on the City of Cordova's behalf.

Chugach Alaska Corporation's economic condition has been severely impacted by the Exxon oilspill. We believe it has affected our current price crisis in the salmon market and is certainly a major contributor to Chugach's recent filing for protection under Chapter 11 of the Federal Bankruptcy law.

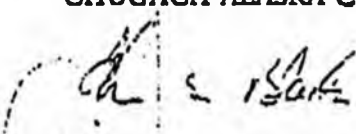
As you well know, Chugach is heavily invested in the Cordova-Prince William Sound area with our Orca and Morpac facilities. The Morpac facility has been shut down and on the market for over a year and remains unsold.

State assistance for shore based processors and other businesses in Prince William Sound is needed.

Chugach Alaska Corporation supports the City of Cordova's application for disaster area status.

Sincerely,

CHUGACH ALASKA CORPORATION


Keith H. Gordaoff
Chairman of the Board

KG:jc

DECISION
FOCUS
INCORPORATED

4954 El Camino Real
Los Altos, California 94022
415 967 3450

AFn

1991

April 12, 1991

Representative David Finkelstein
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Finkelstein:

I recently received a letter from Alan Mitchell (a copy is attached) indicating that your office has requested that he sends me a copy of his letter to you dated April 24, 1990 regarding our study of the Economic Feasibility of the proposed 138 KV Transmission Lines in the Railbelt.

I am writing to inform you that I had not seen Alan's letter before this week and that I have several significant comments about its contents.

Sincerely,



Salim J. Jabbour
Senior Vice President

SJJ/pyd

Enclosures

cc: Alan Mitchell (Analysis North)
Michael P. Kelly (GVEA)
Dave Hutchens (ARECA)
David L. Highers (CEA)
Ken Ritchey (MEA)
Tom Stahr (AMLP)



Analysis North

Alaska's Utility Consumer Advocate

911 West 8th Avenue, Suite 204

Anchorage, Alaska 99501

907-272-3425

April 4, 1991

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

Dear Salim:

In response to your Addendum to the "Economic Feasibility of the Proposed 138 kV Transmission Lines in the Railbelt", I wrote the enclosed letter to Representative David Finkelstein last year. Representative Finkelstein's office has requested that I send you a copy of the letter. The interties are once again being debated before the Legislature.

Congratulations on your recent promotion. Please call if you have any questions concerning the enclosed letter.

Sincerely yours,

Alan Mitchell
Utility Analyst



April 24, 1990

Representative David Finkelstein
Alaska State Legislature
P.O. Box V
Juneau, AK 99811

Dear Representative Finkelstein:

You recently asked if I would respond to the "Addendum, Revised Benefits of the Kenai-Anchorage Line" submitted by Decision Focus in response to my and other reviews of DFI's work on the Railbelt intertie proposals. It is unfortunate that their short Addendum took two months to prepare. As I am currently working on issues before the APUC with quickly approaching deadlines, I will only respond briefly to the DFI Addendum.

The information presented in the DFI Addendum does not significantly change my evaluation of the cost-effectiveness of the Kenai-Anchorage intertie. First, I will discuss DFI's response to 3 errors I identified in their analysis of the operational coordination benefits of the southern intertie. These errors were in the calculation of the "hydro-thermal coordination" benefit and the "spinning reserve" benefit of the intertie. In my review I argued that correction of the errors would lower the benefit estimate by \$34 million. The bulk of this reduction was a \$25 million arithmetic error in the calculation of hydro-thermal benefits. By "arithmetic error", I mean that I did *not* dispute the input assumptions used in the calculation and did *not* dispute the calculation method used. DFI's result simply did not agree with their stated method and their stated input assumptions. After identifying this error, I explained it to Dick Emerman, the senior economist at the Alaska Energy Authority. Independently, he performed the calculation and came to the same result, a \$25 million reduction in benefits. DFI themselves agreed that an error was made, and in our review meeting on January 30, 1990, Mr. Dick Fancher of DFI agreed that the error was about "\$20 - \$25 million".

A second error identified was the use of an incorrect formula in the calculation of the spinning reserve benefit. The formula used by DFI when applied to a very simple example, one that appeared in a DFI document, does not produce the answer that both DFI and I agree is the correct answer to the simple example. Ms. Ginny Fay of the Legislative Research Agency and Professor Steve Colt at the Institute of Social and Economic Research have reviewed this dispute and agree with my analysis.

The third error related to an oversimplification in the hydro-thermal calculation. The calculation addresses benefits that result from reducing the amount of electricity produced from

partly-loaded generators, which produce electricity inefficiently. The part-loading of generators (operating generators at less than full capacity) is at the core of this benefit calculation; however DFI made the inappropriately simple assumption that the part-load efficiency of a generator is the same at all loading levels. I did the calculation assuming that the efficiency varies across loading levels, and improving the accuracy of the calculation in this way reduces the benefit estimate.

Faced with these three formidable criticisms, DFI entirely abandoned their original approach to the hydro-thermal and spinning reserve benefit calculations. These two calculations were substantial components of their \$600,000 of work for the AEA and the utilities. In place of these calculations, a simple two-page calculation was substituted that supposedly combines these two benefits into one simple calculation. However, the new calculation involves an entirely different regime for operating the Bradley Lake power plant and the thermal plants in Anchorage, and the calculation involves many assumptions that differ from the original analysis. There may be merit to the mode of system operation proposed, but this is the first time it has been presented in 3 years of DFI analysis.

As to DFI's calculation of the benefits from this operation mode, there are substantial problems. Unlike all of their previous studies, DFI assumes that the utilities will routinely transfer only 30 MW of power to the Kenai peninsula with the existing intertie (and they fail to adjust downward the reliability benefits of the new intertie implied by this assumption); previous studies assumed approximately 60 MW of transfer. DFI ignored numerous constraints in their calculation, and their analysis does not utilize any of the computer modeling that they performed on the Railbelt electric system. They failed to verify that the Anchorage combined-cycle plants will have sufficient unused capacity to store the stated amount energy in Kenai hydro plants. They failed to determine whether there will be sufficient inefficient turbine use in Anchorage to receive the payback of energy from the Kenai. They failed to show that sufficient spinning reserve will be available during the storing and payback periods. They failed to show that there will be sufficient hydro capacity on the Kenai to meet peak loads there while simultaneously paying back Anchorage. Consideration of these factors would substantially lower the operational coordination benefits stated by DFI.

DFI also claims that their original reliability benefit estimate for the southern intertie is correct. They dispute the "logical cap" on reliability benefits that I suggested in my review. They claim that the logic is wrong because there are reliability benefits that are unrelated to the routine transfer of energy between Anchorage and Kenai. There *are* reliability benefits unrelated the routine transfer of energy between Anchorage and Kenai, and it is true that these are not logically capped. An example is the reliability improvement due to a new intertie's ability to tap generation capacity in neighboring areas during a period when generators have failed. This benefit is quantified in their capacity sharing benefit section. I never claimed that this benefit was subject to a logical reliability cap.

The reliability benefit that is logically capped is the one calculated in the reliability

Page 3
April 24, 1990

section of the DFI report. The calculation relates entirely to outages caused by the failure of the existing Kenai-Anchorage line when power is flowing over it. DFI calculates these reliability benefits of a new intertie to be \$32 - \$50 million. However, these outages can be avoided without a new intertie by eliminating the routine power flow over the line. The "cost" of stopping the power flow is the foregone economy energy benefits, or about \$17 million (the \$17 million figure does depend on believing my arguments concerning the hydro-thermal coordination errors). Dick Emerman, the AEA senior economist, agrees with the logical reliability cap argument, as indicated by his statements at the bottom of page 7 in his February 15, 1990 memo to Robert LeResche regarding the intertie analyses.

As entirely independent arguments concerning DFI's reliability calculation, I presented 7 other reasons in my review why DFI's estimate was too high, but left these disputes unquantified. DFI's Addendum only responded to one of those arguments, the interpretation of a reliability survey.

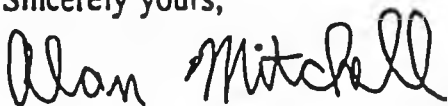
Representative Finkelstein, there is one very clever way to find out whether the intertie projects and the Healy Coal Project are cost-effective: *do not provide a subsidy for their construction*. If they are cost-effective, the utilities will probably build them. If they are not cost-effective, the utilities will probably not build them. Although the utility project decision-making process is not 100% accurate, it is substantially more accurate than the decision-making process that results from handing out state money for electric power projects.

If it is the will of the legislature to subsidize electric power supply in the Railbelt, do so in a way that does not distort the utilities' project decision-making process. If you want to give the utilities \$100 million, pay off \$100 million of utility debt or \$100 million of Bradley Lake debt. Alternatively, put \$100 million into a Railbelt Electric Dividend Program and pay it out directly to consumers over the next 35 years.

If you do not want to subsidize electric power but think that the utilities' decision-making process is biased against capital projects (the excess generating capacity in the Railbelt is evidence that does *not* support that belief), then provide creative loans that allow low payments in initial years and higher payments in later years. The loan repayment would fully compensate the state with interest but would minimize the initial year rate-shock of utility projects.

Please consider this information when making choices about use of the Railbelt Energy Fund, and call if you would like to discuss any of these issues further.

Sincerely yours,



Alan Mitchell
Utility Analyst



TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897
PHONE (907) 452-8251 FAX (907) 451-8936

MAR 28 1991

Chairman Finkelstein
Labor and Commerce Committee

26 March 1991

Dear Mr. Chairman,

Due to time restrictions, my testimony was not taken during today's teleconference.

Enclosed is my statement.

Thank you,

A handwritten signature in black ink, appearing to read "Todd Hoener". The signature is fluid and cursive, with a long horizontal line extending to the right.

Todd Hoener
TCC Director of Housing Services



TANANA CHIEFS CONFERENCE, INC.

122 FIRST AVENUE
FAIRBANKS, ALASKA 99701-4897
PHONE (907) 452-8251 FAX (907) 451-8936

Chaimar Finkelstein
Labor and Commerce Committee

26 March 1991

Regarding: Testimony in support for H.B.121 and H.B. 228

Good afternoon, Mr. Chairman,

My name is Todd Hoener. I am the Director of Housing Services for Tanana Chiefs Conference, a human services, non-profit organization serving Interior Alaska, the villages within the Yukon, Tanana, Koyukuk and Kuskokwim watersheds.

I wish to express TCC's strong support for H.B. 121 and H.B. 228 and specifically appropriations for energy conservation through low-income weatherization. These bills show foresight and wisdom, two attributes most needed in the state's comprehensive energy planning. H.B. 228 represents a balanced and prudent method for using the Railbelt intertie reserve.

Energy conservation is undoubtedly the most economically effective and consistently steady long term method to absorb and reduce the continually uncertain and ever-fluctuating costs of energy. Conservation simply makes sense--and cents.

Heating costs in our service area are some of the highest in the country. Heating homes in this environment is done throughout most of the year. Most of the people we serve are low income and many of them live in sub-standard housing units that consume considerable amounts of energy to be livable. Such living conditions are not only expensive but can be dangerous when it is extremely cold. On the other hand, homes that have had simple weatherization procedures done not only have had their fuel costs reduced but have had their interior living conditions made safer and more comfortable.

Thus, passage of these bills will help many of the low-income people we serve for years to come and will conserve more than just energy in a time when all resources are shrinking.

Thank you very much for this opportunity to testify.



NORTH FACE LODGE CAMP DENALI



P.O. Box 67, Denali National Park, Alaska 99755 • Phone/FAX (907) 683-2290
Winter: Box 216, Cornish, N.H. 03746 • (603) 675-2248 • FAX (603) 675-9125

April 4, 1991

Chairperson
House Labor and Commerce Committee
The Alaska State Legislature
P.O. Box V (MS3100)
Juneau, Alaska 99811

RE: House Bill 186

Please support this bill so that we can have public electrification from Cantwell to McKinley Village.

Deneki Lakes, at Mile 227½ Parks Highway, is our home, business base of operations and the location of some of our staff housing. It is important that your committee support our community in its desire to have rural public power.

Thank you,

Wallace A. Cole
Owner

P.S. Public power would make it possible for us to relocate our winter office operations and its payroll in Alaska!!

Wildlife • Natural History • Wilderness lodging and vacations in the shadow of Mt. McKinley

Chairman Finkelstein
Committee Members
House Labor and Commerce Committee

April 11, 1991
re: House bills 76 & 77

The Kenai Peninsula Borough Assembly unanimously passed resolution 91-5 on January 22, 1991. This is in support of funding for the electrical power transmission interties.

While I was not able to testify due to time limitations, I will do so by this quick note.

There was statements made about a figure for the cost of power interruption. I can not address the entire cost but would like to give two local examples of these costs:

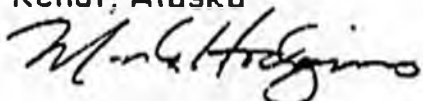
1 There are tremendous costs to any industry involved in manufacturing or assembly line type production when the electrical power fails. Sunrise Bakery in Anchorage loses entire "bakes" when the power goes down. Sunrise Bakery throws whatever product is over cooked or under cooked away

2. Tesoro refinery in Kenai spent approximately \$1,000,000.00 for these outages last year. In the case of Tesoro the entire plant goes through a sequence to shut down and restart that takes several hours for a 30 second electrical glitch. It doesn't matter so much the length of the disruption as the frequency of disruptions.

When the bakeries, refineries, and all the other industries are financially impacted, who ultimately pays the price? Who pays for personal equipment damaged by electrical spikes and brown outs? Alaskans do.

The power transmission interties for Alaska will provide stable electrical power. A fundamental necessity for economic development in any area. We need the basics to attract jobs and people. We need stable electrical power

Mark Hodgins
Kenai, Alaska



MAR 25 1991

March 21, 1991

Here are some suggestions concerning the Railbelt Energy Fund for you to consider before you make any decisions.

1) Exam what will really directly impact the lives of the individuals in your district. For example: compare the dollars spent by the Alaska Energy Authority, which is a very large budget, and its direct impact on most of your constituents lives, with the money spent by Department of Regional Affairs for energy conservation excluding the money for weatherization (which impacts many of your constituents), and I think you will find that dollar for dollar energy conservation has done much more for your constituents. (The Alaska Craftsman Home Program alone has had over 1,250 people from the Railbelt area attend their workshops. This does not include the thousands of people who have received information over the phone or had building plans reviewed.)

2) Exam the two studies that have been done - one by the utilities themselves and one by the Alaska Energy Authority, and you will find that they both conclude that the intertie is not cost effective. The claim is reliability, but I find it difficult to justify spending \$125,000,000 for a seven minute reduction in power outages per year. It looks like unions trying to keep their people employed at the expense of the State and your constituents.

3) I would propose looking into what the true cost is of our energy.

A suggestion for what to do with the Railbelt Energy Fund is to set up an Energy Permanent Fund and off the interest fund the following:

1) Continue and increase the grant amount on for the Home Energy Loan Program from \$2,500 to \$8,000 for a new Five Star Plus home, and \$15,000 for a retrofit to meet the Five Star Plus rating.

2) Continue funding for the Alaska Energy Education Foundation.

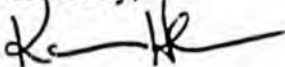
3) Establish a Low Interest Revolving Loan Program for use and development of renewable energy, appropriate technology, and energy conservation equipment.

4) Continue funding of energy education and energy conservation programs such as the Energy Resource Information Center and the Alaska Craftsman Home Program.

5) Fund a position in the Department of Education for energy education and energy skills training.

These types of programs will have a direct impact on your constituents and will be something that you can be proud of because many generations will benefit from them.

Sincerely,



Karin Holser

MAR 25 1991

March 22, 1991

To: Labor & Commerce Committee,

I am in favor of House Bill # 186.
I reside at 227 1/3 Parks Highway, so I am particularly interested in the availability of electricity in the Cantwell to McKinley Park area.

Thank you for your attention.

Pat Davis Lee
P.O. Box 108
Denali Park, AK.
99755

May 2, 1991

Representative David Finkelstein
P.O. Box V
Juneau, AK 99811

Dear Representative Finkelstein,

I am writing to thank you for introducing House Bill No. 228. Recent estimates to the degree of benefit received from inertia upgrades put forward by our utility representatives appear to use values exaggerated for their benefit and to incorporate data derived from our past uses of energy, uses which embody outdated technology.

Example: Utilities claim the inertias will provide cleaner power with fewer outages. However, today's energy efficient buildings can far better weather power outages than can buildings constructed ten years ago. The seriousness of temporary electric outages is greatly lessened when a building can coast for several hours, to as long as several days, at -30F without energy input.

This is not to say we should abandon those residents living and working in energy deficient buildings. I am only saying that Alaska must make a commitment to energy efficiency in order to best serve the needs of all residents - cooperative utilities included.

Example: Several Alaskan utilities claim the impact from energy efficiency measures will not provide a cost-effective return on investment. You should know that average electrical consumption for refrigerators sold on Scandinavian markets in 1988 was 270 kWh/year. In comparison, the most efficient refrigerators sold on American markets in 1988 consumed between 489 kWh/year, and 1,237 kWh/year.

Golden Valley Electric Association, estimates that Fairbanks refrigerators use an average of 1,824 kWh/year. Changing to appliances similar to Scandinavian refrigerators would save approximately \$155 per year, per refrigerator, more than enough to show a rapid payback for the extra expense of purchasing the most efficient refrigerators.

These two examples only indicate the changing times we are living in. To accurately predict future energy requirements we must consider the impact presented in opportunities for changing the public's perspective on how energy is used. Those that support supply side power philosophies have always minimized the effects conservation has had on energy use, and because of this, demand side, energy efficiency, and alternative energy resource issues

have never enjoyed a level playing field with the funding of supply side power management issues.

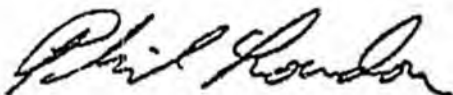
Other utility organizations readily accept the importance of contributions from energy efficiency and conservation, and assist their members in investing in them. The Northwest Power Planning Council recently issued a draft plan where they will spend between \$5 billion and \$6 billion on energy conservation and efficiency elements by the year 2000. This level of involvement is expected to displace 1,350 megawatts of power production with approximately 30% of those savings coming from the residential sector. The council has further identified an additional 795 megawatts of power savings that could come from residential space heating, water heating, lighting and appliances. To start the process, Bonneville Power Administration has budgeted \$120 million for conservation and efficiency improvements for the 1992 fiscal year.

Passage of HB-228 is justified in that, for the first time ever, Alaskan utilities would be funded to address these efficiency and conservation issues which have traditionally been pushed to the low end of the park. To neglect this opportunity to finally make a commitment toward the future of Alaskan energy use, which will only include using less energy, not more, is to ignore the direction of the global community and deny the public an important alternative to those limited options offered within the supply side menu.

We can no longer afford to ignore the valuable assistance that these previously "alternative" energy issues have provided to Alaskan economic security, health and welfare. I am asking that you please continue to work hard to achieve passage of HB 228.

Please feel free to call on me if I may be of help to you in any way.

Sincerely,



Philip G. Loudon
109 Waterloo Lane
Fairbanks, AK 99712



Alaska State Legislature

Please enter into the record my testimony to the House Labor Committee
INTERRUPTS & ALTERNATIVES committee name
 committee on HD 228, dated 4-17-91
 bill/subject

Comparisons for the degree of benefit received from
 utilities upgrades put forward by the utility representatives
 appear to exaggerate values for their benefit and incorporate
 data derived from buildings and uses of energy that embody
 yesterday's technology. Example: Today's energy efficient
 buildings can tolerate power outages that can buildings
 constructed ten years ago. The seriousness of temporary power
 outages is diminished when a building can coast for 20-30
 hours at -30°F without any energy input.

Please do not mis-understand, I am not saying
 we should abandon those residents living and working in
 energy deficient buildings, I am only saying that Alaska
 must make a commitment to energy efficiency to
 best serve the needs of all residents - cooperative
 utilities included.

Demand side energy conservation and efficiency
 issues have never enjoyed a level playing field
 with supply side power issues. HB 228 is justified in
 that for the first time ever, Alaskan utilities will
 be funded to address the efficiency and conservation
 issues. To neglect the opportunity to make a commitment
 to the future of Alaskan energy use, which will embody
 using less energy, not more, is to ignore the direction of the world
 community.

Signed: Philip C. Roubal

Testifier

Arctic Technical Services

Representing (Optional)

Box 2707 FAIRBANKS, AK 99707

Address

452-8368

Phone No.

Gary Newman
1083 Esro Road
Fairbanks, AK. 99712
907-488-2001

April 18, 1991

All Members Labor and Commerce Committee
Alaska House of Representatives
Pouch V
Juneau, AK. 99811

Re: House Bills 76-77, 185, 228 (Energy Projects)

Dear Labor and Commerce Committee Members,

Thank you for the extraordinary amount of time you are putting in on this issue. Regardless of whether we concur in the final analysis, I do appreciate the considerable effort you are spending trying to fully understand the issue.

I have been involved in energy issues for some time, some of which has been at the utility and regulatory end. Until lately, I've observed the legislative debates on interties fairly quietly. Due to the character of the debate on these issues, I want to offer a different perspective that one offered

I testified last night on the above bills, but had to stop short, due to time constraints. I would like to summarize my testimony in writing and, as briefly as I can, offer in print the rest of my testimony.

Electrical utility investments are, by nature, capital intensive and quite costly. They impact the consumers and others for decades. While some legislators have told me that decisions on any particular project are likely made more on political grounds than economic ones, we no longer have that luxury. It is important to insure appropriate and cost effective investments. When the funding agency is the State of Alaska on behalf of its citizens, there is an even more compelling reason to require cost effective expenditure of state funds.

It was suggested by Mike Kelly of GVEA that no economic feasibility test is applied to other projects - why should we do it with the interties? I would submit that the proposed projects are not like life-safety or health issues. I would further submit that GVEA members expect its management to apply a financial feasibility test to its investments. To expect the Legislature to do so on similar capital projects is no different.

If the various inter-ties do make economic sense, why don't the utilities pursue them on their own? GVEA's consultant's report (CH₂M Hill) figured that the full \$77 million Healy-Fairbanks intertie made sense, if GVEA spent only \$4 million on it. This is much like the \$180 million Healy Experimental Coal Project, which was only financially feasible for GVEA at a limit of \$40 million, or if government subsidized 80% of the project.

The Railbelt utilities seem to think that the Railbelt Energy Fund belongs to them. I would point out that the funds belong to the State of Alaska, not the utilities. It has also been designated the Railbelt Energy Fund, not the Railbelt Electrical Fund. The "Intertie Reserve" designation was made last session, but the funds are in the General Fund, no longer in a separate account. Only part of our energy use is for electricity. Much of citizen's energy budget is for heating and transportation. To some degree, HB 228 addresses these other issues and I think it is a more balanced approach.

I would note that, of all the reports and studies done on these issues, only the limited upgrade and programmatic conservation are unquestionably of greater benefit than cost. I support them both. However, it is interesting to note that conservation is cost effective for utilities without government subsidy, even though it competes against supply projects with substantial government subsidy. All cooperative utilities have also had the opportunity to defer Rural Electrification Administration loan interest payments for programmatic conservation for years, but only Chugach has taken advantage of it to date. Why do utilities have to be pressed to make the least cost investment to meet consumers needs? The Legislature can play a big role to provide the needed incentives.

I have been a member of IBEW for 19 years. My union supports HB76-77 because of the direct short term job benefit. While I want to support my union, I am more than just a union member. I think that any project should be economically feasible, regardless of the number of jobs created. There are lots better ways to provide jobs than through capital intensive electrical utility projects.

If you do consider jobs a point with these bills, you might refer to ISER's analysis of the impact of the various bills, suggesting that there are more jobs provided through HB 228 than any other. Furthermore, I would tend to support a fewer number of sustainable (Alaskan) jobs over a greater number of short term jobs.

I sympathize with the plight of Copper Valley Electric Association's high rates. I understand why some of their costs are so high. However, there are factors to be evaluated with providing them an intertie to Fairbanks that I don't believe have been made. For example, if the Anchorage-Fairbanks intertie is currently maxed out, can GVEA provide additional cheap power to

CVEA? Before you fund such an intertie, the project should have an independent evaluation, so we don't get ahead of ourselves.

Finally, in HB 228, particularly if the utilities aren't interested in \$340 million of debt reduction as GVEA testified last night, there is a long term lack of base data and current technology evaluation of sources of renewable energy in both the Railbelt and in Alaska in general. If we are to diversify our energy sources, we ought to look long term at appropriate sized renewable options, but we have insufficient data, particularly on wind. The GVEA consultants noted this in their reports. This is one area where the State of Alaska is the most appropriate agency to undertake such an evaluation. I would thus recommend that HB 288 be amended to incorporate some funding for wind and solar data collection and evaluation.

Thank you for taking the time to read this letter and for your consideration of the issue.

Sincerely,

A handwritten signature in cursive script, appearing to read "Gary C. ...". The signature is written in dark ink and is positioned below the "Sincerely," text.

**THE FOLLOWING PAGES MAY
NOT FILM LEGIBLY BECAUSE OF
THE POOR QUALITY OF THE ORIGINAL**

APR 02 1991

March 19, 1991

House Labor and Commerce Committee
Alaska State Legislature
Juneau, Alaska 99811

Dear Chairperson:

I am writing in support of HB 186, specifically the part that electrifies Cantwell to McKinley Village.

My family has lived in the Carlo Creek area since 1961. In that time we have watched areas all around us get access to public power. We have watched the intertie go along the edge of our property and we have watched the areas such as "the canyon" north of Denali Park grow into booming business areas once they became electrified.

We in our area feel that we too should be allowed the development that comes with permanent power and the freedom to put our money into building the small businesses that are so much a part of Alaska.

So please, let's use some of the remaining Railbelt Energy money for the people who live along the railbelt, the people who have worked long and hard with you, with GVEA and with the Alaska Power Authority. Let's pass HB 186.

Sincerely,

Jan F. ...

Jan F. ...

... 224

... 743

...enzales, Dick Schuler, Jack Coghill

My name is Jack Randolph. I'm a member of the Executive Committee for the Greater Fairbanks Chamber of Commerce and am representing the Chamber today.

The Healy to Fairbanks and Anchorage to Kenai Intertie upgrades have been identified as a top priority by the Chamber for capital funding this year. Over three-quarters of Alaska's residents will receive direct and on-going benefits from an improved Railbelt transmission system.

Last year the Legislature set aside \$100,000, the remainder of the Railbelt Energy Fund, in an Intertie Reserve Fund. The Chamber strongly supports the passage of HB 76 and HB 77 to appropriate that fund and additional dollars needed for these important Intertie upgrades. Let's invest now in infrastructure projects that will insure reliable power at reasonable rates for the foreseeable future.

On behalf of the Chamber, I urge you to support the residents and businesses in the Railbelt, to support economic health and stability -- support HB's 76 and 77 and upgrade the Interties now.



Please enter into the record my testimony the
House Labor and Commerce
 committee name

committee on House Bill No. 228, dated April 4, 1991
 bill/subject

I have briefly reviewed this bill and don't know when it will come before a committee again, but I have some comments. First I heartily approve of the appropriation of \$48,000,000 dollars for energy conservation and demand-side management programs. Generally I approve of the allocations scheme also. I can't say with confidence however that I am totally jubilant over the twenty million dollars in grants to electric utilities for END-USE conservation programs. While in theory this is an excellent idea, in practice, with the experience that the Alaska utilities have in these areas, the program must be extremely well managed with a rigorous oversight by the Department of Community and Regional Affairs. Otherwise, it could be a disaster.

Alaska is really low on the learning curve on end-use conservation programs, and needs much help and guidance from those states and utilities which have experience with it. I would urge that other states' programs be examined very carefully. That should not be used as a reason to deny funding of this program however, which is extremely necessary for Alaska's energy conservation improvements. It just means that there is a large burden on the Department Of Community and Regional Affairs to administer the program with scrupulousness and a strong guiding hand.

I think this is the highest possible use of the Railbelt Energy Fund, and I think it will be shown in the future to have a very high payback for the electricity consumers of Alaska. I highly endorse this appropriation bill, and hope you will pass it out favorably.

Signed:

Richard D. Siefert
 Testifier

Self

Representing (Optional)

1126 Violet Drive, Fairbanks, AK 99712
 Address

(907) 474-7201
 Phone No.

April 12, 1991

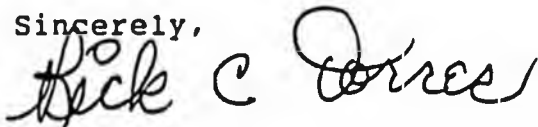
Representative Jim Zawacki
P.O. Box V
Juneau, Alaska 99811

Dear Mr. Zawacki

I am writing this memo concerning HB 76 & HB 77 which are the two bills that support the Anchorage/Kenai Power Transmission line. I have worked on this line quite a few times in the last 22 years that I have been in Alaska and just this year in Summit Lake we had to rebuild all the avalanche damage that was done the year before. This Transmission Line is 30 years old now and is worn out, it has deteriorated to the point that it is a hazard unto itself and anyone else that has to work on or around it.

This part of the Intertie needs to be built now and not at the whim of someone who doesn't know Alaska's needs. The money has been appropriated for this project for quite some time now and is being picked away at for all kinds of pet projects and this is wrong. I say let's use the Railbelt monies for which it was intended and the sooner the better.

Sincerely,

A handwritten signature in cursive script that reads "Rick C. Torres". The signature is written in dark ink and is positioned to the right of the word "Sincerely,".

Rick c. Torres
210 Deerfield Dr.
Anchorage, Alaska
99515-3412

April 1, 1991

Rep. David Finkelstein, Chairman
House Labor and Commerce Committee
Alaska State Legislature
P. O. Box V
Juneau, Alaska 99811

Dear Mr. Finkelstein

I have been a volunteer
director of Homer Electric Assoc. for the
past twenty five years. As a director
we are charged with delivering
to our consumers (Residential -
Commercial and Industrial) a
reliable, safe, and as reasonably
priced source of power that we can,

after many years of planning,
and delays since the early fiftys,
Bradley Lake power is about to
come on line.

This creates another problem to use the full potential of this power, for the entire Railbelt, a new more reliable and one with more capacity to transmit this power another transmission line is needed.

The railbelt utilities are making a commitment and I would urge your support for funding from the Railbelt Energy Fund and support of House Bills #76 and #77.

Sincerely Yours
Robert B. Turkington
Director Homer Ebe Case



Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce
 committee name
 committee on House Bill # 228, dated 3/27/91
 bill/subject

I SUPPORT & URGE THE PASSAGE OF THE BILL
 AND ESPECIALLY OF THE LOW INCOME WEATHERIZATION
 ALLOCATION. IF ANY CHANGE TO THE BILL IT
 SHOULD BE TO THE LOW INCOME WEATHERIZATION
 PROGRAM. FROM \$10,000,000 TO \$20,000,000 SPREAD
 OVER A 5 YEAR PERIOD. TO GIVE IT TO THE
 UTILITIES FOR THE USE OF CONSERVATION IS UNCOMMON
 OF IN THE LOWER 48 THEY GIVE MONEY TO
 THE WEATHERIZATION TO HELP THEM CONSERVE
 ENERGY NOT TO IMPROVE THEIR FACILITIES.

BUT I DO SUPPORT THE PASSAGE OF THIS
 BILL

Signed: Dawn E. Brown

Testifier

SELF

Representing (Optional)

P.O. Box 772404

Eagle River, AK 99577

Address

694-5089

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce
 committee name
 committee on H.R. No. 228, dated 3-26-1991
 bill/subject

House bill # 228 is a good bill, but I do not believe that ten million dollars will be enough to serve all of the people that would qualify under this low-income weatherization program.

This program is one of the most cost-effective government programs I have seen in twenty years.

I hope that this appropriation is just the beginning and that we will see more funding for this program in the future.

Thank you.

Signed:

Michael H. [Signature]

Testifier

Representing (Optional)

1200 W. Diamond Blvd. # 1055

Address

Anchorage, AK, 99515

Phone No. 344-2460



Alaska State Legislature

Please enter into the record my testimony to the (H) Labor & Commerce
 committee name
 committee on HB 184, dated 4-11-91
 bill/subject

I support the Glennallen/Delta Junction Interstate.
 This would certainly benefit the Delta Junction
 Area by giving us a down time alternative. As
 it is now we are the end of the line and almost
 any outage also becomes our outage.

Also there are coal deposits that cheap power
 could possibly make feasible for development.
 Another prospect for development is the limestone
 deposits near Summit Lake. This could be developed
 into a cement source and agricultural limestone which
 will really be needed to maximize the use of sledge
 as a fertilizer.

Signed: _____

Testifier

City of Delta Junction and Delta Chamber of Commerce
 Representing (Optional)

Address

895-4210

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the ENERGY
 committee name
 committee on 76 AND 77, dated 4-12-91
 bill/subject

The Power Cost Equalization (PCE) program our government has enacted was in part a payment to the Bush for agreement for the majority of Alaskans to benefit from Interties and other efficient power projects. It rewards small utilities for inefficiencies and should be restructured to better serve the State and the small utility consumers. (The money for this will not always be available, and measures should be taken to guarantee that the Bush people are not left to freeze in the dark). At the same time the government was ignoring the waste of money in the PCE, it also ripped off 110 million dollars of the intertie funds. Do any of you know where this money went? Can you show me where this money will help me and my family on a cold winter night when the lights are out? Or, is this money already spent without any tangible benefit?

The interties are needed to provide more reliable power between Fairbanks and Homer. The future of Alaska will be dependent on the amount of environmentally clean industry it can sustain. The intertie will make the existing railbelt power systems more efficient, and should make future energy costs stable. This is a good thing for the future of the majority of Alaskans. Since the majority of Alaskans would benefit, I would expect to see the railbelt representatives and senators support the passage of the interties and demand the energy cost equalization legislation become more cost productive. To those representatives and senators that insist that a State paid consultant has shown a "small" cost benefit ratio (CBR), I would ask just what is the cost of a lost kWh? It all depends on who is losing it, and on that assumption, a consultant can be persuaded to have any CBR they have been told to. Since the consultants follow the golden rule, those who have the gold make the rules, I can only conclude that the people touting the "small" CBR are those who wish to raid the funds for their own pet projects. I implore you to stop these people who use public funds to obtain biased results, who are trying to subvert the true spirit of the public government, and to support the interties. As a voter, I expect my elected representatives to have the common sense to group together, across party lines if necessary, for the good of the constituents. Please benefit the majority.

Signed: Charles Isley Charles Isley
 Testifier

FAMILY + SELF
 Representing (Optional)

3755 McMAHON AVE Anchorage AK 99516
 Address

345-4667
 Phone No.



Alaska State Legislature

Please enter into the record my testimony to the Energy
committee name
 committee on 76 & 77, dated 12 April 91
bill/subject

I support House bill 76 or 77 for the following reasons:

1. The added reliability of a second transmission line between Anchorage and Keani.
2. The added use of electricity soon will overload the existing line. Both Ford and GM are bringing out electric vans in 1993.
3. The Turnagain arm section could be combined with a bridge or causeway to really make this cost effective.
 - a. This could save eight to ten dollars in fuel for every trip to the Keani.

Signed: Lyman Johnson
Testifier
Self
Representing (Optional)
3230 W 31 Ave
Address
Anchorage 248-7222
Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce
 committee name
 committee on House Bill #228, dated 3/27/91
 bill/subject

I am writing in support of House Bill #228. Please look strongly at the low-income weatherization allocation. If you were to revise the bill, I would add more to the weatherization allocation. I strongly support the program. The program does work for the people. Helps save money on electric and gas bills. The home is a safer place to live in. Warmer and in the long run, healthier. Program has helped in reducing pollution in the atmosphere. Has more than paid for itself in benefits to the community. There are a lot of households in this category of qualifying for low-income weatherization yet. Please help support the bill.

Signed: [Signature]
 Testifier

[Signature]
 Representing (Optional)

8120 Little Dipper #A Anchorage, AK. 99504
 Address

333-5388
 Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Labor + Commerce
committee name

committee on House Bill # 228, dated 3-27-91
bill/subject

I request passage of H.B. # 228 and am specifically interested in the low-income Weatherization Program. It not only benefits a great many elderly, handicapped and needy residents of Anchorage, but provides jobs for personnel in program and vendors/suppliers in the Anchorage area.

I do question a grant of \$20,000,000 to the electric utilities for energy conservation. It's my understanding in most of the lower 48 states the utilities contribute to conservation programs, not the other way around.

Signed:

Carla Mahon
Testifier

Representing (Optional)

4811 No. 5th #1, Anch., Ak. 99503
Address

Address

562-7293
Phone No.

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the

(H) Labor & Commerce
committee name

committee on HB 228, dated 17 Apr 1991
bill/subject

I am testifying in favor of HB 228 as this is sorely needed, as far too much energy is being wasted heating the outside instead of the inside. Using far too much of a non renewable resource, and polluting the air I breath.

Signed:

Charles E Mitchell

Testifier

GEM Remodeling & Maintenance Contractor Lic # AA17293

Representing (Optional)

1743 Bridgewater Dr

Address

907-456-6246

Phone No.



Alaska State Legislature

House

Please enter into the record my testimony to the

LABOR & COMMERCE

committee name

committee on HR 228 (3-23-91)

dated 4.18.91

bill/subject

I SUPPORT THE LOW INCOME-WEATHERIZATION ALLOWANCE THAT YOU HAVE INCLUDED IN THIS BILL.

I FEEL THE SAME ABOUT "THE Ongoing RESIDENTIAL & BUSINESS ENERGY IMPROVEMENT PROGRAM."

I BELIEVE THIS TO BE A VALUABLE EXPENDITURE OF THESE MONIES; ALLOWING ALASKA CONSUMERS MORE DISPOSABLE CAPITAL TO CIRCULATE ELSEWHERE IN THE ECONOMY WHILE PROMOTING CONSERVATION.

THANK YOU

Signed:

Testifier

[Handwritten Signature]

Kevin Reider

Representing (Optional)

P.O. BOX 520176, PAC LAKE, AK 99572

Address

892-7171

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce
committee name

committee on HB No. 76 & 77 , dated April 11, 1991
bill/subject

My name is Ron Ricketts and I am Executive Director of Fairbanks Industrial Development Corporation.

Our company is responsible for marketing our area in terms of basic industrial development, specifically we focus on resource development.

One of the critical elements for success is our ability to demonstrate that we will have an abundant supply of low cost power in the long-term future.

A potential near-term problem is the ability to provide such power resource for the development of a project known as the Fort Knox Project, which will be a lode gold mine about 15 miles from Fairbanks. The project is in the pre-feasibility stage, but is expected to proceed to development within the next two years. This project is very important to our area for the reason that it will produce about 200 permanent full time jobs over a period of over 20-25 years. A total of 5.5 million ounces of gold has already been identified. In order to produce the gold, a plant facility is required which will necessitate the use of 20-35 megawatts of power. This is 4-5 times the amount of power used in the Red Dog Project.

When one considers that Golden Valley Electric utilizes about 60 megawatts of power in the summer over its entire grid, it is readily apparent that this power usage will become a critical drain on the power resource.

This is just one example of future power demand. We are working on others at the present. Suffice to say that the projects contemplated by House Bill 76 & 77 will be cost justified and should be implemented without delay.

Signed: 

Testifier Ronald L. Ricketts

Fairbanks Industrial Development Corporation

Representing (Optional)

520 Fifth Avenue, Suite 410, Fairbanks, AK 99701

Address

(907) 452-2185

Phone No.



Alaska State Legislature

Please enter into the record my testimony to the House Labor & Commerce
 committee name
 committee on House Bill #228, dated 3/27/91
 bill/subject

I was not allowed to provide input at the 3/26/91 public hearing due to the limited comment time for verbal testimony. I support and urge legislative support to passage of the Bill and especially appreciation of the Low-Income Weatherization allocation and if any changes to the Bill can be made, that amount should be increased to at least \$29,000,000 spread over a 5 year period. The Public Hearing seemed dominated by utility & interest experts, however lets use a balanced approach and not end up with energy & distribution systems that supply a product we cannot afford, speaking now on behalf of more than 25,000 families just in the municipality of Anchorage that presently fall below the federal poverty guidelines and desperately need weatherization assistance and education.

The Low-Income Weatherization program is in place, effective, and more than pays for itself in benefits to the community. Please support it.

Signed: James F. Ratto
 Testifier

Self
 Representing (Optional)

12025 Wilderness, Anchorage Alaska 99516
 Address

345-6751
 Phone No.