

ALASKA LEGISLATURE COMMITTEE FILES 1991-1992 8672  
7550 SENATE LABOR & COMMERCE

PROPORTION WHO  
VISITED TRACK IN PAST YEAR

	<u>TOTAL</u>	<u>NUMBER OF TIMES VISITED TRACK IN PAST YEAR</u>	
		<u>3 OR MORE TIMES</u>	<u>1-2 TIMES</u>
BASE: VISITED TRACK IN PAST YEAR	(235)	(108)	(125)
	<u>%</u>	<u>%</u>	<u>%</u>
<u>SEX</u>			
Male	52	57	47
Female	48	43	53
<u>AGE</u>			
18-34	43	39	46
35-54	41	44	39
55+	16	17	14
<u>EDUCATION</u>			
High School Or Less	39	44	35
College Or More	61	56	65
<u>INCOME</u>			
Under \$30,000	34	34	34
\$30,000-\$49,999	33	31	35
\$50,000 And Over	21	24	18
Not Specified	12	11	13

SIMULCAST RACING ALASKA, INC.

PRELIMINARY PROJECTION - INCOME

AVERAGE DURING FIRST YEAR  
(260 DAYS PER YEAR)

		<u>ANNUAL</u>
Daily Handle	\$60,000.00	\$15,000,000.00
Daily Takeout	12,000.00	
Daily Breakage (0.9%)	540.00	
Daily Out Ticket (0.4%)	240.00	
Daily Exotic Wagering	<u>1,200.00</u>	
	\$13,980.00	
Gross Takeout	X 260	\$3,634,800.00
Cost of Operation	\$3,178,000.00	
State of Alaska (2.0%)	312,000.00	
NET PROFIT (BEFORE INCOME TAX)		\$135,800.00

SIMULCAST RACING ALASKA, INC.

PRELIMINARY PROJECTION - INCOME

LEVEL AFTER FIRST YEAR OPERATION  
( 260 DAYS PER YEAR)

		<u>ANNUAL</u>
Daily Handle	\$100,000.00	\$26,000,000.00
Daily Takeout	20,000.00	
Daily Breakage (0.9%)	900.00	
Daily Out Ticket (0.4%)	400.00	
Daily Exotic Wagering	<u>2,000.00</u>	
	\$23,300.00	
Gross Takeout	X 260	\$6,058,000.00
Cost of Operation	\$3,187,000.00	
State of Alaska (2.0%)	520,000.00	
NET PROFIT (BEFORE INCOME TAX)		\$2,351,000.00



## CHAPTER 57—INTERSTATE HORSERACING

- Sec.
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3003. Acceptance of interstate off-track wager.
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## § 3001. Congressional findings and policy

- (a) The Congress finds that—
- (1) the States should have the primary responsibility for determining what forms of gambling may legally take place within their borders;
- (2) the Federal Government should prevent interference by one State with the gambling policies of another, and should act to protect identifiable national interests; and
- (3) in the limited area of interstate off-track wagering on horseraces, there is a need for Federal action to ensure States will continue to cooperate with one another in the acceptance of legal interstate wagers.

(b) It is the policy of the Congress in this chapter to regulate interstate commerce with respect to wagering on horseracing, in order to further the horseracing and legal off-track betting industries in the United States.

(Pub.L. 95-515, § 2, Oct. 25, 1978, 92 Stat. 1811.)

## Historical Note

Effective Date. Section 9 of Pub.L. 95-515 provided that:

"(a) The provisions of this Act [this chapter] shall take effect on the date of enactment of this Act [Oct. 25, 1978], and, except as

provided in subsection (b) of this section, shall apply to any interstate off-track wager accepted on or after such date of enactment.

"(b)(1) The provisions of this Act [this chapter] shall not apply to any interstate off-

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track wager which is accepted pursuant to a contract existing on May 1, 1978.

"(2) The provisions of this Act (this chapter) shall not apply to any form of legal non-parimutuel off-track betting existing in a State on May 1, 1978.

"(3) The provisions of subsection (b) of section 5 of this Act (section 3004(b) of this title) shall not apply to any parimutuel off-track betting system existing on May 1, 1978.

in a State which does not conduct parimutuel horseracing on the date of enactment of this Act (Oct. 25, 1978)."

Short Title. Section 1 of Pub.L. 95-515 provided that: "This Act [enacting this chapter] may be cited as the 'Interstate Horseracing Act of 1978.'"

Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

Library References

Commerce § 62.7.  
Gaming § 6.

C.J.S. Commerce §§ 89, 98.  
C.J.S. Gaming §§ 1, 3 et seq.

§ 3002. Definitions

For the purposes of this chapter the term--

(1) "person" means any individual, association, partnership, joint venture, corporation, State or political subdivision thereof, department, agency, or instrumentality of a State or political subdivision thereof, or any other organization or entity;

(2) "State" means each State of the United States, the District of Columbia, the Commonwealth of Puerto Rico, and any territory or possession of the United States;

(3) "interstate off-track wager" means a legal wager placed or accepted in one State with respect to the outcome of a horserace taking place in another State;

(4) "on-track wager" means a wager with respect to the outcome of a horserace which is placed at the racetrack at which such horserace takes place;

(5) "host State" means the State in which the horserace subject to the interstate wager takes place;

(6) "off-track State" means the State in which an interstate off-track wager is accepted;

(7) "off-track betting system" means any group which is in the business of accepting wagers on horseraces at locations other than the place where the horserace is run, which business is conducted by the State or licensed or otherwise permitted by State law;

(8) "off-track betting office" means any location within an off-track State at which off-track wagers are accepted;

(9) "host racing association" means any person who, pursuant to a license or other permission granted by the host State, conducts the horserace subject to the interstate wager;

(10) "host racing commission" means that person designated by State statute or, in the absence of statute, by regulation, with jurisdiction to regulate the conduct of racing within the host State;

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## HORSERACING

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(11) "off-track racing commission" means that person designated by State statute or, in the absence of statute, by regulation, with jurisdiction to regulate off-track betting in that State;

(12) "horsemen's group" means, with reference to the applicable host racing association, the group which represents the majority of owners and trainers racing there, for the races subject to the interstate off-track wager on any racing day;

(13) "parimutuel" means any system whereby wagers with respect to the outcome of a horserace are placed with, or in, a wagering pool conducted by a person licensed or otherwise permitted to do so under State law, and in which the participants are wagering with each other and not against the operator;

(14) "currently operating tracks" means racing associations conducting parimutuel horseracing at the same time of day (afternoon against afternoon; nighttime against nighttime) as the racing association conducting the horseracing which is the subject of the interstate off-track wager;

(15) "race meeting" means those scheduled days during the year a racing association is granted permission by the appropriate State racing commission to conduct horseracing;

(16) "racing day" means a full program of races at a specified racing association on a specified day;

(17) "special event" means the specific individual horserace which is deemed by the off-track betting system to be of sufficient national significance and interest to warrant interstate off-track wagering on that event or events;

(18) "dark days" means those days when racing of the same type does not occur in an off-track State within 60 miles of an off-track betting office during a race meeting, including, but not limited to, a dark weekday when such racing association or associations run on Sunday, and days when a racing program is scheduled but does not take place, or cannot be completed due to weather, strikes and other factors not within the control of the off-track betting system;

(19) "year" means calendar year;

(20) "takeout" means that portion of a wager which is deducted from or not included in the parimutuel pool, and which is distributed to persons other than those placing wagers;

(21) "regular contractual process" means those negotiations by which the applicable horsemen's group and host racing association reach agreements on issues regarding the conduct of horseracing by the horsemen's group at that racing association;

(22) "terms and conditions" includes, but is not limited to, the percentage which is paid by the off-track betting system to the host racing association, the percentage which is paid by the host racing association to the horsemen's group, as well as any arrangements as to the exclu-

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sivity between the host racing association and the off-track betting system.

(Pub.L. 95-515, § 3, Oct. 25, 1978, 92 Stat. 1811.)

## Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title. Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

## § 3003. Acceptance of interstate off-track wager

No person may accept an interstate off-track wager except as provided in this chapter.

(Pub.L. 95-515, § 4, Oct. 25, 1978, 92 Stat. 1813.)

## Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title. Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

## § 3004. Regulation of interstate off-track wagering

Consent of host racing association, host racing commission, and off-track racing commission as prerequisite to acceptance of wager

(a) An interstate off-track wager may be accepted by an off-track betting system only if consent is obtained from—

(1) the host racing association, except that—

(A) as a condition precedent to such consent, said racing association (except a not-for-profit racing association in a State where the distribution of off-track betting revenues in that State is set forth by law) must have a written agreement with the horsemen's group, under which said racing association may give such consent, setting forth the terms and conditions relating thereto; provided,

(B) that where the host racing association has a contract with a horsemen's group at the time of enactment of this chapter which contains no provisions referring to interstate off-track betting, the terms and conditions of said then-existing contract shall be deemed to apply to the interstate off-track wagers and no additional written agreement need be entered into unless the parties to such then-existing contract agree otherwise. Where such provisions exist in such existing contract, such contract shall govern. Where written consents exist at the time of enactment of this chapter between an off-track betting system and the host racing association providing for interstate off-track wagers, or such written consents are executed by these parties prior to the expiration of such then-existing contract, upon the expiration of such then-existing contract the written agreement of such horsemen's group shall thereafter be re-

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quired as such condition precedent and as a part of the regular contractual process, and may not be withdrawn or varied except in the regular contractual process. Where no such written consent exists, and where such written agreement occurs at a racing association which has a regular contractual process with such horsemen's group, said agreement by the horsemen's group may not be withdrawn or varied except in the regular contractual process;

- (2) the host racing commission;
- (3) the off-track racing commission.

## Approval of tracks as prerequisite to acceptance of wagers; exceptions

(b)(1) In addition to the requirement of subsection (a) of this section, any off-track betting office shall obtain the approval of—

(A) all currently operating tracks within 60 miles of such off-track betting office; and

(B) if there are no currently operating tracks within 60 miles then the closest currently operating track in an adjoining State.

(2) Notwithstanding the provisions of paragraph (1) of this subsection, any off-track betting office in a State with at least 250 days of on-track parimutuel horseracing a year, may accept interstate off-track wagers for a total of 60 racing days and 25 special events a year without the approval required by paragraph (1), if with respect to such 60 racing days, there is no racing of the same type at the same time of day being conducted within the off-track betting State within 60 miles of the off-track betting office accepting the wager, or such racing program cannot be completed. Excluded from such 60 days and from the consent required by subsection (b)(1) of this section may be dark days which occur during a regularly scheduled race meeting in said off-track betting State. In order to accept any interstate off-track wager under the terms of the preceding sentence the off-track betting office shall make identical offers to any racing association described in subparagraph (A) of subsection (b)(1) of this section. Nothing in this subparagraph shall be construed to reduce or eliminate the necessity of obtaining all the approvals required by subsection (a) of this section.

## Takeout amount

(c) No parimutuel off-track betting system may employ a takeout for an interstate wager which is greater than the takeout for corresponding wagering pools of off-track wagers on races run within the off-track State except where such greater takeout is authorized by State law in the off-track State (Pub.L. 95-515, § 5, Oct. 25, 1978, 92 Stat. 1813.)

## Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

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## Library References

Commerce  $\Leftrightarrow$  62.7.  
Gaming  $\Leftrightarrow$  6.C.J.S. Commerce §§ 69, 96.  
C.J.S. Gaming §§ 1, 3 et seq.

## § 3005. Liability and damages

Any person accepting any interstate off-track wager in violation of this chapter shall be civilly liable for damages to the host State, the host racing association and the horsemen's group. Damages for each violation shall be based on the total of off-track wagers as follows:

(1) If the interstate off-track wager was of a type accepted at the host racing association, damages shall be in an amount equal to that portion of the takeout which would have been distributed to the host State, host racing association and the horsemen's group, as if each such interstate off-track wager had been placed at the host racing association.

(2) If such interstate off-track wager was of a type not accepted at the host racing association, the amount of damages shall be determined at the rate of takeout prevailing at the off-track betting system for that type of wager and shall be distributed according to the same formulas as in paragraph (1) above.

(Pub.L. 95-515, § 6, Oct. 25, 1978, 92 Stat. 1814.)

## Historical Note

Effective Date. Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title.

Legislative History. For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

## Library References

Gaming  $\Leftrightarrow$  42(1).

C.J.S. Gaming § 29 et seq.

## § 3006. Civil action

## Parties; remedies

(a) The host State, the host racing association, or the horsemen's group may commence a civil action against any person alleged to be in violation of this chapter, for injunctive relief to restrain violations and for damages in accordance with section 3005 of this title.

## Intervention

(b) In any civil action under this section, the host State, the host racing association and horsemen's group, if not a party, shall be permitted to intervene as a matter of right.

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**Limitations**

(c) A civil action may not be commenced pursuant to this section more than 3 years after the discovery of the alleged violation upon which such civil action is based.

**State as defendant**

(d) Nothing in this chapter shall be construed to permit a State to be sued under this section other than in accordance with its applicable laws.  
(Pub.L. 95-515, § 7, Oct. 25, 1978, 92 Stat. 1814.)

**Historical Note**

**Effective Date.** Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title. **Legislative History.** For legislative history and purpose of Pub.L. 95-515, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

**West's Federal Forms**

Affirmative defenses, statute of limitations, see §§ 2109 to 2112.  
Intervention, see § 3111 et seq.  
Preliminary injunctions and temporary restraining orders, matters pertaining to, see § 3271 et seq.

**Library References**

Gaming ~~§~~ 46(1). C.J.S. Gaming §§ 46, 48, 54.

**§ 3007. Jurisdiction and venue****District court jurisdiction**

(a) Notwithstanding any other provision of law, the district courts of the United States shall have jurisdiction over any civil action under this chapter, without regard to the citizenship of the parties or the amount in controversy.

**Venue; service of process**

(b) A civil action under this chapter may be brought in any district court of the United States for a district located in the host State or the off-track State, and all process in any such civil action may be served in any judicial district of the United States.

**Concurrent state court jurisdiction**

(c) The jurisdiction of the district courts of the United States pursuant to this section shall be concurrent with that of any State court of competent jurisdiction located in the host State or the off-track State.  
(Pub.L. 95-515, § 8, Oct. 25, 1978, 92 Stat. 1814.)

**Historical Note**

**Effective Date.** Section effective Oct. 25, 1978, see section 9 of Pub.L. 95-515, set out as an Effective Date note under section 3001 of this title.

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**Legislative History.** For legislative history and purpose of Pub.L. 95-313, see 1978 U.S. Code Cong. and Adm. News, p. 4132.

**West's Federal Forms**

Jurisdiction and venue in district courts, matters pertaining to, see § 1001 et seq.  
Service of process, see § 1301 et seq.

**Library References**

Gaming ~~§~~ 44.

C.J.S. Gaming § 52.

*Whatcom County*

Courthouse

Bellingham, Washington 98225



LARRY MOUNT, SHERIFF

Phone 676-6650

Phone 384-5360

December 26, 1989

TO WHOM IT MAY CONCERN:

I understand that a similar facility for off track betting is being proposed in your area. The Winner's Circle has been in operation for several years now in our area. I have been very happy with the cooperation and professionalism of the people operating it.

The Winner's Circle has not been a problem or an increase of workload for the Whatcom County Sheriff's Office. One of the reasons has been the fact that they have hired off duty deputies to provide the security for their local operation. The traffic to the area has not been a problem as there is adequate parking and access to the location.

If there are any questions I would be more than happy to answer them or assist in any way. Also I would encourage you to have someone check out the Winner's Circle operation as a model program.

Respectfully yours,

LARRY E. MOUNT, Sheriff  
Whatcom County

LEM/nh



CITY OF  
San Bernardino

POLICE DEPARTMENT  
DANIEL A. ROBBINS  
CHIEF OF POLICE

December 21, 1989

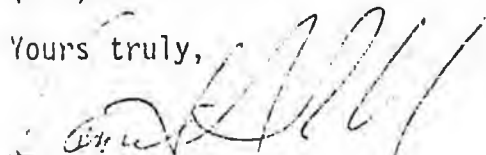
Bruce Matthias, Director  
Simulcast Development L.A. Turf Club  
285 W. Huntington Drive  
Arcadia, CA 92006

Dear Mr. Matthias:

Reference the National Orange Show's off-track horse racing, I would like to make comment. The facility has not had an increase in calls for service nor have I seen a measurable rise in the crime rate for that area. I am also not aware of any organized crime that might be utilizing and/or controlling the operations. We enjoy a very good relationship with the Orange Show and see it as a real plus for our community.

Should you have any questions concerning my comments, please reach me at (714) 384-5607.

Yours truly,

  
Daniel A. Robbins  
Chief of Police

cgr

cc: Esther Armstrong, N.O.S.

RECEIVED

JAN 5 1990

MARKETING



SHERMAN BLOCK, SHERIFF

# County of Los Angeles

Office of the Sheriff

Hall of Justice

Los Angeles, California 90012

(805) 948-8466



January 19, 1990

Mr. Bruce Matthias  
Director of Simulcast Development  
Los Angeles Turf Club  
285 West Huntington Drive  
Arcadia, California 91006

Dear Mr. Matthias:

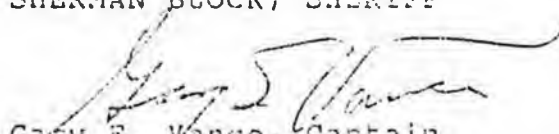
As you may be aware, the Los Angeles County Sheriff's Department provides contract law enforcement services for the City of Lancaster, California. Since the Antelope Valley Fairgrounds and an off-track betting facility are located in the City of Lancaster, we have been requested to comment on the impact of such an operation upon the area's crime rate.

The Watch and Wager Facility has been in operation since May 1988, and our records indicate that there has been no significant increase in calls for service at that location. There have been some responses due to audible and silent alarms emanating from the facility, but none of these have been attributable to any occurrence of crime. The facility has included private security personnel in the day-to-day operation, and they have maintained close liaison with the Antelope Valley Sheriff's Station.

Since it appears that the Watch and Wager facility has been virtually trouble-free from the standpoint of criminal activity, we share the opinion of the California Horse Racing Board and other local officials that there has been no increase in law enforcement problems since the inception of the off-track betting operation at the Antelope Valley Fairgrounds.

Sincerely,

SHERMAN BLOCK, SHERIFF

  
Gary E. Vance, Captain  
Commander, Antelope Valley Station

RECEIVED

JAN 23 1990

MARKETING

SANTA BARBARA COUNTY FAIR



SANTA MARIA, CA

December 24, 1989

Mr. Bruce Matthias  
Director of Simulcast Development  
c/o Los Angeles Turf Club  
285 W. Huntington  
Arcadia, CA 91006

Dear Mr. Matthias:

Here is the letter from the Santa Maria Police Department requested by Al Karwacki. As you can see from the enclosed letter the satellite wagering facility in Santa Maria has been virtually trouble free since its opening in April 1987.

We are pleased to say that our racing fans are for the most part very quiet and well behaved. The anticipated problems prior to our opening never came to fruition. Additionally, because many of our patrons are regulars we have become more like a gathering of family and friends each racing day.

Wishing you success in your efforts to spread the enjoyment of simulcast horse racing.

Sincerely,

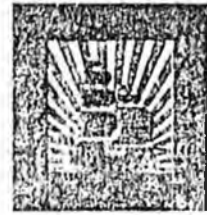
Ellen J. Drake  
Satellite Facility Supervisor

Encl.

cc: Al Karwacki, SCOTW, INC.

ORIGINAL - ELEN  
A BOARD - JAN

SANTA MARIA POLICE DEPARTMENT  
(805) 928-3781



CITY OF SANTA MARIA • 110 EAST COOK STREET • SANTA MARIA, CALIFORNIA 93454-5190 • 805-925-0951 • FAX 805-349-0657

December 14, 1989

TO WHOM IT MAY CONCERN

The City of Santa Maria by virtue of the physical location of the Santa Barbara County Fairgrounds, has hosted satellite off track horse race wagering since April 7, 1987.

Analysis of the Santa Maria Police Department's calls for service activity reveals this facility has virtually been trouble free. Based on this information, my staff and I share the opinion that the Santa Barbara County Fairground's Watch and Wager does not constitute a law enforcement problem.

*Russell R. Mathews*

RUSSELL R. MATHEWS  
Chief of Police

/sw

# RAISING THE STAKES ON LEGAL GAMBLING

Don't look for another Atlantic City. The future of gambling is video machines, riverboats and the gaming halls of Deadwood.

By Jeffrey L. Katz

**T**he town that gave poker the Dead Man's Hand is alive again. More than 100 years after Wild Bill Hickok was shot to death in Deadwood, South Dakota, while holding a hand of aces and eights, the community has staked its lot on the popularity of gambling. So far it looks like a safe bet. A dying old frontier town just a few years ago, it has been booming since November 1989, when legal, casino-style gambling returned. Several other Old West towns have taken notice and plan to follow suit.

The Deadwood phenomenon is one example of how legalized gambling is spreading beyond the traditional pastimes of bingo, lottery games, and horse and dog racing. Also coming on strong are riverboat gambling and high-tech video gambling machines, forms of legal gaming that blur the distinction between such passive forms of wagering as playing the lottery and interactive ones such as poker and blackjack. According to *International Gaming & Wagering Business*

magazine, \$247 billion was wagered legally in 1989, nearly double the gross wager in 1982.

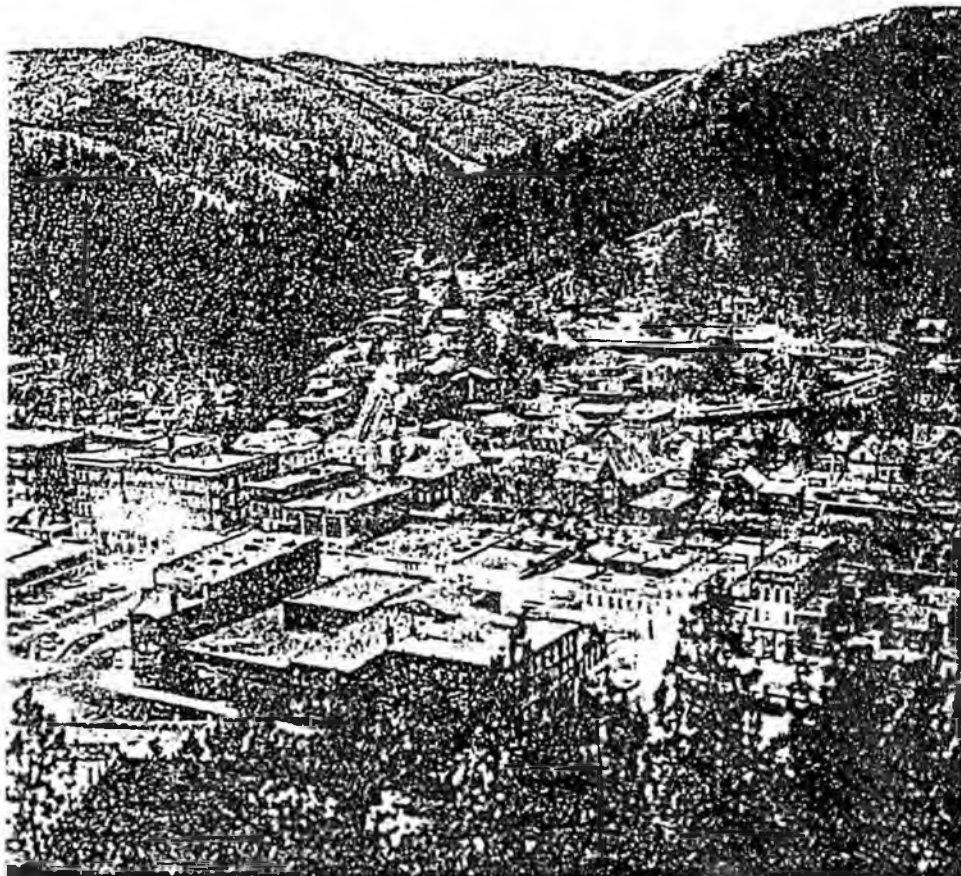
The trend isn't toward more Las Vegas-style resort casinos, as many had predicted when Atlantic City's glitzy gaming halls opened. The future seems, rather, to lie in these more limited gambling enterprises that states are not only legalizing bit by bit, but in some cases also operating and promoting through their lotteries. Indeed, industry observers credit the spread of state lotteries to 33 states over the last 20 years with hastening the acceptance of other forms of gambling.

Gambling has been part of the American experience since colonial times, but it's never been so publicly accepted. "Society has moved from gambling being treated as a vice to be stamped out to an opportunity we need to figure out how to exploit," says William Eadington, an economics professor at the University of Nevada at Reno.

States, of course, are keenly aware of the kinds of gambling permitted in neighboring jurisdictions, and the competition for revenues has become a powerful incentive for the games to spread. But because the public has mixed emotions about gambling being both a vice and a form of entertainment, the rationale for easing prohibitions is rarely made on the basis of market demand alone. "They won't let you have fun with your sin unless there's some practical other purpose," says Vicki Abt, a professor of sociology and American studies at

Pennsylvania State University. So lotteries typically are justified because they'll bring in revenue for the state or for a universally appealing purpose such as education. Gambling on riverboats or in mining towns is being sold as a way to stimulate tourism and development and provide a new taxable enterprise.

But there are limits to the public's acceptance of gambling. Ballot measures to legalize casino gambling in Detroit, Florida and Hot Springs, Arkansas, have all been rejected in recent years, as was a proposal in Ohio last fall to let the city of Lorain hold an election on casino gambling. "Even though people may be excited by Las Vegas or Atlantic City," Eadington says, "they're also threatened by the potential of massive influence of a huge controversial industry—gaming." But if gambling is approached on a smaller scale, such as on a riverboat, in a mining town or under the auspices of a state-sponsored lottery, that's a different story.



Gambling has returned to Deadwood, South Dakota, and with it has come prosperity. The city now has about 2,000 gambling machines and card tables.

The problem with lotteries is that the popularity of the games tends to level off a few years after they are introduced, so officials are always looking for a way to renew the players' interest. These days, those officials are thinking high-tech. Video games, in the words of South Dakota's lottery director, Susan Walker, are "the new lottery product of the future."

South Dakota's lottery introduced video games in October 1989, and they've been wildly successful ever since. The state expects to net nearly \$20 million from video machines alone in the current fiscal year. Add another \$5.3 million from lotto and instant games, and South Dakota's lottery accounts for more than 5 percent of the state's general revenue, compared with 2 or 3 percent for most states. "It has exceeded our wildest expectations from the revenue side," says Walker.

Video technology is a breakthrough because the popular casino games played on the machines offer players an instant response and add at least the impression that the machines can be beaten by skill. South Dakota's players can choose from among poker, keno and blackjack. The maximum bet is \$2 per game; the maximum payout is \$1,000 per game. Winners receive credits for free games that can also be redeemed for cash by the retailer where the machine is located.

The state licenses and regulates the 4,800 privately owned terminals. Each is connected to a central computer system that performs daily auditing and security compliance checks.

Only South Dakota operates a statewide video lottery. West Virginia is experimenting with the machines at race-tracks. Video gambling machines are legal in Montana, but the state only regulates them; they are not run through the auspices of the lottery.

Representatives of 15 states have visited South Dakota to study its video lottery, and gambling industry experts think it's only a matter of time before the machines spread to other states. "They are the greatest success in lottery products since the lotto game," says Eugene M. Christiansen, a gambling industry analyst and president of Christiansen-Cummings Associates Inc. "I think there will be a tremendous move on the part of all lotteries to embrace these video lottery games."

But the video games are also likely to stir up controversy wherever they're considered. Christiansen adds. Critics contend that video gambling is more likely to develop habitual players than lotto games, and that the machines do not fit the definition of a lottery as a game of pure chance. There's not much difference, the critics say, between slot machines that dispense money and video lotteries that dispense vouchers.

South Dakota officials insist that the distinction is an important one, and view the video lottery as simply "competition for the entertainment dollar," responds Republican Representative John Sears, a prime supporter of the video lottery. "It's not for the gambling compulsive-addictive type."

South Dakota has tried to control video gambling by permitting no more than 10 video machines in an establishment, allowing them only in places that have licenses for on-site consumption of alcoholic beverages and requiring players to be at least 21 years old. Putting video lotteries in bars is "a way to take those unexplored markets and work a lottery product into it," says Debbie Mortenson, spokeswoman for

## GAMBLING IN THE STATES

State	Lottery			Parimutuels				Off-track																
	Bingo	Card rooms	Casinos*	Charitable gaming	Slot machines	Sports betting	Keno	Instant	Lotto	Numbers	Passive games	Video Lottery Terminals	Greyhound	Jai-alai	Harness	Quarter horse	Thoroughbred	Intrastate intertrack	Interstate intertrack	CTB, race/sportsbooks	Telephone betting	Telatheaters		
Alabama	•														•	•	•	•	•					
Alaska	•																							
Arizona				•																				
Arkansas																								
California	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Colorado	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Connecticut	•																							
Delaware	•																							
Dist. of Columbia	•																							
Florida	•																							
Georgia	•																							
Hawaii																								
Idaho	•																							
Illinois				•																				
Indiana	•			•																				
Iowa	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Kansas	•																							
Kentucky	•																							
Louisiana	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Maine	•																							
Maryland	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Massachusetts	•																							
Michigan	•																							
Minnesota	•																							
Mississippi	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Missouri	•																							
Montana	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Nebraska	•																							
Nevade	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
New Hampshire	•																							
New Jersey	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
New Mexico	•																							
New York	•																							
North Carolina	•																							
North Dakota	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Ohio	•																							
Oklahoma	•																							
Oregon	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Pennsylvania	•																							
Rhode Island	•																							
South Carolina	•																							
South Dakota	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Tennessee	•																							
Texas	•																							
Utah																								
Vermont	•																							
Virginia	•																							
Washington	•																							
West Virginia	•																							
Wisconsin	•																							
Wyoming	•																							
Puerto Rico	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•	•
Virgin Islands																								

\* Includes riverboat gambling

Symbols  
 • legal and operative  
 ◻ authorized but not yet implemented  
 ◻ permitted by law and presently operative  
 ◻ operative but no parimutuel betting

Source: International Gaming Association Business magazine, July 1-August 14, 1991

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SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 3/8/91

FURTHER: Finance

Date of 5-Day Notice: 4-4-91  
(in accordance with Uniform Rule 23)

DATE TURNED  
INTO OFFICE: \_\_\_\_\_

L&C Committee considered SB 180

Authorizing the Glennallen to Delta transmission intertie and approving the design and construction costs of the intertie; efd.

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

do pass

do not pass

no recommendation

individual recommendations

further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

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

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

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS:

*Do not pass*  
*Rick Halford NO REC*  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*Lawrence*  
Chair: Signature and Recommendation *no rec*



# Alaska State Legislature

SENATOR DICK SHULTZ

P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4940  
Home: P.O. Box 487  
Tok, Alaska 99780

Member  
Finance Committee  
Transportation Committee  
Special Committee on Oil & Gas

Senate  
District J

District 17

ALCAN BORDER  
ANDERSON  
BIG DELTA  
BOUNDARY  
CANTWELL  
CHICKEN  
CHISTOCHINA  
CLEAR  
COPPER CENTER  
DELTA JUNCTION  
DENALI PARK  
DOT LAKE  
DRY CREEK  
EAGLE  
EAGLE VILLAGE  
GAKONA  
GLENNALLEN  
GULKANA  
HEALY  
HEALY LAKE  
KENNY LAKE  
MENDELTA  
MENTASTA LAKE  
NABESNA  
NELCHINA  
NENANA  
NORTHWAY  
PAXSON  
SLANA  
TANACROSS  
TAZLINA  
TETLIN  
TOK  
TOLSONA  
TONSINA

MEMORANDUM

TO : COMMITTEES OF REFERRAL  
FROM : SENATOR DICK SHULTZ *DS*  
DATE : APRIL 6, 1991  
RE : SENATE BILL 180 AND 181

Senate Bill 180 is in conformity with the statutory requirement for legislative authorization for a power project with a cost in excess of \$3 million.

Senate Bill 181 makes appropriations to various powerline and line extension projects.

Section 1 appropriates \$70 million to AEA for design and construction of the northern portion of the Northeast Intertie and would run from Glenallen to Jarvis Creek near North Pole, Alaska.

This would be a 138 kv line, the same as the line capacity currently available at North Pole. This line would allow excess seasonal power from Solomon Gulch to be used throughout the Copper Valley Basin and continue to help supply load requirements to Fairbanks. Along the route, the line will eliminate the need for diesel fired generation for Copper Valley Electric customers and save 1 million gallons of diesel fuel annually, enable central station service to Paxon, Summit, Alyeska Pump Station 10 and the Black Rapids Training Facility. Looped service could save Fort Greely 3 million gallons of diesel fuel per year. Additionally, it would serve to

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BADGER ROAD  
EIELSON/MOOSE CREEK  
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reduce rates for consumers of electrical power in an area that currently is paying the highest unsubsidized rates for power in the state. This line would have far reaching benefits in balancing differences in load demand and price for electricity currently experienced in this region.

Section 2 appropriates \$370,000 for the Tetlin Electrical system.

(photos enclosed)

Section 3 appropriates \$250,000 for Sheep Mountain Electrification.

Section 4 appropriates \$1,500,000 for electrification at the Lake Louise area off of the Glenn Highway.

Section 5 appropriation for Chistochina can be deleted, this item is no longer needed.

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Section 7 appropriates \$2,215,325. for Cantwell to McKinley village line extension. This area lives adjacent to the present Anchorage to Fairbanks Intertie, yet cannot get access to power. Although this item has been in most every budget document since 1983, prior administrations have either reduced or vetoed it, while the population in the area has increased as well as tourist industry activities to prove both a public need as well as commercial justification.

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Section 9 appropriates \$200,000 for the Eielson Agricultural area extension, Phase 2.

Section 10 appropriates \$2 million for the Delta II agricultural line extension. Several of the larger agricultural parcels have been divided into smaller farm units and access to power is very important.

Section 11 concerns the appropriations lapse process.

Section 12 states that section 1 appropriation takes effect only after legislative authorization of SB 180.

These energy projects have been important needs for a great number of people and businesses of the State of Alaska for many years now. Legitimate energy projects should be funded by the state to balance energy

accessability and make a wise investment in developing infrastructure.

It is time to fund legitimate energy projects for the people of the state to assist in the present need and prepare fur future development.

Thank you for your consideration.

MAR 26 1991



# Alaska State Legislature

SENATOR DICK SHULTZ

P.O. Box V  
Juneau, Alaska 99801  
(907) 465-4940  
Home: P.O. Box 487  
Tok, Alaska 99780

Member  
Finance Committee  
Transportation Committee  
Special Committee on Oil & Gas

Senate  
District J

MEMORANDUM

District 17

- ALCAN BORDER
- ANDERSON
- BIG DELTA
- BOUNDARY
- CANTWELL
- CHICKEN
- CHISTOCHINA
- CLEAR
- COPPER CENTER
- DELTA JUNCTION
- DENALI PARK
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- EAGLE
- EAGLE VILLAGE
- GAKONA
- GLENNALLEN
- GULKANA
- HEALY
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- KENNY LAKE
- MENDELTA
- MENTASTA LAKE
- NABESNA
- NELCHINA
- NENANA
- NORTHWAY
- PAXSON
- SIANA
- TANACROSS
- TAZLINA
- TETLIN
- TOK
- TOLSONA
- TONSINA

TO : Sen. Drue Pearce, Chairperson  
Senate Labor and Commerce

FROM : Sen. Dick Shultz

DATE : March 25, 1991

RE : SB 180 and SB 181 Hearing

As you know, I have introduced SB 180 and SB 181 relating to the Glenallen to Delta Intertie, and other energy reated projects.

I would like to request a hearing and hopefully, favorable consideration to move this legislation to the next committee of referral, Finance.

Thank you for your consideration.

If you would like additional information or have questions regarding this request, please feel free to contact my office.

District 18

- WADGER ROAD
- EHELSON/MOOSE CREEK
- NEWBY
- NORTH POLE
- PLACK
- RICHARDSON
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# TIE-LINE FACT SHEET

CVEA MEMBERS - CVEA serves 2,717 consumers from eastern Mat-Su to Valdez who pay the highest regulated utility unsubsidized electrical rates in the State of Alaska.

RATES - 1990 average residential rate in Valdez was 16.7 cents per kwh. 1990 average residential rate in Copper Basin is 20.1 cents per kwh. CVEA does not participate in Power Cost Equalization (PCE). Current first quarter 1991 rates increased (through Cost of Power Adjustment) due to fuel costs; the Valdez average residential rate is 19.2 cents per kwh, and the Copper Basin average residential rate is 22.6 cents per kwh.

POWER SUPPLY - 80% comes from Solomon Gulch Hydro; the balance is oil fired. The estimated cost to maintain the diesel plants is \$1.5 million in addition to fuel costs.

PROPOSED SOLUTION TO RATE HIKES - Build the northern leg of the Northeast Inter tie (the Glennallen-Delta section), which is 146 miles long. The estimated construction costs are \$88 million in 1989 dollars. Revised estimates for construction in 1995 are being prepared. The first step to doing this is acquiring legislative funding.

BENEFITS - The Tie-line would provide economic development opportunities to the region by reducing rates as much as 3-5 cents per kwh. Completion of the Tie-line would eliminate the need for diesel fired generation and save over 1,000,000 gallons of diesel per year. The Tie-line could allow CVEA to sell an additional 25,000,000 kilowatt hours during the spill months. CVEA would receive some benefit. The State would receive \$1 million in increased debt service payments. The Tie-line would enable Valdez Fisheries Development Association unlimited water use for operation and enhancement of existing hatchery. The Tie-line would enable central station service to Paxson, Summit, Alyeska Pump Station 10, and Black Rapids Training Facility. In addition, looped service could save Ft. Greely 3,000,000 gallons of diesel fuel per year for power now generated there. The Tie-line would create a market for 20,000,000 kwh for Railbelt energy to be sold (Bradley Lake) along the Tie-line and in the CVEA service area.

REALITY - This will not happen overnight, however, it has long term benefits. The completion of the Tie-line would take 3-5 years from the start of preliminary design through energization of the line.

CONSEQUENCES - Without a Tie-line, the average CVEA rate is expected to exceed 30 cents per kwh within 15 years, not including present diesel fuel price fluctuations.

## COPPER VALLEY ELECTRIC ASSOCIATION

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Approximately 80% of CVEA generation is supplied from the Solomon Gulch Hydro, the balance is with oil fired internal combustion engines.

The Glennallen-Delta section of the Northeast Intertie is 146 miles long. Estimated construction costs are \$68 million.

Completion of the Tie-line would eliminate the need for diesel fired generation and save 1,000,000 gallons of diesel per year.

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● TRANSFORMERS  
 ■ GENERATION PLANTS

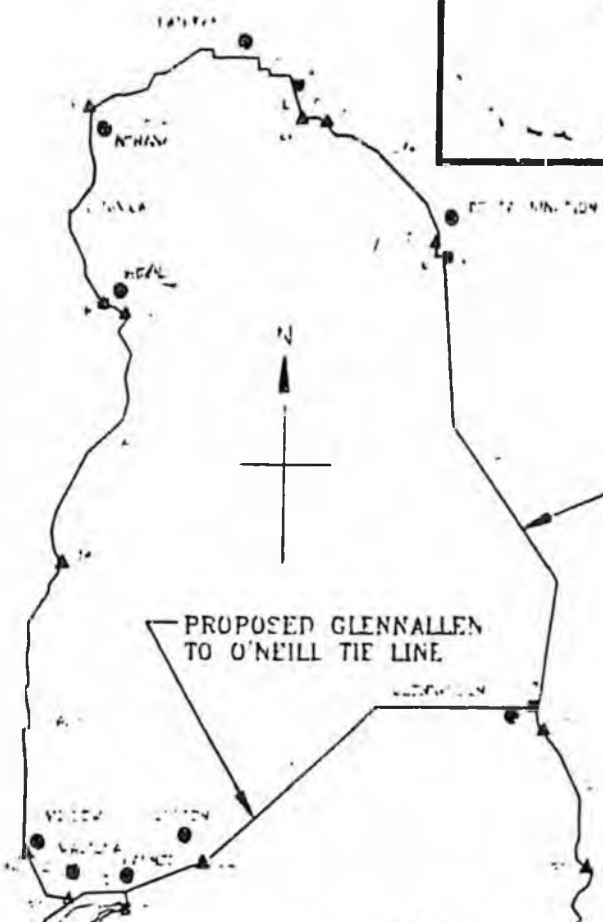
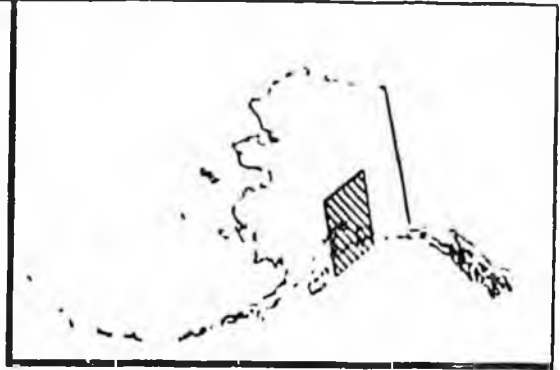
1. 138 KV  
 2. 115 KV  
 3. 110 KV  
 4. 100 KV  
 5. 90 KV  
 6. 80 KV  
 7. 70 KV  
 8. 60 KV  
 9. 50 KV  
 10. 40 KV  
 11. 30 KV  
 12. 20 KV  
 13. 15 KV  
 14. 10 KV  
 15. 5 KV

▲ STATIONS

1. DELTA  
 2. GLENNALLEN  
 3. O'NEILL  
 4. VALLEY  
 5. WILSON  
 6. ANCHORAGE  
 7. SITKA  
 8. JUNEAU  
 9. KETCHIKAN  
 10. KENAI  
 11. Seward  
 12. Kodiak  
 13. Adak  
 14. Kodiak  
 15. Adak  
 16. Kodiak  
 17. Adak  
 18. Kodiak  
 19. Adak  
 20. Kodiak  
 21. Adak  
 22. Kodiak  
 23. Adak  
 24. Kodiak  
 25. Adak

— TRANSMISSION LINES

LINE NO.	VOLTS	LENGTH (MILES)
1	138	100
2	115	150
3	110	120
4	100	180
5	90	140
6	80	160
7	70	130
8	60	110
9	50	90
10	40	70
11	30	50
12	20	30
13	15	20
14	10	15
15	5	10



PROPOSED DELTA TO GLENNALLEN TIE LINE

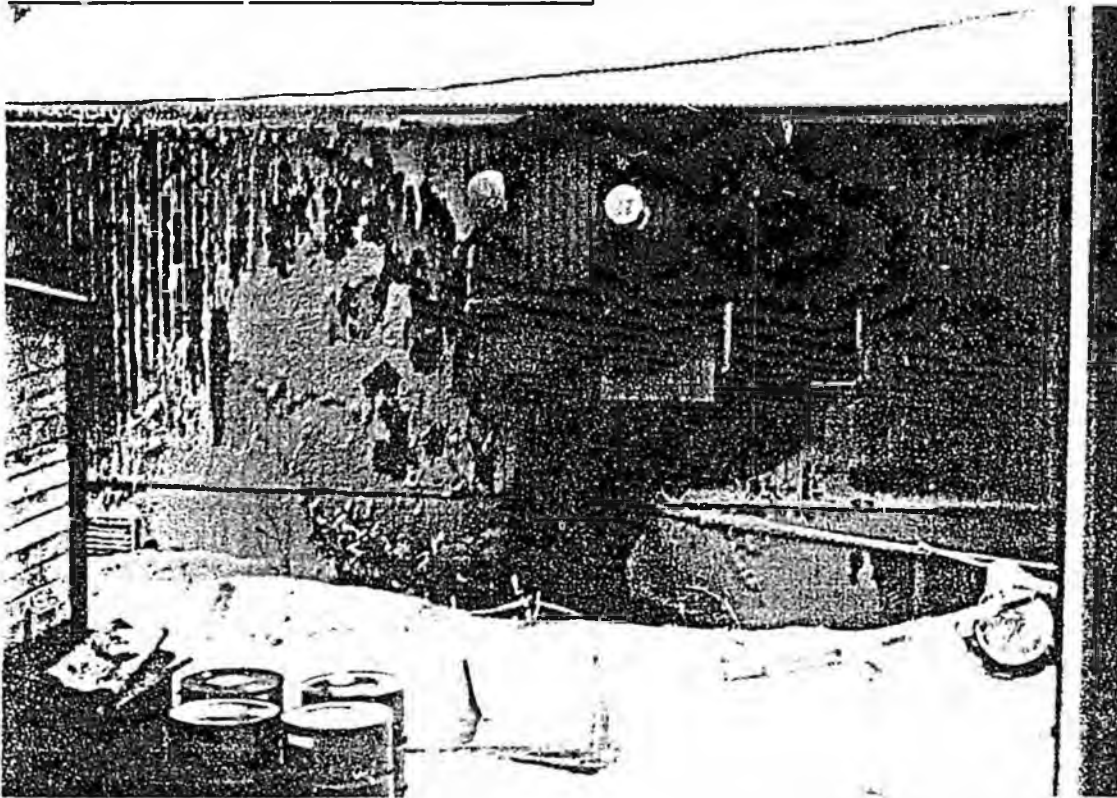
PROPOSED GLENNALLEN TO O'NEILL TIE LINE

CENTRAL ALASKA  
 ALASKA TRANSMISSION LINES

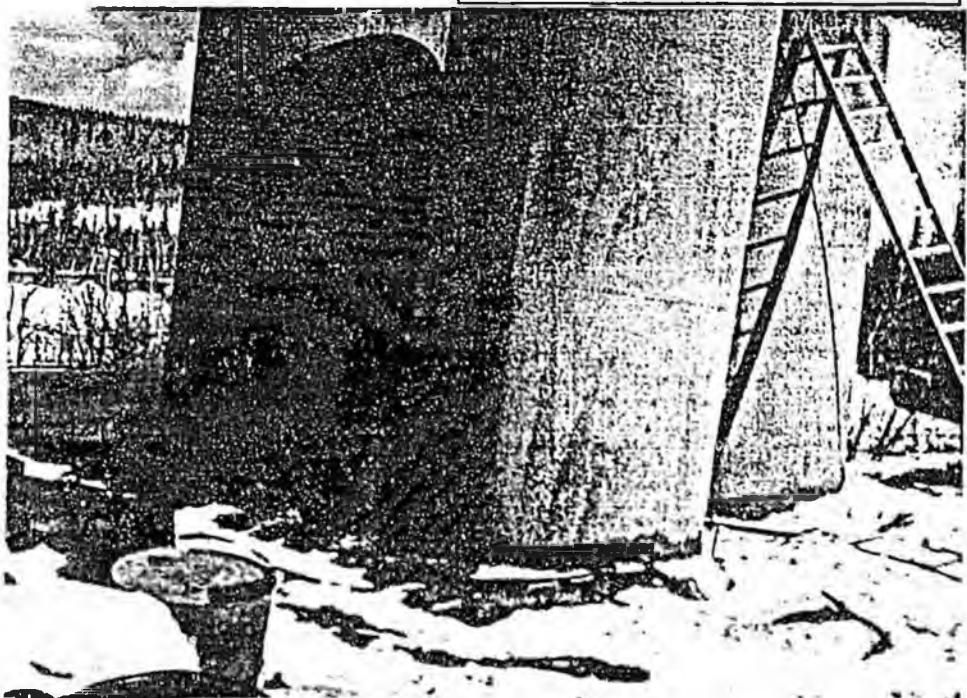
# TETLIN

## Powerhouse and Fuel Tanks

- 1.) Improper exhaust system.
- 2.) Oil soaked floor.
- 3.) Fuel soaked floor.
- 4.) Located next to school.



- 1.) Unstable foundation.
- 2.) No dikes.
- 3.) Leaning tanks.



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SENATE COMMITTEE REPORT  
FIRST COMMITTEE OF REFERRAL

DATE: 3/8/91

FURTHER: Finance

Date of 5-Day Notice: 4-4-91  
(in accordance with Uniform Rule 23)

DATE TURNED INTO OFFICE: \_\_\_\_\_

L&C Committee considered SB 181

Making appropriations for design and construction of a transmission intertie between Glennallen and Delta and for other electrical projects; efd.

and recommended:

- replace with \_\_\_\_\_ CS \_\_\_\_\_  same title
- attached amendment(s)  new title
- \_\_\_\_\_ letter of intent adopted

- do pass
- do not pass
- no recommendation
- individual recommendations
- further referral to \_\_\_\_\_

ATTACHES NEW FISCAL NOTE(S):

Department(s)/Date:

Department(s)/Date:

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

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

appropriation-no fiscal note

Governor's bill w/fiscal note

SIGNING DO PASS:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

OTHER RECOMMENDATIONS:

*Wilson do not pass*  
*Rick Halford NO REC*

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

*[Signature]*  
Chair: Signature and Recommendation



# Alaska State Legislature

SENATOR DICK SHULTZ

P.O. Box V  
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Approximately 80% of CVEA generation is supplied from the Solomon Gulch Hydro, the balance is with oil fired internal combustion engines.

The Glennallen-Delta section of the Northeast Intertie is 146 miles long. Estimated construction costs are \$68 million.

Completion of the Tie-line would eliminate the need for diesel fired generation and save 1,000,000 gallons of diesel per year.

Without a Tie-line the average CVEA rate is expected to exceed 30¢ per kwh within 15 years not including present diesel fuel price fluctuations.

The completion of the Tie-line would take 3-5 years from start of preliminary design through energization of the line.

The Tie-line could allow CVEA to sell an additional 25,000,000 kilowatt hours during the spill months.

The Tie-line would enable Valdez Fisheries Development Association unlimited water use for operation and enhancement of existing hatchery.

The Tie-line would enable central station service to Paxson, Alyeska Pump Station 10, and Black Rapids Training Facility.

The Tie-line would provide economic development opportunities to the region by reducing rates as much as 3-5 cents per kwh.

The Tie-line would create a market for 20,000,000 kwh hours for Railbelt energy to be sold (Bradley Lake).

**● TRANSMISSION PLANS**

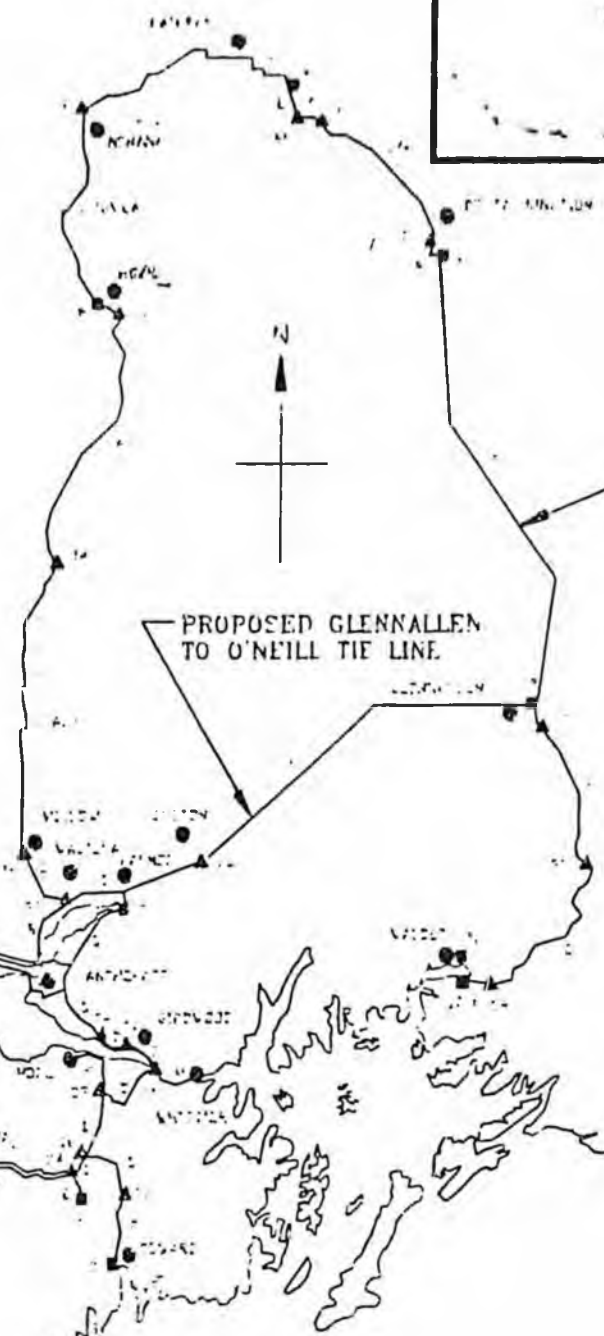
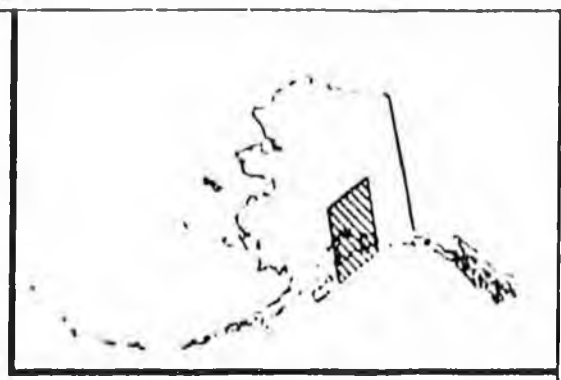
- 1. 138 KV
- 2. 115 KV
- 3. 110 KV
- 4. 100 KV
- 5. 69 KV
- 6. 50 KV
- 7. 33 KV
- 8. 25 KV
- 9. 15 KV
- 10. 10 KV
- 11. 5 KV
- 12. 3 KV
- 13. 2 KV
- 14. 1 KV

**▲ SUBSTATIONS**

- 1. 138 KV
- 2. 115 KV
- 3. 110 KV
- 4. 100 KV
- 5. 69 KV
- 6. 50 KV
- 7. 33 KV
- 8. 25 KV
- 9. 15 KV
- 10. 10 KV
- 11. 5 KV
- 12. 3 KV
- 13. 2 KV
- 14. 1 KV

**— TRANSMISSION LINES**

LINE TYPE	DESCRIPTION
1	138 KV
2	115 KV
3	110 KV
4	100 KV
5	69 KV
6	50 KV
7	33 KV
8	25 KV
9	15 KV
10	10 KV
11	5 KV
12	3 KV
13	2 KV
14	1 KV



PROPOSED DELTA TO GLENNALLEN TIE LINE

PROPOSED GLENNALLEN TO O'NEILL TIE LINE

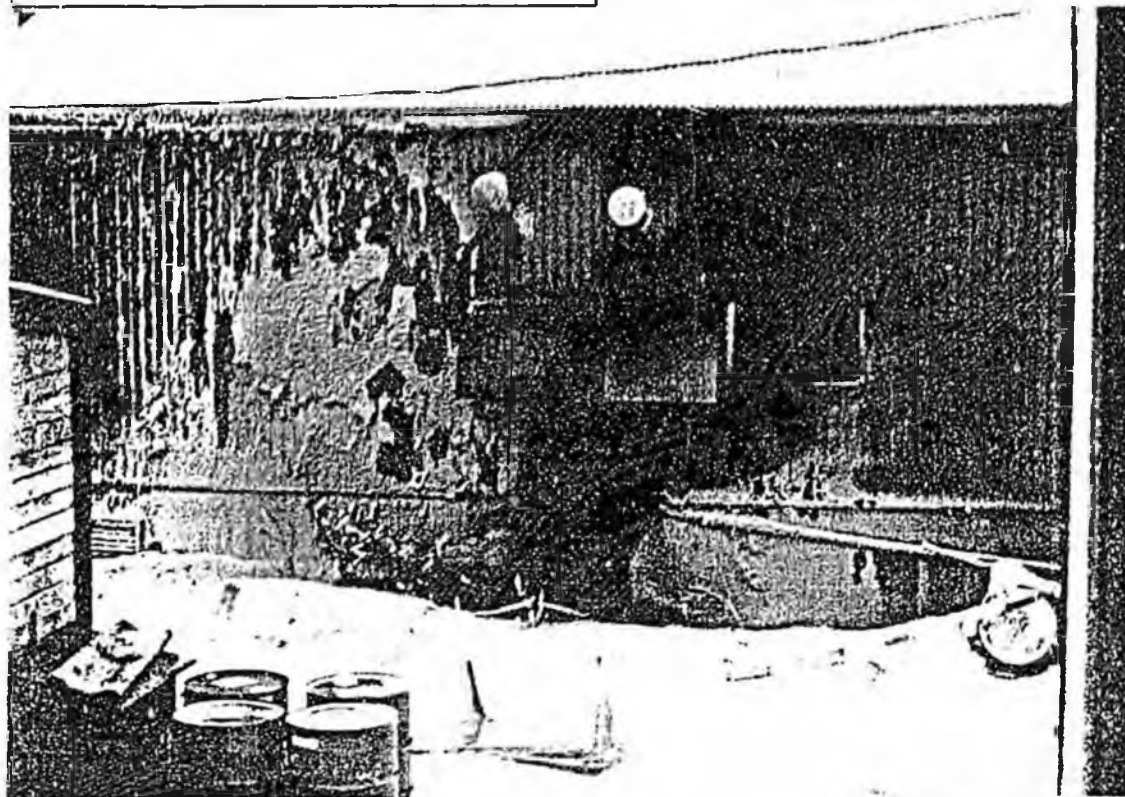
**CENTRAL ALASKA**

**ALASKA TRANSMISSION LINES**

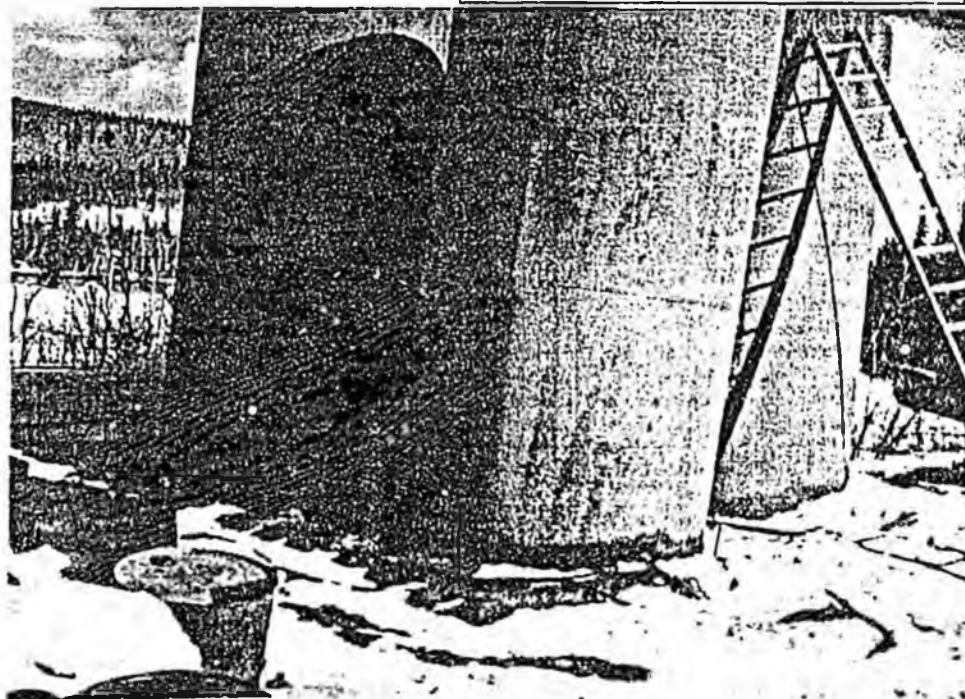
# TETLIN

## Powerhouse and Fuel Tanks

- 1.) Improper exhaust system.
- 2.) Oil soaked floor.
- 3.) Fuel soaked floor.
- 4.) Located next to school.



- 1.) Unstable foundation.
- 2.) No dikes.
- 3.) Leaning tanks.



**STATE OF ALASKA  
ALASKA STATE LEGISLATURE**

**SENATE  
LABOR AND COMMERCE COMMITTEE**

*Testimony by:*

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

**Senate Bills 180 and 181**

**April 8, 1991**

## Senate Bills 180 and 181 Labor and Commerce Committee

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

Thank you for the opportunity to provide testimony in support of Senate Bills 180 and 181. My name is Doug Bursey. I am the General Manager of Copper Valley Electric Association, Inc., with corporate offices in Valdez and Glennallen.

Copper Valley Electric Association, Inc. (CVEA) provides service to approximately 9,000 people in the Copper Basin and Valdez areas. The Valdez system is a compact urban area. The Copper Basin area is a quite sparsely settled rural area. The residential electrical rate for Valdez is 19.2 cents per kwh, and the Copper Basin cost is 22.6 cents per kwh.

CVEA was a participant in the old Power Cost Assistance (PCA) program; however, CVEA has not participated in the Power Cost Equalization (PCE) program, even though CVEA's rates are the highest for any Alaska Public Utilities Commission (APUC) regulated utility (after PCE adjustment) in the State of Alaska. CVEA does participate in the Four Dam Pool through Solomon Gulch.

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

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

Unless a portion of the Northeast Intertie tie-line is built, CVEA will have to replace aged generation machines, which will cause the existing high rates to go even higher.

Economic feasibility assessment of the CVEA system shows that, as the rates increase, end use has been reduced, which, of course, is normal. However, with rates in the twenty cent (20¢) range and expected to go higher, one has to look at the quality of life. We also looked at economic development opportunities, and we have found very little to encourage economic growth. We, therefore, began to look at what we could do to reduce, not raise, the rates.

CVEA has looked at a variety of options, such as merger with other utilities, separation of operating units (ie: Valdez and Copper Basin as separate utilities), remote control of generation, debt defeasance, and most recently, the completion of an Integrated resource plan for CVEA by Stone and Webster Consultants in cooperation with the Alaska Department of Community and Regional Affairs. Please see Exhibit A for further analysis of these alternatives.

### Northeast Intertie

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

The Northeast Intertie has a number of significant benefits including reducing CVEA's members' rates, providing service to new consumers along the Richardson Highway, raising money for the State, providing insurance against natural disasters (icing, wind, and snow), and eliminating burning millions of gallons of diesel fuel.

The Northeast Intertie would also be a major part of load transfer and would provide alternate service needs for Fairbanks. This is supported by the North American Electric Reliability Council Study (NERC) 1990 Draft Final Report.

CVEA proposes that the tie-line be constructed in two phases. Phase one, from Delta to Glennallen, would tie the State owned Solomon Gulch line at the Alyeska Station 11 to the Golden Valley Electric Association (GVEA) system at Jarvis Creek, a substation near Delta. GVEA supports this effort (see Exhibit B, map). Phase Two would connect Glennallen and Palmer.

By constructing the line in two phases, it is possible to stage construction and spread out the boom cycle over a longer period of time. In addition, financial requirements are spread over a longer period of time, easing the financial drain in any one year.

### Glennallen-Delta Leg (Phase One)

Phase One needs to be built within two years. The specific advantages of the northern leg are as follows:

- \* CVEA's present cost for oil fired generation is approximately twenty nine cents (29¢) per kwh, as compared to power from GVEA at Jarvis Creek at approximately four (4¢) or five (5¢) cents. If CVEA were interconnected, approximately 22,000,000 diesel fired kwh's could be displaced at a direct cost savings of approximately \$2,500,000 annually. This savings would yield a rate reduction for CVEA consumers of three (3¢) to five (5¢) cents per kwh.
- \* CVEA consumers have lower energy costs, the ability to participate in economic sales of electricity, and future stability of rates and power.
- \* State of Alaska would realize a reduction in operating costs of \$200,000 to \$400,000 per year for electricity costs to State offices and school districts.
- \* More area of the State is opened up to economic development, along with central station service being provided to Paxson, Summit, Black Rapids Military Installation, and Alyeska Pump Station 10.
- \* It may also be possible to avoid burning approximately 3,000,000 gallons of fuel oil at Fort Greely, 7,000,000 gallons of fuel oil at Pump Station 10, and it certainly would be possible to save a minimum of 1,000,000 gallons of fuel out of the Glennallen diesel plant. 11,000,000 annual savings of fuel oil could translate to at least \$8,000,000 in annual savings, to say nothing of environmental air quality benefits.
- \* State of Alaska has additional income of \$750,000 or more each year the Solomon Gulch project operates for sales of spilled energy. Historical data suggests that 24,000,000 to 33,000,000 kwh of additional generation is possible from this resource if all the spill water were used to generate electrical power. This would be in addition to the \$1.5 million already returned annually by CVEA consumers through debt service payments to the Four Dam Pool (see Exhibit C, Spill Energy).
- \* Yukon Pacific Gas Pipeline Station service is possible from this line as the tie-line and gas line would be in the same utility corridor.

#### Glennallen-Palmer Leg (Phase Two)

Phase Two of the intertie, from Glennallen to Palmer, needs to be built within five years.

When this leg is completed, a much greater benefit accrues in that Fairbanks utilities will have two sources to draw from, thus providing more stability. A different weather area exists on the Northeast Intertie route, which would reduce the impact of icing, windstorm,

or avalanche on the line along the Parks Highway, thus improving electrical service. This also provides for 145 MW of load transfer capability, as compared to the existing 70 MW along the Parks Highway route.

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

\* High-Cost Power Displacement

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

\* System Reliability

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

\* System Efficiency

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

\* Reserve Sharing

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

Long Term Industry Benefits

\* Flexibility for New Generation

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

\* Access to Bradley Power

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

\* Utility Coordination

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

\* Fuel Supply

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

Benefits to Alaskans

\* Improved Environment

While Alaska has not had the "brown cloud" due to burning fossil fuels, it is possible to measure deterioration in air quality. The reduction of 11 million gallons of diesel fuel is a responsible start to control air quality.

\* Infrastructure

The electrical systems in Alaska will be improved; and when the Northeast Intertie is completed, Fairbanks will greatly benefit.

It would provide power for construction camps and perhaps operating power for the new gas pipeline proposed by Yukon Pacific Pipeline Company.

It would provide reasonable electrical power for orderly economic development in a greater portion of the State.

\* Energy Conservation

The ability to better utilize Solomon Gulch will make more energy available from a renewable resource.

It will make coordination of resources and least cost planning of resource use a must.

It will better utilize Bradley Power.

\* Economic

Sales of surplus power from Solomon Gulch brings \$750,000 annually to the State.

Reduced operating costs net \$339,000 for the State annually in 1990 dollars.

Through rate reductions, \$2,500,000 is put back in the hands of the residents of the Copper Basin and Valdez annually.

In summary, there are many compelling reasons to build the Northeast Intertie, to include creation of economic development, Bradley Lake marketing opportunities, generation of additional Four Dam Pool revenues, increased reliability and transfer capability of the Railbelt energy grid, and rate relief for Interior and Gulf Coast communities.

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

We urge your support for Senate Bills 180 and 181.

## LIST OF EXHIBITS

- |           |                                   |
|-----------|-----------------------------------|
| Exhibit A | Rate Reduction Alternatives       |
| Exhibit B | Central Alaska Transmission Lines |
| Exhibit C | Spill Energy                      |
| Exhibit D | State of Alaska Cost Savings      |
| Exhibit E | Fuel Price Fluctuations           |

## EXHIBIT A RATE REDUCTION ALTERNATIVES

CVEA has looked at a variety of options, such as merger with other utilities, separation of operating units (ie: Valdez and Copper Basin as separate utilities), remote control of generation, debt defeasance, and Integrated Resource Planning.

The Alaska Energy Authority (AEA), agency owners of the Solomon Gulch Hydroelectric Project, and CVEA are exploring additional capacity at Solomon Gulch. Limited alternatives are available, such as an inflatable dam. This alternative will produce up to three million kwh's. This is an insufficient amount to affect long term alternatives.

### Merger

The most articulated merger plan was with Golden Valley Electric Association (GVEA). Merger would reduce operating costs by combining certain identifiable expenses. While savings were possible, the merger was deemed impractical due to lack of an electrical intertie.

### Separate Units

The City of Valdez and CVEA commissioned a study to explore alternatives. While some political goals were possible, the actual cost of operation more than likely would increase, not reduce, the cost of operation.

### Debt Defeasance

Debt defeasance is CVEA's ability to pay off REA debt ahead of schedule, and at this point, it doesn't appear that this would help CVEA. The basic financial reasons debt defeasance is not attractive is because CVEA would have to obtain new financing to generate the cash to pay off the REA debt. For every dollar paid off of 4.3% debt, CVEA would finance 44 cents of 10% debt. In addition, CVEA would use up cash and reduce interest income by around \$270,000 at present rates. The net result of defeasance from a financial point is that it would cost consumers .4 of one cent.

### Integrated Resource Planning

#### Least Cost Model:

CVEA has participated with a State of Alaska grant in the Electric Power Research Institute (EPRI) Electric Generation Expansion Analysis System (EGEAS) model. The work was performed by Stone and Webster Engineering Corporation at their Denver office. This independent study looked at needs of CVEA and consumers for a twenty (20) year period.

### Supply Side:

Many power supply alternatives were available for CVEA to consider over the study period. The applicable power supply alternatives included conventional technologies - diesel, gas, and hydroelectric; nonconventional and renewable sources - inflatable dams, batteries; and others such as generating unit life extensions, deferred retirements and implementing System Control and Data Acquisition (SCADA) systems for remote generation.

In assessing the supply-side options, CVEA looked at the options feasible for a small utility company, including life extension of their existing diesel generation, adding more storage at the existing Solomon Gulch hydroelectric plant, new diesel generation, the Allison Lake hydroelectric project, and adding SCADA facilities to reduce operation and maintenance expenses.

CVEA's generation system and load profile were modeled for a benchmark year (1989) so that the generation system dispatch could be refined as much as possible. System data were collected and purchased power transactions from the Solomon Gulch project were modeled. These inputs all involve production costing information for existing units.

The data was checked and adjusted so that the calibrated model correctly represented the historical generation patterns of the CVEA system. This was accomplished by modeling each unit's net heat rate, forced outage rates, fuel costs, maintenance schedule, and purchase power schedules for the utility system. The dispatch recognized unit and plant, maximum and minimum loads, and rate of load changes. It was also necessary to obtain detailed load data for the period specified. EGEAS uses a probabilistic production costing algorithm to determine the generation by individual units and the associated costs. The production costs were derived and adjustments were made to the input parameters to match the model costs to the historical costs and correct dispatching procedures.

After the benchmark analysis was completed, the system was dispatched on the EGEAS model for the 20-year planning horizon (1991-2009) with a 20-year extension period. The base year used in the study was 1990. All costs are in 1990 dollars unless otherwise specified.

### Demand Side:

The EGEAS program has an Alaska base average of 789 kwh, which tends to show more savings than perhaps are possible due to the fact that the Valdez average use per consumer is 550 kwh, and the Copper Basin average is 371 kwh. Implementation of the plan will necessitate small adjustments.

Demand Side Management (DSM) is defined by EPRI as follows:

*The planning and implementation of those utility activities designed to influence customer use of electricity in ways that will produce desired changes in the utility's load shape - ie., changes in the pattern and magnitude of a utility's load.*

This definition includes programs such as load management, new uses for electricity, strategic conservation, electrification and adjustments in market share. In order for an activity to be included under this definition of DSM, it must result from direct intervention on the part of the utility. Thus, customers deciding on their own to install high efficiency lighting would not fall under DSM, while a utility sponsored information or incentive program designed to accomplish this same goal would.

It is also important to note that DSM encompasses much more than conservation and load management. Therefore, demand-side management alternatives warrant consideration by all types of electric utilities, regardless of their current capacity and peak load situation.

XENERGY, Inc. assisted Stone & Webster to assess the DSM potential for the commercial and residential customers of CVEA. XENERGY worked with CVEA to conduct a survey of the commercial customers to determine end-use energy by building type, and to identify the appropriate high efficiency DSM replacement technologies. For the residential sector, end-use estimates and analyses performed by other Alaska utilities, national appliance sales data and federal appliance efficiency standards served as the primary data sources. CVEA did not have the staff resources to conduct a residential survey at this time. From industry studies and work for other utility clients, XENERGY calculated the projected savings and costs for each selected technology.

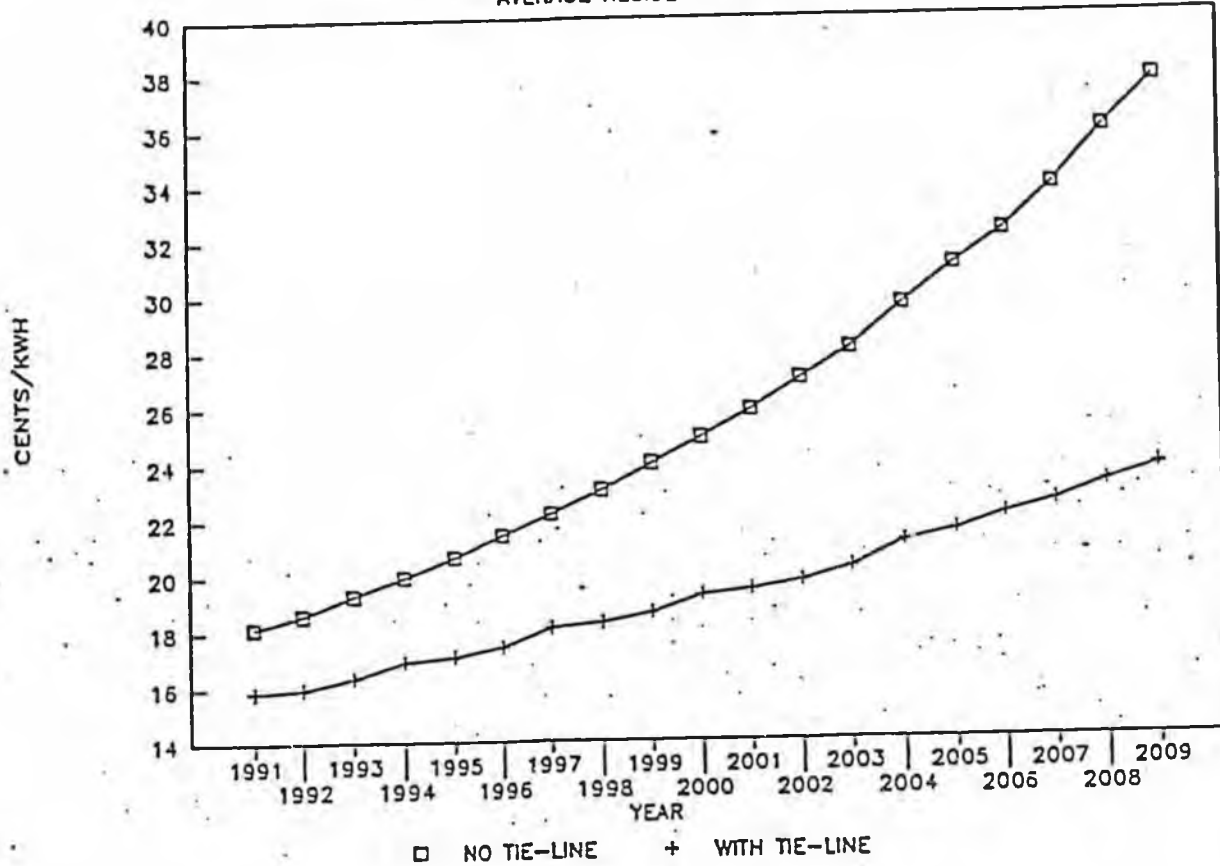
An example of benefits identified is a change in the Valdez street lights from mercury vapor to sodium vapor which resulted in an expense of \$60,000 but a savings of approximately \$2,000 per month to the City of Valdez. The City has already implemented this savings program, which will result in the street lights being upgraded with a payout in two and one-half years.

It is not intended that this information show a complete study; rather, it is intended to support information contained in the following graph.

A complete copy of the Least Cost Plan is available from CVEA.

## CVEA RATE PROJECTIONS

AVERAGE RESIDENTIAL RATE



<u>Year</u>	<u>Rate w/Tie</u>	<u>Rate w/o Tie</u>	<u>Year</u>	<u>Rate w/Tie</u>	<u>Rate w/o Tie</u>
1991	16	18.2	2001	19.4	25.8
1992	16	18.6	2002	19.7	26.9
1993	16.3	19.3	2003	20.2	28
1994	16.9	19.9	2004	21.1	29.6
1995	17	20.7	2005	21.5	31
1996	17.4	21.4	2006	22.1	32.2
1997	18	22.6	2007	22.5	33.8
1998	18.3	23	2008	23.1	35.9
1999	18.6	23.9	2009	23.7	37.6
2000	19.2	24.9			

# EXHIBIT B

## COMMUNITIES

## GENERATION PLANTS

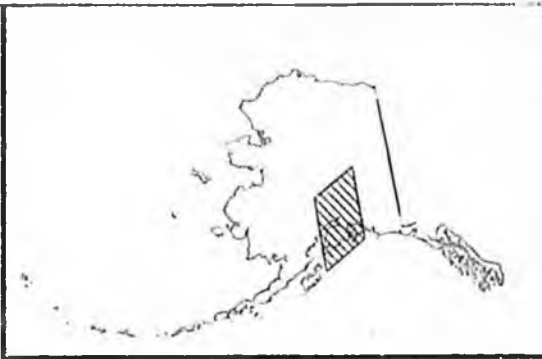
- 1 BOLSON POWER
- 2 BROWN CREEK POWER
- 3 BROWN CREEK #2
- 4 BROWN CREEK #3
- 5 BROWN CREEK #4
- 6 BROWN CREEK #5
- 7 BROWN CREEK #6
- 8 BROWN CREEK #7
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- 11 BROWN CREEK #10
- 12 BROWN CREEK #11

## SUBSTATIONS

- 13 ANCHORAGE POINT
- 14 ANCHORAGE
- 15 ANCHORAGE #2
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- 108 ANCHORAGE #95
- 109 ANCHORAGE #96
- 110 ANCHORAGE #97
- 111 ANCHORAGE #98
- 112 ANCHORAGE #99
- 113 ANCHORAGE #100

## TRANSMISSION LINES

LINE NO.	VOLTAGE	STATUS
1	138 KV	EXISTING
2	138 KV	EXISTING
3	138 KV	EXISTING
4	138 KV	EXISTING
5	138 KV	EXISTING
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7	138 KV	EXISTING
8	138 KV	EXISTING
9	138 KV	EXISTING
10	138 KV	EXISTING
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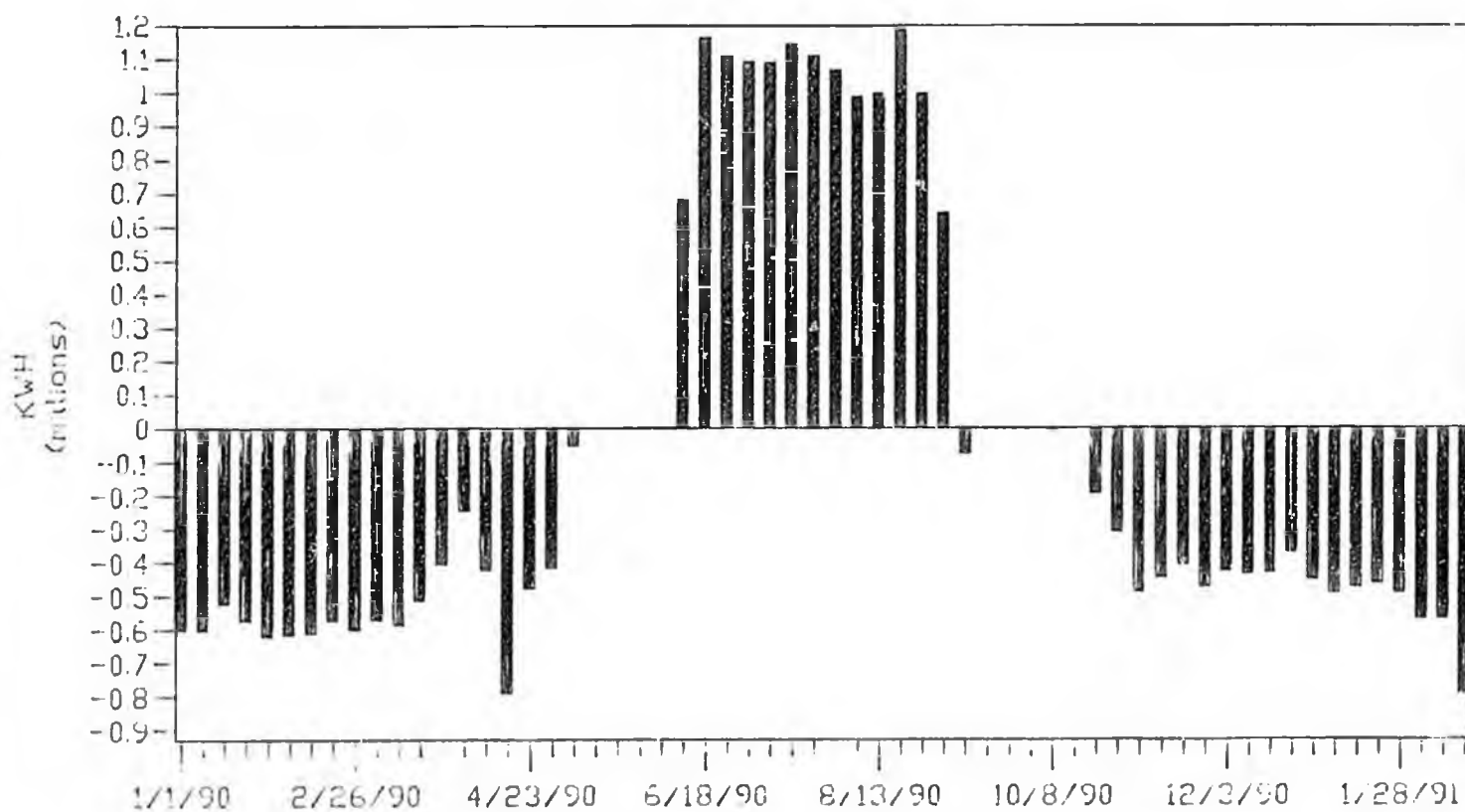
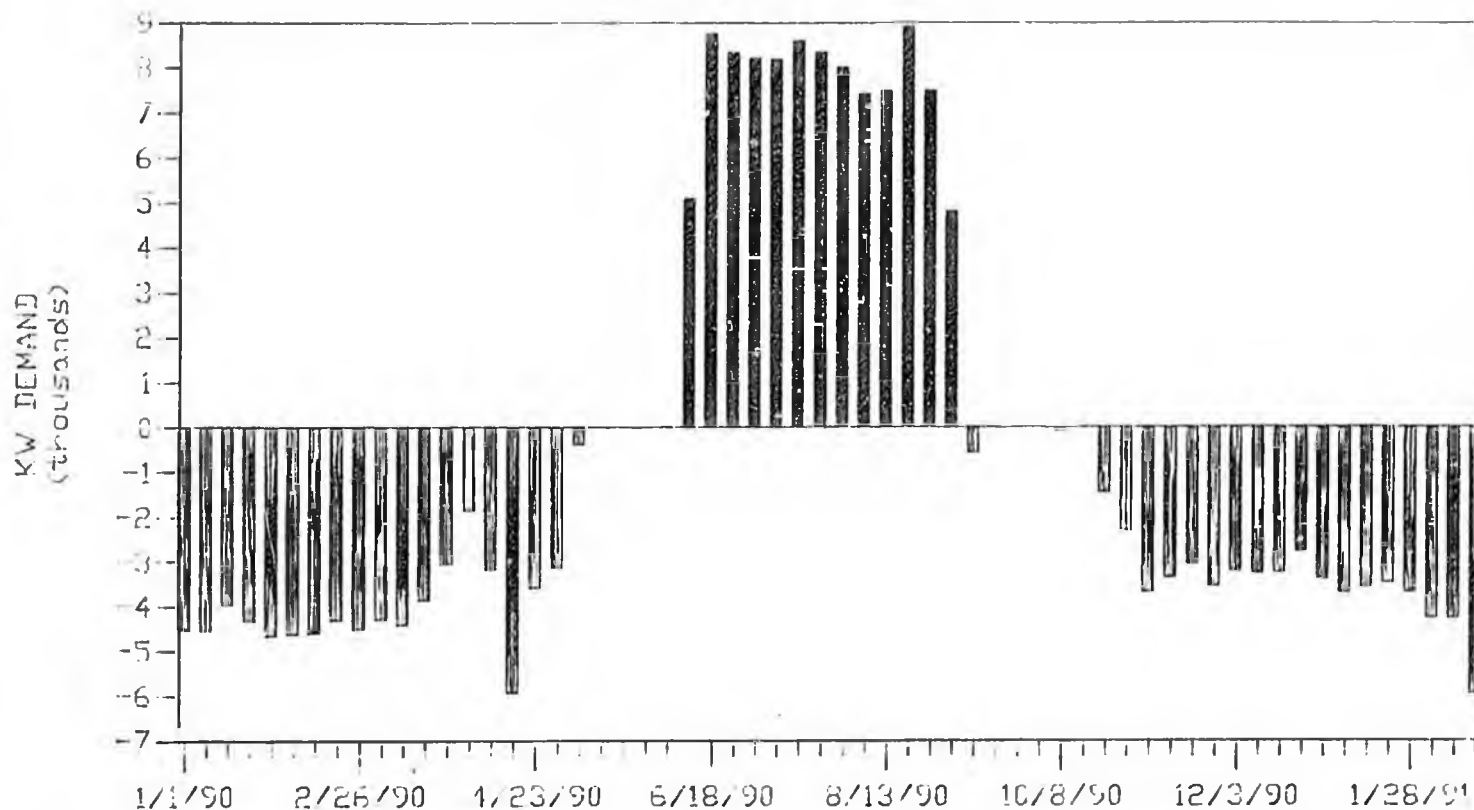


# CENTRAL ALASKA ALASKA TRANSMISSION LINES

# COPPER VALLEY ELECTRIC ASSOCIATION, INC.

POSITIVE IS SPILL ENERGY, NEGATIVE IS DIESEL GENERATION

## EXHIBIT C



25 MILLION KWH'S OF SPILL ENERGY IS LOST TO SCLOMAN GULCH EACH YEAR  
2 MILLION GALLONS OF DIESEL FUEL IS REQUIRED TO GENERATE MAKEUP ENERGY

## EXHIBIT D STATE OF ALASKA COST SAVINGS

An example of benefits possible when the tie-line is connected is that a five cent per kwh drop in price reduces the cost of operating state buildings, including schools in Valdez and the Copper Basin by \$339,000 in 1990 dollars.

*Annual savings to State of Alaska and school districts  
from 5 cent rate reduction in 1990 dollars:  
\$339,000*

*Present value of \$339,000 for 30 years at 8% interest:  
\$3,816,389*

*Invest \$339,000 for 30 years at 0% interest:  
\$10,170,000*

*Invest \$339,000 for 30 years at 8% interest:  
\$38,403,009*

*Invest \$339,000 for 30 years at 8% interest plus 2% inflation:  
\$55,763,474*

	89/90 Average KWH Sales	Savings on Average KWH's					
		\$0.01	\$0.02	\$0.03	\$0.04	\$0.05	\$0.06
State of Alaska - Glennallen	1,078,619	10,786	21,572	32,359	43,145	53,931	64,717
State of Alaska - Valdez	2,429,529	24,295	48,591	72,886	97,181	121,476	145,772
Copper River School District	892,726	8,927	17,855	26,782	35,709	44,636	53,564
Valdez City Schools	<u>2,394,947</u>	<u>23,949</u>	<u>47,899</u>	<u>71,848</u>	<u>95,798</u>	<u>119,747</u>	<u>143,697</u>
Totals	6,795,820	67,958	135,916	203,875	271,883	339,791	407,749

## EXHIBIT E FUEL PRICE FLUCTUATIONS

CVEA's members are significantly impacted by the price of fuel since diesel generation provides approximately 20% of the total system requirements. Prices in January 1991 escalated to \$1.15 per gallon. If that price were sustained through the winter, CVEA consumers would pay an additional \$690,000 above current rates, and the cost to the consumers for those diesel generated kwh's would increase by 3.5¢.

ANNUAL REQUIREMENT IN GALLONS (FY92)

1,643,000 GALLONS

	PRICE PER GALLON	FUEL COST	FUEL COSTS OVER BASELINE	INCREASED COSTS FOR DIESEL KWH'S
BASELINE	\$0.730	\$1,199,390	\$0	\$0.000
	0.750	1,232,250	32,860	0.000
	0.775	1,273,325	73,935	0.003
	0.800	1,314,400	115,010	0.005
	0.825	1,355,475	156,085	0.007
	0.850	1,396,550	197,160	0.009
	0.875	1,437,625	238,235	0.011
CURRENT	0.900	1,478,700	279,310	0.013
	0.925	1,519,775	320,385	0.015
	0.950	1,560,850	361,460	0.018
	0.975	1,601,925	402,535	0.020
	1.000	1,643,000	443,610	0.022
	1.025	1,684,075	484,685	0.024
	1.050	1,725,150	525,760	0.026
	1.075	1,766,225	566,835	0.028
	1.100	1,807,300	607,910	0.030
	1.125	1,848,375	648,985	0.032
HIGH LAST 12 MONTHS	1.150	1,889,450	690,060	0.035
	1.175	1,930,525	731,135	0.037
	1.200	1,971,600	772,210	0.039
	1.225	2,012,675	813,285	0.041
	1.250	2,053,750	854,360	0.043
	1.275	2,094,825	895,435	0.045
	1.300	2,135,900	936,510	0.047
	1.325	2,176,975	977,585	0.050
	1.350	2,218,050	1,018,660	0.052
	1.375	2,259,125	1,059,735	0.054
	1.400	2,300,200	1,100,810	0.056



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

March 28, 1991

RECEIVED

APR 1 1991

COPPER VALLEY  
ELECTRIC ASSOC.

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

Dear Doug,

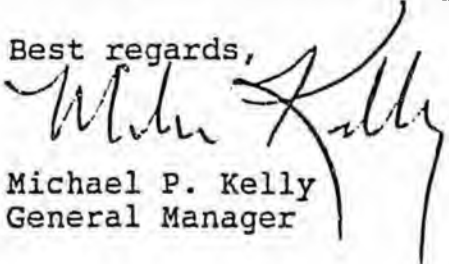
You asked me to re-state GVEA's position relative to the Northeast Intertie, particularly the Delta - Glennallen portion.

I feel that Representative Kubina echoed GVEA's position eloquently when he testified in front of the House Labor and Commerce Committee on March 26, 1991. He said that he supports state funding of the Northeast intertie, but he understands that the railbelt energy reserve fund is earmarked for construction of the Anchorage - Soldotna and Healy - Fairbanks interties. He does not want his legislation to jeopardize construction of these transmission lines, but wants the legislature to recognize the need to intertie the Copper Basin with the Railbelt grid.

GVEA feels the same. We want relief for CVEA's consumers. They pay the highest rates in the state. We also want \$125 million appropriated for construction of the Anchorage - Soldotna and Healy - Fairbanks lines during the '91 season.

I hope this letter adequately addresses your request.

Best regards,

  
Michael P. Kelly  
General Manager



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

October 4, 1988

Estimated Costs in 1989 Dollars

To Service the following Sites

Cantwell to McKinley Village

Total cost of the powerline extension	\$2,215,325.00
Miles of line including taps	23 miles
Number of customers	_____

Mercers Corner on the Parks Hwy to Ferry/Rock Creek Sub.

Total cost of the powerline extension	\$ 946,335.00
*Miles of line including taps	11.5 miles
Number of customers	_____

\*Does not include electrical services to any sites on the east side of the Nenana River

Kobe to Ferry/Rock Creek Sub.

Total cost of the powerline extension	\$1,234,350.00
*Miles of line including taps	15 miles

\*Does not include electrical services to any sites on the east side of the Nenana River

Cantwell to Summit

Total cost of the poweline extension	\$ 773,912.00
Miles of powerline	8 miles
Number of customers	_____

## FY91 SUPPLEMENTAL CAPITAL BUDGET REQUEST

### TETLIN ELECTRICAL SYSTEM SAFETY REPAIRS

#### SUMMARY:

Community:	Tetlin
Election District:	17
Population Served	112

Project Cost	\$370,000.
Funds Available	0.
Funds Required	\$370,000.

#### PROJECT DESCRIPTION:

Reconstruction of the community's electrical system.

#### PROJECT JUSTIFICATION:

The present system is not only inefficient but also has several code violations creating a public safety hazard. The problems are severe enough to require a complete rebuild of the majority of the existing system.

#### BUDGET:

Construction	\$270,000.
Design	30,000.
Supervision, Inspection, & Administration	40,000.
Project Contingency	<u>30,000.</u>
Project Total	\$370,000.

TETLBGP1  
Feb 1991



Member  
Finance Committee

# Alaska State Legislature

REPRESENTATIVE DICK SHULTZ

P.O. Box V  
Juneau, Alaska 99811  
(907) 465-4940  
Home: P.O. Box 487  
Tok, Alaska 99780

July 30, 1990

Mr. Robert E. LeResche, Executive Director  
Alaska Energy Authority  
Post Office Box 190869  
701 East Tudor Road  
Anchorage, Alaska 99519-0869

Dear Mr. LeResche:

In response to your letter of July 5th concerning FY 92 capital budget requests, the following projects have been identified as priorities for District 17:

Tetlin Electrical system upgrade \$184,950  
Alaska Power & Telephone underground power distribution \$1,000,000  
Sheep Mountain Electrification - Phase II \$250,000  
Lake Louise Electrification \$1,500,000  
Chistochina Line extension \$1,800,000  
Ester to Little Goldstream \$2,633,296  
Cantwell to McKinley Village \$2,215,325  
Mercers Corner to Ferry and Rock Creek Subdivision \$946,335  
Kobe to Ferry and the Rock Creek Subdivision \$1,234,350

These requests remain basically the same as in previous years. I'm confident that you will give them adequate consideration as you prepare your capital projects list for FY 92.

If you have any questions concerning these requests please do not hesitate to contact either me or Sandy at 465-4940.

Best regards,

A handwritten signature in cursive script that reads "Dick Shultz".

Representative Dick Shultz

SPP/DS  
a:e.txt

APR 5 1991

CHAIRPERSON, SENATE LABOR AND COMMERCE COMMITTEE

THE ALASKA STATE LEGISLATURE

P.O. BOX 7 JUNEAU

JUNEAU, ALASKA 99801

APRIL 1, 1991

TO WHOM IT MAY CONCERN:

WE SUPPORT THE CURRENT BILLS DEALING WITH THE ELECTRIFICATION FROM  
CANTWELL TO NCKINLEY VILLAGE

WE URGE YOU TO SUPPORT HOUSE BILL HB166. WE NEED THIS POWER IN OUR  
GROWING AREA. OUR INCREASING TOURISM BUSINESS IN THE AREA WARRENTS  
THE SERVICE AS DOES THE NEEDS OF THE PRIVATE HOMES.

THANK-YOU:

TOMMY D. AND JOAN A. ADAMS

RTLE 228 PARKS HWY.

P.O. BOX 56

NCKINLEY PARK, AK. 99755-0056

March 31, 1991  
P.O. Box 29  
Denali Park, Alaska 99755

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

Dear Sir,

The February 13, 1991 issue of the Anchorage Times contained an article on ANWR. This article quoted Senator Coghill extensively, and explained why Alaska received a 90-10 split on resource revenues from federal lands.

"The rest of the states in the union shared resource revenues from federal lands 50-50 with the federal government, but they also had access to a reclamation fund which went to pay for harbors, flood control and electrification," Coghill said.

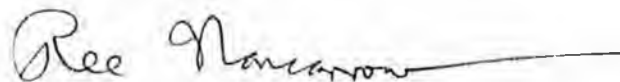
"At the time, we were promoting Rampart Dam on the Yukon River. Congress decided it didn't want to have to fund projects of that magnitude for as vast a state as Alaska and offered, instead, a 90-10 split on resource revenues from federal lands."

Since such a large proportion of the money our state has received for years was intended to finance these kinds of projects, *please* respond favorably to SB 181. The Railbelt Energy Fund was set aside to deal with power in our area, while other villages and areas in the state *got* their power. Last year a great deal of money was spent from this fund for projects in no way connected with the Railbelt areas. The Usibelli project would generate power to be sent out of our area.

I am mostly concerned with the electrification from Cantwell to McKinley Park. There are at least 15 businesses and 75 families who need electricity that would benefit from this project.

Again —please help us. Respond favorably to SB 181.

Sincerely,



Ree Nancarrow



McKinley Wilderness Lodge  
P. O. Box 89  
Denali National Park, Alaska 99755  
Mile 224 Parks Highway  
(907) 683-2277--summer  
(907) 883-4710--winter

Wednesday April 3, 1991

The Alaska State Legislature  
P. O. Box V (MS3100)  
Juneau, Alaska 99811

Dear Chairperson,

I am writing to you to show support for SB 181, and to urge you to support it also. I believe that bringing electricity to some of the communities along the highway can be very beneficial for the State of Alaska and the communities.

I run a bed and breakfast business along a stretch of the Parks Highway that is included in this bill. I believe that electrifying the area from Cantwell to McKinley Village will help increase tourism. There are 15 businesses that would be affected by this bill. These businesses are now limited in growth due to the amount of power each business must generate on their own. Individual businesses have a difficult enough time being seasonal, the burden of also being individual power plants adds to the amount of growth these businesses can have.

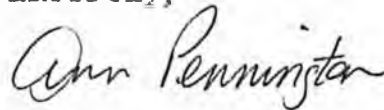
Just 17 miles north of my business are other flourishing tourist businesses. They all have power and are able to develop in the normal sense of the word. On need, not on how much power they generate. I would like to be able to be given the opportunity to compete with these businesses. If we must continue to generate our own power, then I am a bed & breakfast business and a power company. Other businesses must worry about being a hotel or a restaurant, we must do both.

There are 15 businesses and 75 families in the area. They all generate power of some kind or other. My business uses a diesel generator, and I know of several other businesses that use the same. These generators release a great deal of pollution into our air. Each family and every business generate much more pollution separately than if the area was electrified. The noise would be cut way back, the air would be cleaner, and the chance of having diesel and oil spilt on these individual pieces of land would be lessened.

The businesses and families involved in these areas support electrifying the area. In doing so they show enough need to support SB 181. Power is all around us, we hope that it is now time to enter the '90's with so simple a thing as electricity!

Thank you for your time and I hope for your support

Sincerely,

A handwritten signature in cursive script that reads "Ann Pennington". The signature is written in dark ink and is positioned above the typed name.

Ann Pennington  
Manager



## 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

The Alaska State Legislature  
P.O. Box V (MS3100)  
Juneau, Alaska 99811

4-4-91

Attn: Chairperson - Senate Labor and Commerce Committee

RE: Senate Bill No. 181

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

Deneki Lakes, at Mile 227½ Parks Hwy., 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 long standing 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!!



Businesses in the McKinley Park area needing electricity -  
their present status and planned development

---

1. Carlo Creek Lodge  
Lodge, four cabins, outbuildings  
Plan to increase cabins in the future, and put in a campground  
in 1939.
2. The Perch Restaurant  
Restaurant to be operational 1939.  
4 rental cabins built. Plan to build a washroom and shower  
house, and hook cabins up to electricity within 2 years.  
Owners will live there year-round when commercial power  
available.
3. McKinley Wilderness Lodge  
Restaurant, 3 duplex cabin units, 5 cabins, residence build-  
ing, outbuildings.
4. Osprey Expeditions  
Office and shop, residence
5. Denali Cabins - south  
41 units, gas station, grocery store. Leases space to  
Denali Gift Shop.
6. Matanuska Telephone Assoc.  
Generates electricity to provide telephone service in area.
7. McKinley Community Center and Firehall  
Houses fire truck needing 24-hour heat, and provides space  
for year-round community functions and classes for  
both adults and children.
8. Popo Agie  
Contracting business
9. Don Peterson  
One building done.  
12 more cabins to be build summer 1939, to be used to house  
Elderhostel groups.
10. McKinley Village - ARA  
50 rooms, restaurant, coffee shop, gas station, convention  
room, 24 units for staff housing, outbuildings, residence  
Leases space to ERA Helicopters Flightseeing.  
Plans to add 100 rooms in 3-4 years.
11. Denali Cabins North  
Leases 3 cabins and showerhouse to Denali Raft.  
Considering building a 24-unit hotel in next few years if  
commercial power is available.
12. Grizzly Bear Campground  
15 cabins, grocery store, liquor store, campground, residence,  
outbuildings. 2 shower houses they cannot use without  
commercial power. Owners would reside here year-round  
with commercial power.

MCKINLEY PARK AREA  
 (Cantwell to South Boundary of Park)  
 RESPONSE TO ELECTRIFICATION

B = BUSINESS ODOMETER READING FROM 215.5 BRIDGE	MILEPOST NUMBER	EAST OR WEST OF ROAD	YES NO	CONTACTED YES NO	YES NO	WANT POWER YES, if VERY reasonable
0		E Cotter's Rental Cabin at Nenana Bridge Boxholder Cantwell, AK 99729 768-2626				
.55		E Mining Company (one man operation		X		
.55		E Reiland, Jack & Edie (Rental cabin) Box 7 683-2696 Denali Park, AK 99755 488-3932	X		X	
3.75		E Trailer		X		
3.95		E Cantwell Forest Service Station		X		
4.		W Nordmark, Bill PO Box Healy, AK 99743 683-2411	X		X	
5.5		E Spurgin, Vivian & Charles 246 Charles St. 452-4069 Fairbanks, AK 99701	X		X	
B 8.2	224	W Carlo Creek Lodge Otto Stoepler (Mgr. Art Stoepler) Blanco Star Rt. 5 Box 62A San Marcos, TX 78606 683-2413	X		X	
B 8.3	224	E The Perch Restaurant Gerald & Elaine Pollock Box 117 683-2523 Healy, AK 99743	X		X	
8.3	224	E Pollock rental cabin	X		X	
B 8.35	224	E McKinley Wilderness Lodge Ron & Karen Bitzer 683-2277 PO Box 89 258-0222 Denali Park, AK 99755	X		X	
8.35	224	E Bitzer, private residence	X		X	
B 8.4	224	W Osprey Expeditions Aaron Underwood & Julie Boselli Box 209 683-2734 Denali Park, AK 99755	X		X	

B = BUSINESS ODOMETER READING FROM 215.5 BRIDGE	MILEPOST NUMBER	EAST OR WEST OF ROAD	MCKINLEY PARK AREA (Cantwell to South Boundary of Park) RESPONSE TO ELECTRIFICATION		CONTACTED		WANT POWER		Yes, if VERY reasonable
			YES	NO	YES	NO			
8.4	224	W	Stoepler, Art & Denise Box 103 Cantwell, AK 99729	683-2573	X		X		
8.4	224	W	Lee, Bruce & Jeralyn Hath Box 137 Denali Park, AK 99755		X		undecided		
8.7	224.5	E	Holloway, Mitzi Box 1 Denali Park, AK 99755	683-2446	X		X		
8.8	225	E	Stoepler, Otto & Billie Blanco Star Rt. 5 Box 62A San Marcos, TX 78666	683-2413	X		X		
11.45		E	Wood, Romany 1819 Musk Ox Trail Fairbanks, AK 99709		X		X		
11.45		E	Foote, Bruce PO Box 80809 College, AK 99708		X				X
11.45		E	Wood, Ginny 1819 Musk Ox Trail Fairbanks, AK 99709		X		X		
11.7	227.2	E	Nancarrow, Bill & Ree Box 29 Denali Park, AK 99755	683-2376	X		X		
11.85	227.3	E	Cole, Wally Box 67 Denali Park, AK 99755	683-2302	X		X		
12.2	228	W	Harris, Chalon South 2495 Bonnell Coeur d'Alene, ID 83814		X				X
12.2	228	W	Eastwood, Harold Box 8 McKinley Park, AK 99755	683-2524	X		X		
12.3	228	W	Adams, Tom Box 56 McKinley Park, AK 99755	683-2358	X		X		

B = BUSINESS	ODOMETER READING FROM 215.5 BRIDGE	MILEPOST NUMBER	EAST OR WEST OF ROAD	MCKINLEY PARK AREA (Cantwell to South Boundary of Park) RESPONSE TO ELECTRIFICATION		CONTACTED		WANT POWER		Yes, if VERY reasonable
				YES	NO	YES	NO			
	12.4		W	Jordan, Mike & Karen Wrangell City Schools PO Box 651 Wrangell, AK 99929						
	12.45		W	Travers, Charles & Ruth Travers 7-7 Ranch Tatla Lake, British Columbia Canada VOL-IVO						
	13.2	228.8	E	Alice, Larry & Lois Box 37 McKinley Park, AK 99755 683-2467	X		X			
	13.2	228.8	E	Curtis, Ken Box 171 McKinley Park, AK 99755 683-2731	X		X			
	13.2	229	E	Eastwood, Harold Box 8 Denali Park, AK 99755 683-2524	X			X		
	13.2	228.9	E	Grosnick, Martin Box 150 Denali Park, AK 99755 683-2614	X		X			
	13.3	229	E	Kogl, Dennis Box 21 McKinley Park, AK 99755 683-2375	X		X			
		228.8	E	Butterfield, Bob Box 98 Denali Park, AK 99755 683-2669	X		X			
	13.35	229	E	Tingey, Ralph Box 9 Denali Park, AK 99755 683-2661	X		X			
	13.45	229	E	Denali Cabins 258-0134 Gary & Denise Kroll 683-2643 Box 229 Denali Park, AK 99755	X		X			
	13.5	229	W	Osbon, Kathy 811 E. 16th St. C3 Anchorage, AK 99504 333-5785	X		X			

MCKINLEY PARK AREA  
 (Cantwell to South Boundary of Park)  
 RESPONSE TO ELECTRIFICATION

B = BUSINESS ODOMETER READING FROM 215.5 BRIDGE	MILEPOST NUMBER	EAST OR WEST OF ROAD		CONTACTED		WANT POWER		Yes, if VERY reasonable
				YES	NO	YES	NO	
13.5	229	E	Castle, Lynn Box 50 McKinley Park, AK 99755					
13.5	229	E	Chalon Harris - Air strip & Hanger South 2495 Bonnell Coeur D' Alene, ID 83814	X				X
13.5	229	W	Condran, Pat Box 10273 Fairbanks, AK 99710	X		X		
13.5	229	W	Stowers, Pat 1107 5th St. Davis, CA 95616	X				X
13.55	229.2	W	Dane, Ron Box 108 Cantwell, AK 99729 683-2360	X		X		
13.60	229	W	Gregory, Borden Box 300 Healy, AK 99743 683-2490	X		X		
	229.3	W	Butterfield, Bob Box 98 Denali Park, AK 99755 683-2669	X		X		
13.67		E	Adams, Tom Box 56 McKinley Park, AK 99755 683-2358	X		X		
13.67		E	Swift, Bryan Box 9 Denali Park, AK 99755 683-2610	X		X		
13.7	229.2	W	Dalle-Molle, Lois Box 65 McKinley park, AK 99755 683-2365	X		X		
13.7	229.2	W	Haber, Gordon Box 64 Denali Park, AK 99755					

MCKINLEY PARK AREA  
 (Cantwell to South Boundary of Park)  
 RESPONSE TO ELECTRIFICATION

B = BUSINESS	ODOMETER READING FROM 215.5 BRIDGE	MILEPOST NUMBER	EAST OR WEST OF ROAD		CONTACTED		WANT POWER		Yes, if VERY reasonable
					YES	NO	YES	NO	
	13.8		W	Anderson, Jane & Morris, Will 6171 Leesburg Dike #334 Falls Church, WV 32044					
	13.8	229.3	E	Bryant, Jane Box 72 McKinley Park, AK 99755	X		X		
	13.9	229.4	W	Bohman, Judy Box 41 McKinley Park, AK 99755					
	13.95	229.5	E	Taylor, Tim Box 3 McKinley Park, AK 99755 683-2693	X		X		
	13.95	229.5	W	Fuiten, Roger Box 162 Denali Park, AK 99755 683-2528	X			X	
	14.	229.5	W	Klein, Tom Box 92 McKinley Park, AK 99755 683-2510	X			X	
	14.15	229.7	E	Harris, Chalon South 2495 Bonnell Coeur D'Alene, ID 83814	X				X
B	14.15	229.7	E	Matanuska Telephone Assoc. Microwave Tower	X		X		

MCKINLEY PARK AREA  
 (Cantwell to South Boundary of Park)  
 RESPONSE TO ELECTRIFICATION

B = BUSINESS	ODOMETER READING FROM M. 230 OLD/ NEW PARKS HWY JCT	MILEPOST NUMBER	EAST OR WEST OF ROAD		YES CONTACTED		YES WANT POWER		Yes, if VERY reasonable
					YES	NO	YES	NO	
	0	230	E	Benham, Loran Box 57 683-2373 McKinley Park, AK 99755	X		X		
	.15	230	E	Mellman, Linda Box 36 McKinley Park, AK 99755 683-2445	X		X		
	.15	230	E	King, Jeff Box 48 McKinley Park, AK 99755 683-2570	X		X		
	.15	230	E	O'Connor, Patrick Box 58 Denali Park, AK 9975	X		X		
	.15	230	E	Jones, Steve Box 10 Denali park, AK 99755	X		X		
	.2	230	E	Ahtna Pit, Ahtna Construction Box 25 McKinley Park, AK 99755		X			
	.45	230	E	State Gravel Pit		X			
C	.5	230	W	McKinley Community Center & Firehall Box 26 McKinley Park, AK 99755 683-2400	X		X		
	.55	230	E	Steve Jones Rental Cabin	X		X		
	.7	230	E	Crabb, Linda 6654 Fairweather Dr. Anchorage, AK 99518 344-7403	X		X		
B	1.2	231	E	McKinley Village ARA Box 87 Denali Park, AK 99755 683-2215	X		X		
B	1.2	231	E	ERA Helicopters (Leasing space from ARA					
B	1.2	231	E	Peterson, Don C/O Outdoor World Box 87 Denali Park, AK 99755 683-2215	X		X		

MCKINLEY PARK AREA  
(Cantwell to South Boundary of Park)  
RESPONSE TO ELECTRIFICATION

B = BUSINESS	ODOMETER READING FROM M. 230 OLD/ NEW PARKS HWY JC	MILEPOST NUMBER	EAST OR WEST OF ROAD	CONTACTED		WANT POWER		Yes, if VERY reasonable	
				YES	NO	YES	NO		
	1.2	231	Denali Cabins C/O Kroll Box 229 Denali Park, AK, 99755	X		X			
	1.2	231	E Denali Raft (Leasing from Denali Cabir						
	1.2	231	W Grizzly Bear Campground Jack & Edie Reisland Box 7 683-2696 Denali Park, AK 99755 488-3932	X		X			
		230	<u>VILLAGE VIEW WEST (See map for location)</u>						
		1/	King, Donna Box 48 McKinley Park, AK 99755 683-2570	X		X			
		2.	Durenberger, Joe Box 125 Denali Park, AK 99755 683-2781	X		X			
		3.	Franson, Todd Box 234 Denali Park, AK 99755 683-2783	X		X			
		4.	Varner, Allen 13319 Diggins Anchorage, AK 99515 345-4161						
		5.	Schneider, Diane SRC Box 8490 Palmer, AK 99645	X				X	
		6.	Cole, Jerryne HCR 75 Box 106 Cornish, NH 03745 603-675-2248						
		7.	Jones, Craig Box 80521 Fairbanks, AK 99708 479-8897						
		8.	Weronko, Mike & Katie 2307 Jefferson Ave. Anchorage, AK 99517 243-5107	X		X			



B = BUSINESS	ODOMETER READING FROM M. 230 OLD/ NEW PARKS HWY JC	MILEPOST NUMBER	EAST OR WEST OF ROAD	MCKINLEY PARK AREA (Cantwell to South Boundary of Park) RESPONSE TO ELECTRIFICATION	CONTACTED		WANT POWER		Yes, if VERY reasonable
				YES NO		YES NO			
		230		<u>VILLAGE VIEW WEST (see map for location)</u>					
		9.		Swanson, Janice 7741 Cox Dr. Anchorage, AK 99516	X		X		
		10.		Patricks, Mike 1326 Viewpointe Fairbanks, AK 99701 479-7264	X		X		
		11.		Bellville, Lloyd Box 104 Denali park, aK 99755	X		X		
		12.		Harris, Mark Box 121 Denali Park, AK 99755	X		X		
		13.		Weiner, Martin Box 236 Denali Park, AK 99755	X		X		
		14.		Ebel, Brad Box 44 Denali Park, AK 99755	X		X		
		15.		Ostermick, Rollie PO Box 13149 Trapper Creek, AK 99683 733-2467	X				X
				<u>VILLAGE VIEW EAST (see map for location)</u>					
		16		Crabb, Linda 6654 Fairweather Dr. Anchorage, AK 99518 344-7403	X			X	
		17.		Friedman, Henry Box 10-0152 Anchorage, AK 99501 272-4905	X			X	
		18.		Souter, Kathy Box 234 Denali Park, AK 99755 683-2783	X		X		

MCKINLEY PARK AREA  
(Cantwell to South Boundary of Park)  
RESPONSE TO ELECTRIFICATION

B = BUSINESS	ODOMETER READING FROM M. 230 OLD/ NEW PARKS HWY JCI	MILEPOST NUMBER	EAST OR WEST OF ROAD	YES NO	YES NO	YES, if VERY reasonable
			VILLAGE VIEW EAST (see map for location)			
		19.	Anton, Bill Box 155 McKinley Park, AK 99755 688-3756			
		20	Allen, Bill Box 191 McKinley Park, AK 99755 683-2321	X	X	
		21	Havill, Dulcie Box 167 Denali Park, AK 99755 4795181	X	X	
		22	Jones, Toni Box 10 Denali Park, AK 99755 683-2264	X	X	
B		22.	Popo Agie Shop Steve Jones Box 10 Denali park, AK 99755 683-2264	X	X	
		23.	O'Connor, Patrick Box 58 Denali Park, AK 99755 683-2256	X		X
		24	Pollock, Gerald/Vanderwood, Amanda Box 117 Healy, AK 99743 683-2304	X	X	
		25.	Ewing, Jeff		X	
		26.	Hammel, Bob Box 202 Girdwood, AK 99587 783-2491			
		27.	Welna, Joe Box 204 Denali Park, AK 99755	X	X	
		28.	Moss, Paul Box 873176 Wasilla, AK 99687 562-0341			
		29.	Ford, Deidre Box 113 Denali Park, AK 99755	X		X



B = BUSINESS

ODOMETER READING  
FROM M. 230 OLD/  
NEW PARKS HWY JCT

MILEPOST NUMBER

EAST OR WEST OF  
ROAD

MCKINLEY PARK AREA  
(Cantwell to South Boundary of Park)  
RESPONSE TO ELECTRIFICATION

VILLAGE VIEW EAST (see map for location)

42. Gleason, Florence  
5201 E. 100th Ave.  
Anchorage, AK 99516 346-2710

43. Schnoor, Mike  
Box 186  
McKinley Park, AK 99755

44. Bataille, Chris  
Box 81537  
College, AK 99708 479-2098

45. Lee, Cag  
Box 108  
Denali Park, AK 99755 683-2618

46. Osbon, Kathy  
8111 E. 16th St. C3  
Anchorage, AK 99504 333-5785

47. Pollock, Keith

YES CONTACTED  
NO

YES WANT POWER  
NO

Yes, if VERY  
reasonable

X

X

X

X

X

X

X

# Electric Reliability

## How does the Railbelt measure up?

A summary of the assessment report from the North American Electric Reliability Council, provided by the Railbelt interconnected electric utility systems of the Alaska Systems Coordinating Council.

### Introduction

In March 1990 the North American Electric Reliability Council performed a reliability assessment of the Railbelt interconnected electric utility systems. Surveys consistently show that reliable electric service is important to consumers in Alaska's Railbelt. For some time electric utilities and agencies in the region have noted that while the Railbelt has sufficient generation resources, the transmission system which moves power throughout the region is not as strong as it should be to ensure a reasonable degree of reliability.

The NERC report identified two important reliability issues facing the Railbelt:

*"First is the need for additional transmission interconnection lines between the three major load centers and their generation facilities. . . . Second is the need to maintain a proper balance between economy and reliability."*

### What is NERC?

The North American Electric Reliability Council was formed in 1968 by the electric utilities to coordinate, promote, and communicate about the reliability of their generation and transmission systems, and to foster the development of reliability standards. NERC provides planning and operating guides for bulk electric systems, and is comprised of nine Regional Reliability Councils and one Affiliate encompassing virtually all of the electric utility systems in the United States, Canada, and the northern portion of Baja California, Mexico.

NERC is governed by a 27-member Board of Trustees representing investor-owned, federal, rural electric cooperative, state and municipal electric systems throughout North America. Meetings of the Board are attended by observers from the U.S. Department of Energy, the Federal Energy Regulatory Commission, the National Energy Board of Canada, the Edison Electric Institute, the American Public Power Association, the National Rural Electric Cooperative Association, the Canadian Electrical Association, the Electric Power Research Institute, and the National Association of Regulatory Utility Commissioners.

### About the ASCC and the NERC report

The Alaska Systems Coordinating Council is a NERC Affiliate composed of 18 utilities, a state agency and a federal agency. Nine ASCC members are interconnected in the Railbelt region, and account for 75 percent of the utility generation for the state of Alaska. These ASCC members, concerned with the reliability of their interconnected systems, requested that NERC assess the reliability of the Railbelt. The existing and proposed Railbelt electric utility systems were evaluated against traditional reliability criteria and practices followed by the interconnected electric systems of NERC's Regional Reliability Councils in the lower 48 states and Canada.

This publication summarizes the NERC findings on the reliability of the Railbelt interconnected electric systems. Where used, quotation marks enclose statements from the NERC Reliability Assessment set in *bold italic*.

### North American Electric Reliability Council



## What was studied

NERC expertise was provided by a four-member subgroup of the 1990 Reliability Assessment Subcommittee which evaluated the overall reliability of the Railbelt interconnected electric utility systems. The team's assessment reviewed the adequacy of the existing system and the proposed generation and transmission plans for the Railbelt electric systems over the 1990-1999 period. Included in this review were the reliability impacts of two proposed transmission interconnections — a Soldotna to Anchorage 138 kilovolt line and a Healy to Fort Wainwright 138 kV line.

The assessment addressed only the interconnected electric systems serving the Anchorage, Fairbanks and Kenai Peninsula areas. These systems began coordinated operations in 1984 by interconnecting Fairbanks with Anchorage. (Anchorage was electrically linked to the Kenai Peninsula in the 1960s.) The assessment found that the region should have sufficient generation capacity until at least the turn of the century:

*"Assessment of the 1990-1999 generation adequacy clearly indicated that sufficient generating capacity margins exist in each of the three major load areas: the Fairbanks area, the Anchorage Bowl and the Kenai Peninsula. Neither forced outages or maintenance outages of generator units are expected to adversely impact generating reserve adequacy."*

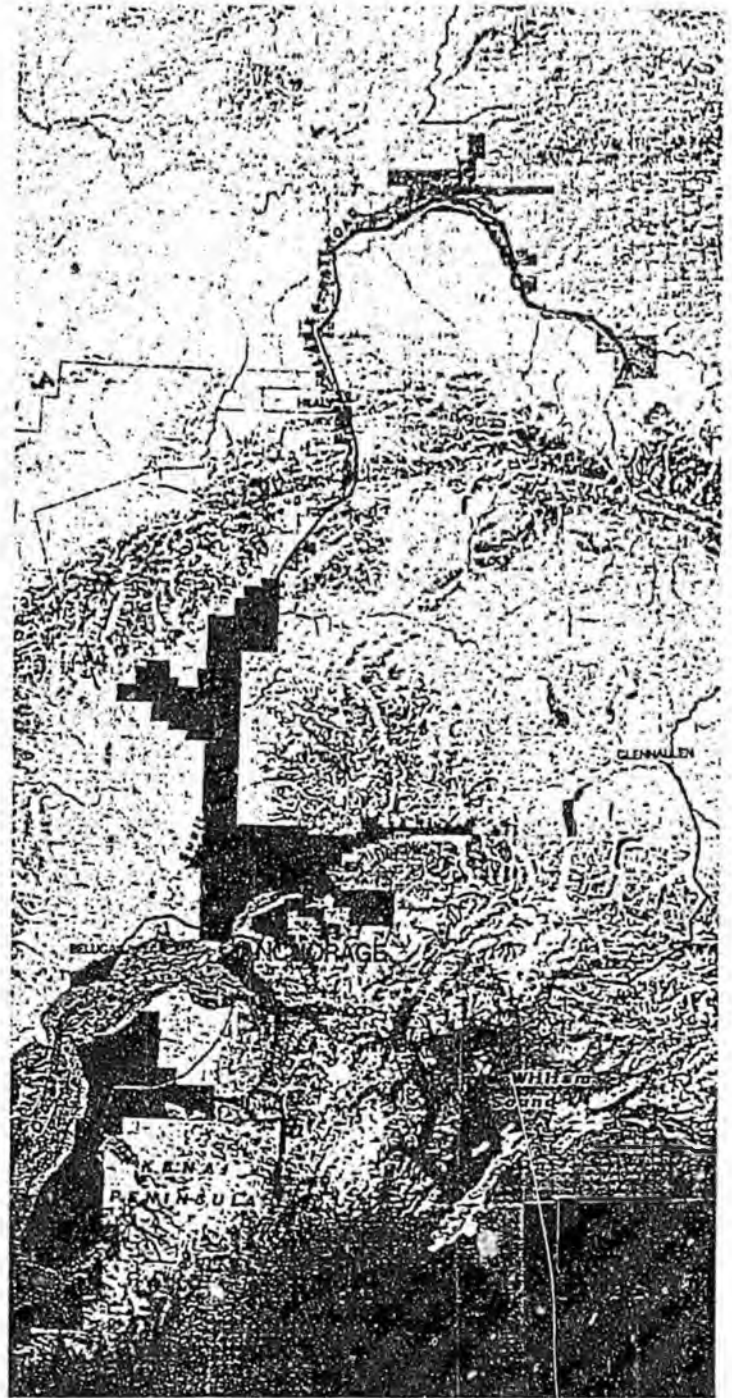
However, the NERC team expressed concern about the existing Railbelt transmission system:

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

### Map key

- Anchorage Municipal Light and Power
- Chugach Electric Association
- Fairbanks Municipal Utilities System
- Golden Valley Electric Association
- Homer Electric Association
- Matanuska Electric Association
- Seward Electric System
- Transmission lines: existing /
- Transmission lines: proposed or under construction - - -

## Railbelt electric utility service areas



## Transmission adequacy in the Railbelt

The Kenai Peninsula, Anchorage and Fairbanks areas initially were isolated electric systems, and each developed generation and transmission facilities to meet the electrical demand of their areas prior to being interconnected. Currently a single transmission line connects Anchorage and Fairbanks, and a second single transmission line links Anchorage and the Kenai Peninsula.

The report emphasized the reliability benefits of the addition of the proposed 138 kilovolt circuit between Soldotna and Anchorage:

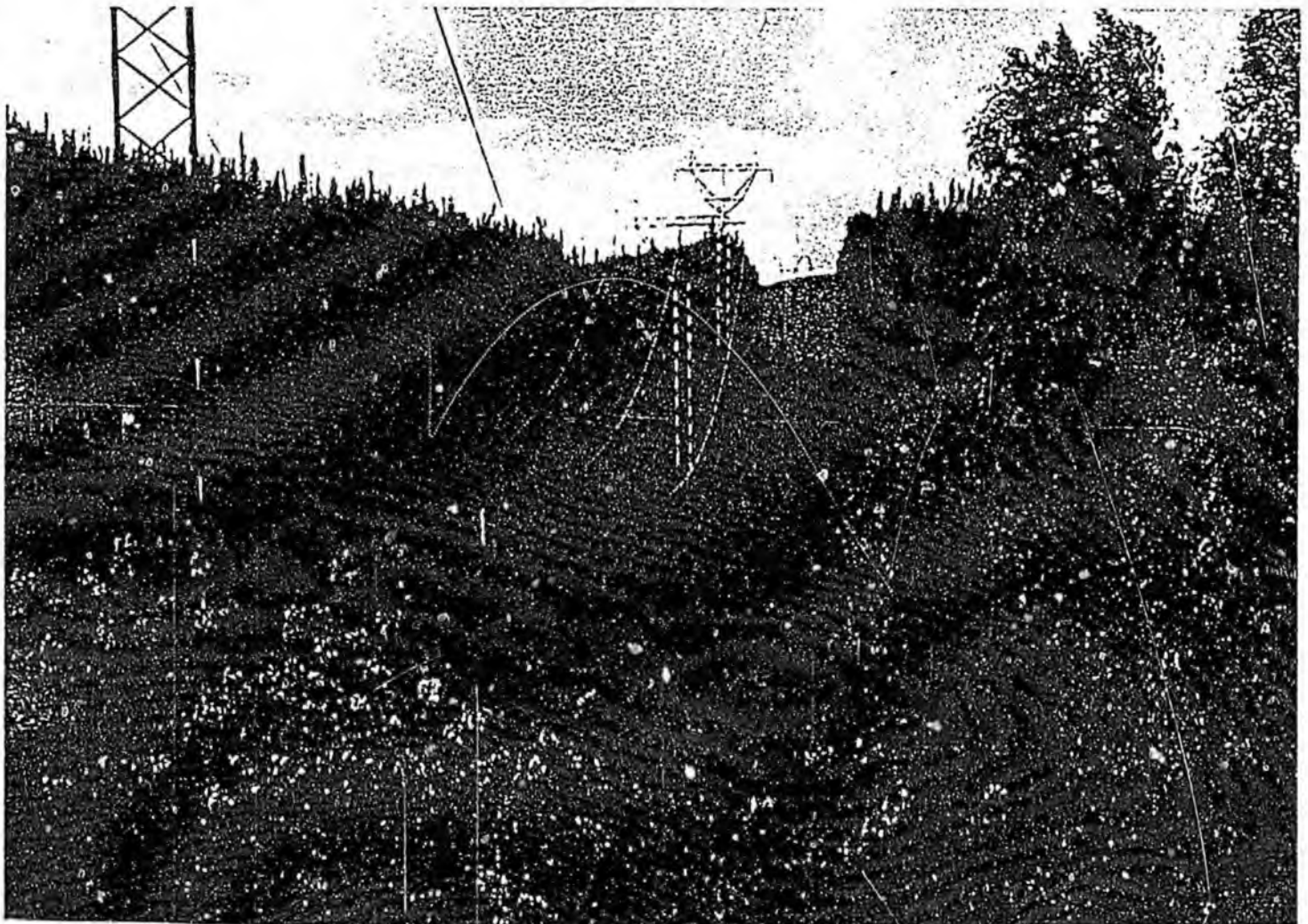
*"The existing 115 kV interconnection line has a poor reliability history and has a transmission transfer capacity limit under 75 megawatt. . . . The second . . . Kenai interconnection to the Anchorage Bowl area would improve reliability by preventing the shedding of customer load if the existing interconnection line trips (with the possible exception of those times when the Kenai Peninsula generation is operating in anticipation of loss of the existing tie). When Bradley Lake comes into service, reliability will suffer without a second interconnection tie."*

In a similar vein, the report identified the advantages of a proposed Healy to Ft. Wainwright transmission line:

*"The addition of the proposed 105 mile 138 kV circuit between Healy generating plant and Fort Wainwright substation would not only provide an alternate path for loss of the circuit to Gold Hill, but would also provide essentially loop service between the Healy plant and the major part of the load in this area. . . . based on traditional planning criteria, the Healy-Fort Wainwright tie is required to assure an adequate source-to-load path from the dual sources at Healy (Healy generation plus the capacity purchases from the Anchorage Bowl and later from Bradley Lake) to the Fairbanks area."*

These two proposed transmission lines are subject to funding by the Alaska State Legislature. While they would significantly strengthen the regional electrical network, the report also suggests future consideration should be given to providing an additional transmission path between Anchorage and Fairbanks:

*"Under traditional reliability criteria, a second transmission line between the Anchorage Bowl and the Fairbanks area would likely be required (either via Teeland and Healy, or preferably via a separate transmission path such as from the Anchorage Bowl to Glennallen to Jarvis Creek)."*



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## *The balance between economy and reliability*

According to the NERC report, the most significant issue affecting the reliability of the Railbelt utilities is maintaining a proper balance between economy and reliability. Electrical reliability clearly has a price, but so does an unreliable system.

*"The cost of providing reliability is exceptionally high for the Railbelt utilities, but there are indications that the reliability expectations of the customers in the Railbelt utilities are increasing."*

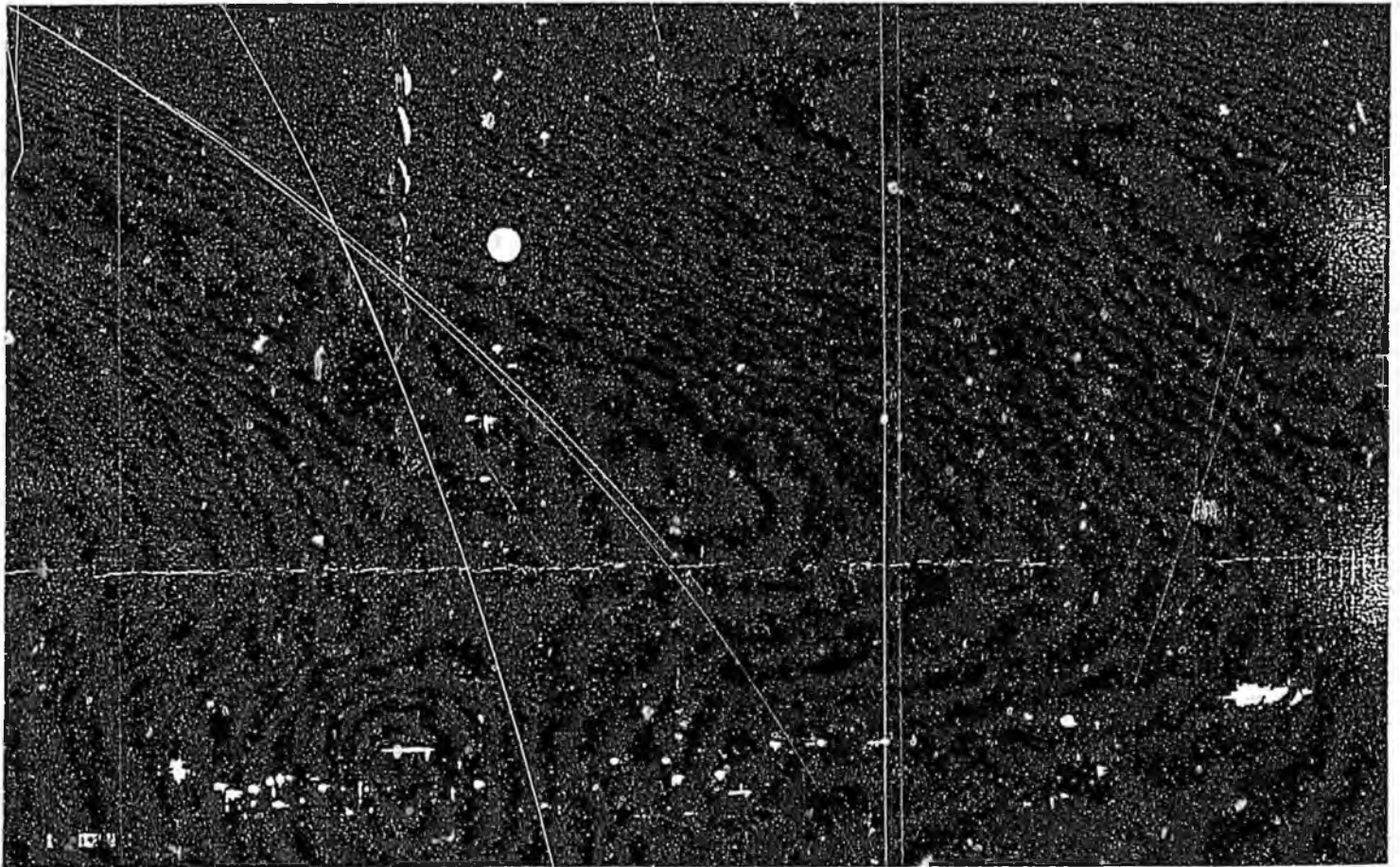
## *Reliability, and what it means to the customer*

When electric supply is disrupted, even for a short period of time, the results can produce a wide range of effects, from minor inconvenience to economic loss to endangerment of life. Widespread electric system interruptions have been rare occurrences in the United States and Canada, but such reliability is not easily achieved. The challenge of providing reliable electric service to consumers in Alaska's Railbelt has unique aspects. Electrically, the Railbelt stands alone. It is not interconnected with any other electrical system in the United States or Canada. Therefore, regional reliability is an Alaskan problem.

Reliability must be planned, designed, and built into an electric

system over an extended period of time with financial commitments spanning several years.

Even when supply margins appear adequate, extraordinary events for which systems were not designed can place electric supply in a vulnerable position. Examples include a large amount of unavailable generation at the time of system peak, multiple transmission line outages or unexpectedly high customer demand. When these extraordinary conditions occur, utilities may be required to resort to emergency operating procedures, including utility-controlled interruptions of customer service, to balance system demand and supply.



## *In conclusion*

Reliable electric power is important to the Railbelt. Currently the interconnected transmission system of the region is not as strong as it should be by national standards. Strengthening that system

should be a priority for the utilities, agencies and policymakers of the region.

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T/C NO: 91-04-042  
 DATE: 4-8-91  
 SPONSOR: (S) LABOR AND COMMERCE  
 SUBJECT: SB 180 AND SB 181  
 MODERATOR: TAMMY  
 SITE: DELTA JUNCTION

PARTICIPANT LIST

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3.			
4.			
5.			

\*\*\*\*\*  
 OBSERVED

NAME/REPRESENTING	ADDRESS	PHONE	BILL NO.
1.			
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3.			
4.			
5.			

T/C NO: 91-04-042  
DATE: APRIL 7, 1994  
SPONSOR: SENATE LABOR AND COMMERCE  
SUBJECT: SB 180, SB 181  
MODERATOR: SHARON LAWRENCE  
SITE: VALDEZ

3

PARTICIPANT LIST#2

FINAL STATS

\*\*\*\*\*  
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✓ 2. DOUG GRIFFIN	ON BOTH BILLS.		
✓ 3. DAN COFFEY			
✓ 4. KEN CHAMBERLIN			
✓ 5. RAY CESARINI			

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