

ALASKA LEGISLATURE COMMITTEE FILES 2001-2002 8672

10174 HOUSE COMMUNITY & REGIONAL AFFAIRS



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ALASKA INDUSTRIAL DEVELOPMENT
AND EXPORT AUTHORITY



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TOLL FREE (ALASKA ONLY) 888 / 300-8534

March 28, 2001

The Honorable Mary Kapsner
Alaska State Legislature
State Capitol
Juneau, AK 99801-1182

Subject: Rural Fuel and Gasoline Prices

Dear Representative Kapsner :

Per your request, enclosed are the current prices of fuel and gasoline in rural communities. As you are aware, unit prices vary per season and shipment mode. These prices are current as of March 23, 2001.

If I can be of further assistance, please contact me at 907)269-3000.

Sincerely,

A handwritten signature in cursive script that reads 'A. Bruce Tiedeman'. The signature is written in black ink and is positioned above the typed name.

A. Bruce Tiedeman
Manager, Rural Energy Programs

MM

Enclosure

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Fuel/Gas Prices in Rural Communities

| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|----------------|--------|-------------------------------|----------|---------|---------|----------|------------------|
| Akhiok | SC | City of Akhiok | 836-2209 | \$1.90 | \$1.80 | | Fuel sales only. |
| Akiachak | SW | Akiachak Gas | 825-4228 | \$2.94 | | \$3.39 | |
| Akiak | SW | Kokarmiut Corp | 765-7228 | \$2.75 | | \$3.00 | |
| Akutan | SW | City of Akutan | 698-2228 | \$1.75 | \$1.70 | \$1.71 | |
| Alatna | YK | Purchase in Allakaket | | | | | |
| Aleknagik | SW | Moody's Marina | 842-5988 | \$2.60 | | \$2.75 | |
| Allakaket | YK | City of Allakaket | 968-2241 | \$2.50 | | \$3.25 | |
| Alqasuk | ANW | Corp Office | 633-6414 | \$4.68 | | \$4.60 | Commercial |
| Alqasuk | ANW | Corp Office | 633-6414 | \$1.40 | | \$3.83 | Residential |
| Ambler | ANW | Ambler Trad'l Council | 445-2196 | \$3.60 | | \$3.65 | |
| Anaktuvuk Pass | ANW | Co-op | 661-3026 | \$1.10 | | \$3.35 | |
| Angoon | SE | Angoon Oil & Gas | 788-3436 | \$1.90 | \$1.85 | \$1.93 | |
| Aniak | SW | Moffit Fuel Service | 675-4525 | \$2.55 | | \$2.85 | |
| Anvik | YK | Anvik Commercial | 663-6396 | \$2.30 | | \$2.75 | |
| Arctic Village | YK | Arctic Village Trad'l Council | 587-5990 | \$3.78 | | \$4.00 | |
| Alka | SW | Alka Native Store | 839-2230 | \$2.50 | | \$3.00 | |
| Atmautluak | SW | Atmautluak Trad'l Council | 553-5428 | \$2.12 | | \$2.35 | |
| Beaver | YK | Inuit Store Fuel | 628-6127 | \$2.50 | | \$3.00 | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|----------------|--------|-------------------------|----------|---------|---------|----------|---------------------------|
| Betties | YK | | 692-5191 | | | | Unable to make contact. |
| Birch Creek | YK | Purchase in Ft. Yukon. | | | | | |
| Brevig Mission | ANW | City of Brevig Mission | 642-3851 | \$2.02 | | \$2.63 | |
| Buckland | ANW | IRA Council | 494-2126 | \$2.40 | | \$2.81 | |
| Chalkyitsik | YD | Native Corp Store | 848-8112 | \$3.05 | | \$3.70 | |
| Chefornak | SW | Chefarnmute Inc | 867-8010 | \$2.70 | | \$2.77 | |
| Chenega Bay | SC | IRA Council | 573-5132 | \$2.40 | | \$2.80 | |
| Chevak | YK | Wayne Hill | 858-7815 | \$2.30 | | \$2.70 | |
| Chevak | YK | Chevak Co. Corp | 858-7011 | \$2.35 | | \$2.68 | |
| Chignik Bay | SW | Chignik Pride Fisheries | 749-2264 | | | | Unable to make contact. |
| Chignik Bay | SW | Norquest | 749-2276 | | | \$2.00 | Gas sales only |
| Chignik Bay | SW | City Office Fuel | 749-2280 | \$1.74 | \$1.48 | | Fuel oil only. |
| Chignik Lagoon | SW | Clem Grunert | 840-2214 | | | | Gas sales only. |
| Chignik Lagoon | SW | Chignik Lagoon Corp | 840-2555 | \$2.30 | \$2.15 | | Fuel oil only. |
| Chignik Lake | SW | Tribal Council | 845-2212 | \$2.22 | | \$2.22 | |
| Chuathbaluk | SW | City Office | 467-4115 | \$2.50 | | \$2.75 | Out of fuel/source Aniak. |
| Clarks Point | SW | Trident Seafoods | 236-1404 | \$1.95 | | \$2.32 | |
| Coffman Cove | SE | Gas Plus | 329-2268 | | | \$1.90 | Fuel/Thorne Bay |
| Cold Bay | SW | Frosty Fuel | 532-2467 | \$2.78 | | \$2.95 | |
| Craig | SE | Petro Marine | 826-3296 | \$1.75 | \$1.65 | \$1.86 | |
| Crooked Creek | SW | Thomas Fuel Sales | 432-2224 | \$2.70 | | \$2.75 | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|--------------|--------|-----------------------------|----------|---------|---------|----------|-------------------------|
| Deering | ANW | Native Village of Deering | 363-2138 | \$2.65 | | \$2.95 | |
| Diomedede | ANW | Tribal Council Store | 686-3611 | \$2.72 | | \$2.72 | |
| Eek | SW | Iqfijouaq Co (Village Corp) | 536-5211 | \$2.62 | | \$2.68 | |
| Egegik | SW | City of Egegik | 233-3421 | \$1.35 | | \$2.75 | |
| Ekwok | SW | City of Ekwok | 464-3311 | \$2.60 | | \$2.85 | |
| Elfin Cove | SE | Unable to make contact. | 239-2211 | | | | Unable to make contact. |
| Elim | ANW | Elim Native Store | 890-3281 | \$2.40 | | \$2.60 | |
| Emmonak | YK | Emmonak Corp | 949-1411 | \$2.50 | | \$2.50 | |
| False Pass | SW | Peter Pan Seafoods | 548-2208 | \$1.69 | | \$2.16 | |
| Fort Yukon | YK | Yukon Fuel | 662-2672 | \$2.55 | | \$3.17 | |
| Fort Yukon | YK | Trader Dan's | 662-2482 | | | \$2.75 | Gas sales only. |
| Fort Yukon | YK | ANICA | 662-2582 | | | \$3.05 | Gas sales only. |
| Galena | YK | Galena Liquor | 656-1246 | | | \$3.05 | Gas sales only. |
| Galena | YK | Yukon Fuel | 656-1852 | \$2.51 | | \$2.68 | |
| Gambell | ANW | Native Store | 985-5211 | \$2.25 | | | Commercial |
| Gambell | ANW | Native Store | 985-5211 | \$2.00 | | \$2.60 | Residential |
| Golovin | ANW | City of Golovin | 779-3211 | \$3.50 | | \$3.00 | |
| Goodnews Bay | SW | Mumtram Pikkai, Inc | 967-8520 | \$2.00 | | \$2.15 | |
| Grayling | YK | | 453-5153 | | | | Unable to make contact. |
| Gustavus | SE | Dray Gas Station | 697-2481 | \$1.88 | \$1.65 | \$1.89 | |
| Hollis | SE | No info available. | | | | | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|------------|--------|---------------------------|----------|---------|---------|----------|-------------------------|
| Holy Cross | YK | Deloycheet Inc | 476-7155 | \$2.14 | | \$2.50 | |
| Hoonah | SE | Hoonah Trading Co. | 945-3211 | \$1.84 | \$1.74 | \$1.87 | |
| Hooper Bay | YK | Yukon Fuel | 758-4007 | | | | Unable to make contact. |
| Hughes | YK | City of Hughes | 889-2206 | \$3.00 | | \$3.50 | |
| Huslia | YK | City of Huslia | 829-2266 | \$3.00 | | \$3.00 | |
| Hydaburg | SE | Haida Oil | 285-3283 | \$1.91 | \$1.78 | \$1.57 | Station Prices |
| Hydaburg | SE | Haida Oil | 285-3283 | \$2.06 | \$1.89 | \$1.68 | Delivered Prices |
| Igiugig | SW | Igiugig Village Council | 533-3211 | \$2.94 | | \$3.63 | |
| Illiamna | SW | Yukon Fuel | 571-1278 | \$2.99 | | \$2.98 | |
| Illiamna | SW | Illiamna Trading | 571-1225 | | | \$2.99 | Gas sales only. |
| Ivanof Bay | SW | | 669-2205 | | | | Unable to make contact. |
| Kake | SE | Kake Tribal Fuel | 785-6427 | \$1.74 | \$1.54 | \$1.94 | |
| Kaktovik | ANW | Kaktovik Inupiat Corp Fue | 640-6011 | \$1.56 | | \$2.72 | Residential |
| Kaktovik | ANW | Kaktovik Inupiat Corp Fue | 640-6011 | \$3.47 | | | Commercial |
| Kaltag | YK | Kaltag Coop Industries | 534-2235 | \$2.50 | | \$2.85 | |
| Karluk | SC | Native Village of Karluk | 241-2218 | \$1.75 | | | Fuel sales only. |
| Kasaan | SE | Kasaan Bulk Fuel | 542-2211 | \$1.57 | | \$1.90 | |
| Kasigluk | SW | Kasigluk Corp | 477-6113 | \$2.50 | | \$2.55 | |
| Kiana | ANW | City of Kiana | 475-2136 | \$3.50 | | \$3.75 | |
| King Cove | SW | AJ's Fuel | 497-2445 | \$1.75 | | | Fuel sales only. |
| King Cove | SW | Peter Pan Seafoods | 497-2234 | \$1.55 | | \$2.17 | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|-----------------|--------|--------------------------|----------|---------|---------|----------|-------------------------|
| King Salmon | SW | Peninsula Auto | 246-8222 | | | \$2.41 | Gas sales only |
| King Salmon | SW | Naknek Engine | 246-6120 | | | \$2.42 | Gas sales only |
| King Salmon | SW | City Market | 246-6109 | | | \$2.43 | Gas sales only |
| King Salmon | SW | B&B Contractors | 246-3360 | \$2.12 | | \$2.41 | |
| King Salmon | SW | King Salmon Trad'l Counc | 246-3553 | | | \$2.41 | Gas sales only |
| Kipnuk | SW | Kugkaklik Ltd | 896-5415 | \$2.85 | | \$3.15 | |
| Kivalina | ANW | Kvalina Native Store | 645-2131 | \$2.45 | | \$2.99 | |
| Klawock | SE | Klawock Island Fuels | 755-2909 | \$1.81 | | \$1.91 | Fuel oil is delivered. |
| Kobuk | ANW | City of Kobuk | 948-2217 | \$3.85 | | \$3.50 | |
| Kobuk | ANW | Kobuk Store | 948-2234 | \$3.80 | | \$4.30 | |
| Kokhanok | SW | No info available. | | | | | |
| Koliganek | SW | Koliganek Village | 596-3434 | | | | Unable to make contact. |
| Kongiganak | SW | Qemirtalek Corp | 557-5428 | \$2.33 | | \$2.69 | |
| Kotlik | YK | Kotlik Yupik | 899-4014 | \$2.55 | | \$2.65 | |
| Koyuk | ANW | Koyuk Native Corp | 963-3551 | \$2.85 | | \$2.90 | |
| Koyukuk | YK | City of Koyukuk | 927-2215 | | | \$3.10 | Fuel available Galena. |
| Kupreanof | SE | No info available. | | | | | |
| Kwethluk | SW | Kwethluk Corp | 757-6412 | \$2.61 | | \$3.36 | |
| Kwigillingok | SW | Kwig Inc. | 588-8112 | \$2.05 | | \$2.35 | |
| Lake Minchumina | YK | No info available. | | | | | |
| Larsen Bay | SC | City of Larsen Bay | 847-2211 | \$1.75 | | \$1.85 | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|--------------------|--------|-----------------------------|----------|---------|---------|----------|--------------------------|
| Larsen Bay | SC | Kodiak Salmon Packers | 847-2250 | \$1.85 | | | Fuel sales only. |
| Levelock | SW | Levelock Village Council | 287-3030 | \$2.25 | | \$2.75 | |
| Lime Village | SW | Lime Village Trad'l Council | 526-5236 | \$4.66 | | | Gas available Sleetmute. |
| Lower Kalskag | SW | City of Lower Kalskag | 471-2228 | \$0.00 | \$0.00 | \$0.00 | Unable to make contact. |
| Mauney Hot Springs | YK | Stracks Texaco | 672-3211 | \$1.45 | | \$1.90 | |
| Manokotak | SW | Manokotak Natives Ltd | 289-1062 | \$2.10 | | \$3.60 | |
| Marshall | YK | Maserculiq Inc | 679-6512 | \$2.46 | | \$2.76 | |
| McGrath | SW | Ben. Magnuson | 524-3545 | \$3.51 | | \$2.99 | |
| Mekoryuk | SW | Nima Corp | 827-8313 | \$2.49 | | \$2.96 | |
| Mentasta | | No info available | | | | | |
| Mellakatta | SE | Annette Island Gas Svc | 886-7851 | \$1.75 | \$1.65 | \$2.01 | 100 gal or more |
| Metlakatla | SE | Annette Island Gas Svc | 886-7851 | \$1.80 | \$1.70 | \$2.01 | 50-99 gal |
| Metlakatla | SE | Annette Island Gas Svc | 886-7851 | \$1.85 | \$1.75 | \$2.01 | 49 gal or less |
| Minto | YK | North Fork Fuel | 798-7512 | \$1.50 | | \$1.80 | |
| Mountain Village | YK | Azachorak Native Corp | 591-2573 | \$2.70 | | | Delivered price. |
| Mountain Village | YK | Azachorak Native Corp | 591-2573 | \$2.55 | | \$2.82 | |
| Naknek | SW | SEE KING SALMON | | | | | |
| Nanwalek | | No Info available. | | | | | |
| Napakiak | SW | Napakiak Corp | 589-2227 | \$2.17 | | \$2.99 | |
| Napaskiak | SW | Purchase in Bethel. | | | | | |
| Nelson Lagoon | SW | Nelson Lagoon Ent | 989-2305 | | | | Unable to make contact. |

Unit prices vary per season and shipment mode.

Wednesday, March 28, 2001

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|--------------|--------|---------------------------|----------|---------|---------|----------|-------------------------|
| New Stuyahok | SW | Stuyahok Ltd | 693-3158 | | | | Unable to make contact. |
| Newhalen | SW | Illiamna Trading | 571-1226 | \$2.99 | | \$2.99 | |
| Newtok | SW | Newtok Corp | 237-2512 | \$2.63 | | \$2.74 | |
| Newtok | SW | Tom's Store | 237-2626 | | | | Unable to make contact. |
| Nightmute | SW | Nightmute General Store | 547-6813 | \$2.75 | | \$2.90 | |
| Nikolai | SW | City of Nikolai | 293-2113 | \$3.00 | | \$3.50 | W/ gas key |
| Nikolai | SW | City of Nikolai | 293-2113 | | | \$4.00 | W/out gas key |
| Nikolski | SW | Nikolski Native Store | 576-2225 | \$1.85 | | \$3.00 | |
| Noatak | ANW | Noatak Native Store | 485-2173 | \$3.25 | | \$2.85 | |
| Nondalton | SW | Reel Alaskan Lodge | 294-2335 | \$3.05 | | \$3.30 | |
| Noorvik | ANW | Morris Trading Post | 636-2161 | \$3.16 | | \$3.21 | |
| Noorvik | ANW | Noorvik Native Store | 636-2212 | \$3.10 | | \$3.15 | |
| Nuiqsut | ANW | Nuiqsut Fuel Station | 480-6711 | \$1.25 | | \$4.00 | Residential |
| Nuiqsut | ANW | Nuiqsut Fuel Station | 480-6711 | \$2.75 | | | Commercial |
| Nulato | YK | City of Nulato | 898-2237 | | | | Unable to make contact. |
| Nunapitchuk | SW | Nunapitchuk Ltd | 527-5717 | \$2.50 | | \$2.55 | |
| Old Harbor | SC | City of Old Harbor | 286-2204 | \$2.10 | | \$2.45 | |
| Oscarville | SW | Oscarville Trad'l Council | 737-7099 | \$2.46 | | \$5.27 | |
| Ouzinkie | SC | Ouzinkie Native Corp Fuel | 680-2208 | \$1.72 | | | Fuel sales only. |
| Pedro Bay | SW | Pedro Bay Village Council | 850-2225 | \$2.62 | | \$2.78 | Delivered price. |
| Pedro Bay | SW | Pedro Bay Village Council | 850-2225 | \$2.47 | | \$2.63 | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|-----------------|--------|------------------------------|----------|---------|---------|----------|----------------------------|
| Pelican | SE | Pelican Seafoods | 735-2211 | | | | Unable to make contact. |
| Perryville | SW | Native Village of Perryville | 853-2203 | | | \$2.96 | Fuel rec'd individually. |
| Pilot Point | SW | City of Pilot Point | 797-2200 | \$1.78 | \$1.37 | \$1.92 | |
| Pilot Station | YK | Pilot Station Inc | 549-3512 | \$2.30 | | \$2.60 | |
| Pitka's Point | SW | Purchase in St. Mary's. | | | | | |
| Platinum | SW | Arviq Inc. | 979-8113 | | | | Unable to make contact. |
| Point Baker | SE | Trading Post | 559-2204 | \$2.50 | \$2.45 | \$2.60 | |
| Point Hope | ANW | Tikigag Corp | 368-2126 | \$1.44 | | \$3.07 | |
| Point Lay | ANW | Point Lay Fuel Station | 833-2230 | | | | Unable to make contact. |
| Port Alexander | SE | FV/Eyak | 747-6110 | | | | Fuel delivered from Sitka. |
| Port Alsworth | SW | Lake & Peninsula Air | 781-2228 | | | | Unable to make contact. |
| Port Graham | SC | Port Graham Corp | 284-2212 | \$1.82 | | \$1.81 | |
| Port Heiden | SW | City of Port Heiden | 837-2209 | \$1.90 | | \$2.25 | |
| Port Lions | SC | Kizhuyak Oil Sales | 454-2422 | | | | Unable to make contact. |
| Port Moller | | No data available. | | | | | |
| Port Protection | SE | SEE KETCHIKAN | | | | | |
| Portage Creek | SW | No data available. | | | | | |
| Quinhagak | SW | Qanirtuuq Inc | 556-8712 | \$2.35 | | \$2.47 | |
| Rampart | YK | Village Council | 358-3312 | \$2.50 | | | Gas @Yukon R Bridge |
| Red Devil | SW | Red Devil Trad'l Council | 447-3223 | \$2.90 | | \$3.95 | |
| Ruby | YK | Dineega Fuel | 468-4405 | \$2.70 | | \$2.95 | |

| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|-----------------|--------|--------------------------------------|----------|---------|---------|----------|------------------|
| Russian Mission | YK | Russian Mission Native C | 584-5885 | \$2.30 | | | Fuel sales only. |
| Saint George | SW | St. George Delta Fuel | 859-2456 | \$1.98 | | \$2.80 | |
| Saint Marys | YK | Yukon Fuel | 438-2593 | \$2.77 | | \$2.98 | |
| Saint Michael | ANW | AC Co. | 923-3451 | \$2.99 | | \$2.99 | |
| Saint Paul | SW | City of St. Paul | 546-2331 | \$1.99 | | \$2.26 | |
| Sand Point | SW | Aleutian Commercial | 383-3111 | \$2.00 | | \$2.15 | |
| Savoonga | ANW | Savoonga Native Store | 984-6134 | \$2.15 | | \$2.60 | |
| Scammon Bay | YK | Askinuk Corp | 558-5211 | \$2.90 | | \$3.00 | |
| Selawik | ANW | Selawik IRA | 484-2121 | \$3.00 | | \$3.15 | |
| Seldovia | SC | Seldovia Fuels | 234-7622 | \$1.89 | | \$1.98 | |
| Shageluk | YK | City of Shageluk Shageluk Zoo Tse | 473-8229 | \$3.00 | | \$2.50 | |
| Shaktolik | ANW | Shaktolik Native Corp | 955-3241 | \$2.38 | | \$2.90 | |
| Sheldon Point | ANW | Swan Lake Corp | 498-4219 | \$2.50 | | \$2.73 | |
| Shishmaref | ANW | IRA Native Store | 649-3741 | \$2.20 | | \$2.50 | |
| Shishmaref | ANW | Nayokpuk Trading Post | 649-3191 | \$2.25 | | \$2.50 | |
| Shungnak | ANW | Shungnak IRA | 437-2148 | \$3.55 | | \$3.25 | |
| Sleetmute | SW | Hill Enterprises | 449-4227 | \$3.60 | | \$3.20 | |
| South Naknek | SW | See King Salmon | | | | | |
| Stebbins | ANW | Ferris General Store | 934-3131 | \$2.30 | | | Fuel sales only. |
| Stevens Village | YK | Stevens Village | 478-7501 | \$3.00 | | \$3.00 | |
| Stony River | SW | Purchase in Sleetmute. | | | | | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|-----------------|--------|------------------------|----------|---------|---------|----------|--------------------------|
| Takotna | SW | Takotna Comm | 298-2211 | | | | Unable to make contact. |
| Tanana | YK | Don Johnson | 366-7145 | | | \$2.65 | |
| Tanana | YK | Tozitna dba Tanana Gas | 366-7255 | | | \$2.59 | Gas sales only. |
| Tanana | YK | Tanana Commercial Co. | 366-7188 | \$2.79 | | \$2.69 | |
| Tatitlek | SC | Tatitlek IRA | 325-2311 | | | | Unable to make contact. |
| Telida | SW | See Nicolai or McGrath | | | | | |
| Teller | ANW | Teller Native Store | 642-4011 | \$2.33 | | \$2.58 | Out/waiting for shipment |
| Tenakee Springs | SE | Snyder Merchantile | 736-2205 | \$1.78 | \$1.74 | \$1.87 | 200-400 Gallons |
| Tenakee Springs | SE | Snyder Merchantile | 736-2205 | \$1.84 | \$1.80 | \$1.93 | 20-49 Gallons |
| Tenakee Springs | SE | Snyder Merchantile | 736-2205 | \$1.87 | \$1.83 | \$1.96 | 5-19 Gallons |
| Tenakee Springs | SE | Snyder Merchantile | 736-2205 | \$1.92 | \$1.88 | \$2.01 | 2-4 Gallons |
| Tenakee Springs | SE | Snyder Merchantile | 736-2205 | \$1.97 | \$1.93 | \$2.06 | 1 Gallon |
| Tenakee Springs | SE | Snyder Merchantile | 736-2205 | \$1.81 | \$1.77 | \$1.90 | 50-199 Gallons |
| Tellin | SC | Purchase in Tok | | | | | |
| Thorne Bay | SE | Bayview Fuel | 828-3345 | | | \$1.94 | Gas sales only. |
| Thorne Bay | SE | Petro Alaska | 828-3900 | \$1.57 | | \$1.92 | |
| Togiak | SW | Togiak Lumber | 493-5120 | | | | Unable to make contact. |
| Togiak | SW | City of Togiak | 493-5820 | \$2.30 | | \$2.60 | |
| Tooksook Bay | SW | Nunakauiak Corp | 427-7929 | \$2.50 | | \$2.80 | |
| Tuluksak | SW | Tulkisarmute | 693-6420 | | | | Unable to make contact. |
| Tuntutuliak | SW | Qinarmut Corp | 256-2315 | \$1.95 | | \$2.50 | |

Unit prices vary per season and shipment mode.

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| Community | Region | Fuel Retailer | Phone # | Fuel #1 | Fuel #2 | Gasoline | Notes |
|----------------|--------|--------------------------|----------|---------|---------|----------|-------------------------|
| Tutunak | SW | Tununmiut Rinit Corp Sto | 652-6311 | \$2.09 | | \$2.45 | |
| Twin Hills | SW | Purchase in Togiak | 525-1820 | | | | |
| Tyonek | SC | No info available. | | | | | |
| Unalakleet | AC | Unalakleet Native Corp | 624-3300 | \$2.35 | | \$2.85 | |
| Upper Kalskag | SW | Kalskag Store | 471-2350 | | | | Unable to make contact. |
| Venetie | YK | Venetie Village Council | 849-8212 | \$3.25 | | \$3.75 | |
| Wainwright | ANW | Olgoonik Fuel Station | 763-2832 | \$1.45 | | \$3.05 | |
| Wales | ANW | Wales Native Store | 664-3351 | \$2.49 | | \$3.00 | |
| White Mountain | | White Mountain Native St | 638-3451 | \$2.10 | | \$2.50 | |

Efficient Management, Maintenance and Operation of Rural Alaska Utilities

(electric, water, sewer, bulk fuel, solid waste)

Briefing Notes

April 4, 2001

1. Project Intent

- Adequate utilities are a basic foundation of American communities
- Large (\$1.5-2 billion) and rapidly growing (\$60-\$100 million per year) public investment in utility infrastructure is at risk
- System failures can cost between \$1 and \$10 million to replace. Examples: Kotzebue (3 freeze-ups in past 20 years), Venetie (freeze-up 1980s)
- Focus on sustainability of capital equipment and operations in rural Alaska

2. The Setting

Alaska rural utilities are generally:

- Remote
 - No road access
 - Not interconnected in power grids or fuel delivery networks
- Very small (very limited economies of scale)
- In harsh climates (cold, permafrost, spring flooding)
- In places with diverse cultural values
- In low income communities
 - Per capita income of VSW communities = \$13,000, vs. \$30,000 in Anchorage

3. How do Costs and Consumption Levels Compare in Alaska?

- Even after PCE, in rural Alaska customers pay about 25 cents per kWh for electricity (vs. 10 cents in Anchorage) and up to \$120 per month for water and sewer (vs. \$50 in Anchorage).
- Rural Alaskans consume only about 4,000 kWh electricity per year, less than 40% of the Anchorage or U.S. levels
- Users of flush haul water systems probably consume less than 6 gallons per person per day, compared to Anchorage consumption of about 100 gallons.
 - Medical data show a significant increase in infectious disease below 15 gallons per day
- Rural Alaskans pay between 2.5 and 5% of income for electric/water/sewer, while Anchorage residents pay about 1.5%

4. The Rural Economy

- Importance of transfer payments [see figure 1, below]
- Limited economic base / limited market economy
- Reliance on capital projects to sustain local economy
 - Most capital \$\$ leak out of local economy and flow back to Anchorage
- Significant population growth continues to increase utility demand

5. How Other Places Address These Challenges – No Silver Bullets
 - Subsidies – Northwest Territories subsidizes water and sewer costs above 1% of household income, often paying 90% of the full cost of service
 - Management structures – Finland uses a wide variety of cooperative and municipal management that evolved over 100 years
 - Volunteerism – Long history in Finland; Virginia Self Help program and Colonias programs encourage local community ownership and volunteer labor
 - Technology – Canada uses flush haul as primary technology

6. Current Subsidies and Incentives in Rural Alaska
 - All utilities are subsidized in all places
 - Four dam pool: \$485 million, or \$16,000 per person
 - Alaska's telephone system: about \$100 million subsidy from out of state. Typical rural household gets about \$1,000 per year in reduced phone costs.
 - Anchorage water and sewer: capital is 80-95% publicly funded (more than \$200 million between 1979 and 1985), and a critical EPA exemption avoids the huge cost of secondary treatment
 - Rural power upgrades: State capital funds go to regional coops and private utilities, not just single villages (see figure 3)
 - Subsidies are often disincentives to sustainability
 - PCE is cost-based, does not reward cost-cutting
 - For water and sewer, capital is "free," providing no incentive to economize in design
 - For water and sewer, consumers receive zero support for O&M, which makes a piped ("automatic") system appear more economical.

7. True Cost vs. Book Cost
 - True cost includes the full cost of operations, maintenance, and capital
 - "Book cost" includes only the actual expenditures recorded by the utility, and excludes grant-funded capital, in-kind assistance, and deferred maintenance
 - These costs vary by utility and place
 - Example 1: Electric service in PCE communities:
 - In some places (Venetie) the true cost vastly exceeds the book cost due to emergency generator replacement funded by public \$\$
 - Among all PCE communities, however, our findings show that about 94% of the total true cost of \$87 million per year is carried on utility books, with only 5% paid by government capital upgrades and only 1% paid in the form of O&M assistance programs.
 - Example 2: Piped water and sewer:
 - True cost is about \$700 per household per month, while book cost reflects only \$100 per month for bare bones O&M.
 - The difference is due to the immense government-funded capital investment.

8. Potential Collapse of Rural Utility Infrastructure

- As in 1980s, massive inflow of capital dollars without resources or strategy for O&M
- Demand for service and cost of service is increasing but economic base is not
- There is little or no connection between utility cost and rates
- Problems are becoming more acute because we are now putting projects into smaller places with lower capacity
- Designers and builders are not responsible or accountable for achieving the design life of the system (should be 10-30 years)
- In the past, failure often resulted in a new facility, but there are now too many facilities and too few resources to continue that pattern.

9. How do We Fix This / Establishing Standards for Sustainability

- Three action levels affect sustainability
 - Day to day operations
 - Scheduled maintenance
 - Capital replacement
- Standards for successful utility operation and maintenance
 - Achieve design service life of capital investments based on preventative maintenance plan
 - Provide adequate reliable service that meets customer expectation and major regulatory requirements
 - Fiscal capacity to ensure sufficient revenue is collected for operation and maintenance including a community business plan which includes collections, insurance, and replacement parts reserve accounts
 - Community commitment/ownership resulting in full participation in all phases of utility design, construction, and operation
 - Community capacity ensuring adequate knowledge base and human resource base to manage and operate efficient and sustainable utilities

10. How do We Fix This / Core Elements that Can be Changed to Improve Sustainability

- Management structure
 - Municipal, tribal, cooperative, private, other
 - Standalone, regional, or consolidated
- Subsidies and incentives
 - Water & sewer: capital is free but zero support for O&M
 - Electricity: PCE partly covers capital and O&M, discourages cost-cutting
- Technology and engineering
 - Link between designer accountability and long-term performance
 - Link between community capacity and resources and appropriate design
 - Development of new technologies, discouraged by lack of profit opportunities
- Community capacity and capacity support systems
 - Support for utility boards
 - RUBA, RMW, and circuit rider programs
 - Non-profit community support systems (TCC, AVCP)
 - Training programs for utility workers

11. Essential Elements of a Sustainable Solution

- A "no infrastructure failure" policy underlies resource allocation decisions
 - One size does not fit all -- communities select management structure appropriate for them – standalone, coop, private, or other
 - Stable source of O&M funding to make up shortfall between true cost and affordable cost and to pay for community capacity development
 - Subsidy structure rewards -- rather than discourages -- sustainable utilities
 - New utility capital projects only occur in communities which demonstrate capacity to manage sustainable utilities
 - Annual review determines whether or not the utility is sustainable
 - A fail-safe management backup system operates utilities when annual review indicates local capacity and resources cannot meet sustainability requirements
 - Community subsidies are transferred to the fail safe management backup system until the community develops capacity (or contracts with another entity) to run its own sustainable system
 - Training and resources are available to increase community capacity
 - Rates reflect true and full cost of service
 - Policies determine who pays full cost and who is subsidized

12. Draft Criteria for Sustainability Evaluation¹

- Reliability -- Utility service reliability meets or exceeds accepted industry or regulatory standards, e.g., no more than 87 hours of planned and unplanned outages per year (99% availability)
- Maintenance capability -- Work force is certificated, is paid a competitive wage, and has demonstrated the ability to conduct preventative and scheduled maintenance and to troubleshoot, repair and replace system components
- Financial capability -- Utility has a functioning double-entry bookkeeping system, has implemented adequate financial controls, and maintains adequate financial reserves, including working capital
- Economic capability -- Consumers pay reasonable utility rates that cover the full difference between ongoing subsidy programs and the true cost of service – including operations, maintenance, management, and capital charges.
- Risk Management -- Utility maintains insurance coverage that meets prevailing industry standards
- Community Participation and Guidance – Community participates in management structure, project development, and review of ongoing operations through a utility board, local or regional advisory council, or effective regulation of private providers.

¹ Includes items from November 22, 2000 Discussion Draft "Criteria for Sustainable Rural Alaska Public Utility Systems" distributed by C. Walls, and draws on discussion in National Regulatory Research Institute, NRRI – 91 – 17: *Viability Policies and Assessment Methods for Small Water Utilities*.

Major Data and Information Sources

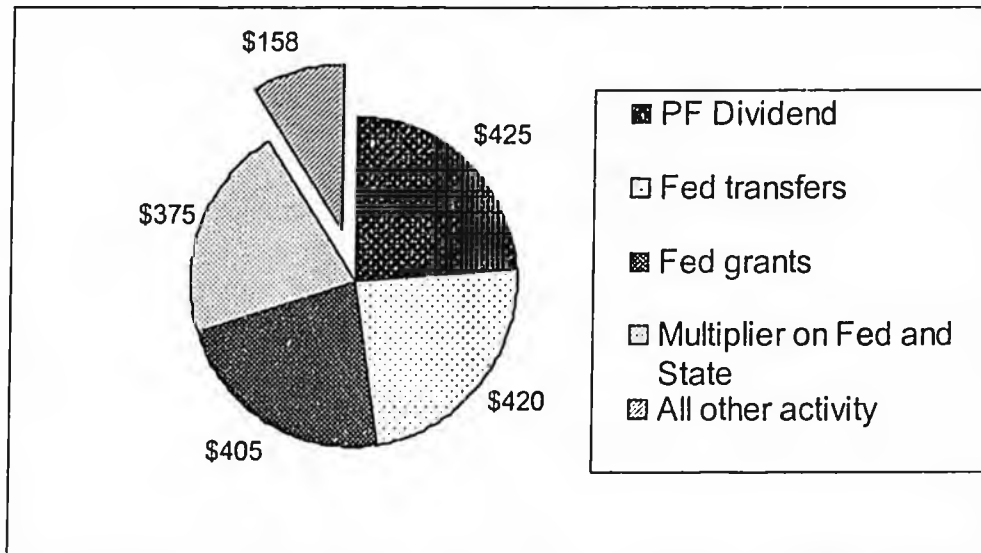
- Original data development:
 - Database covering 150 communities on true cost of electric service developed from annual and monthly PCE filings during 1997-99
 - Division of Energy / AIDEA grants records for 1995-2000
 - Denali Commission project files
 - Individual rate filings
 - Data on true cost of water and sewer systems developed from previous ISER studies and actual project experience
 - Key informants: extensive interviews with utility professionals from public and private sectors, from Alaska, Canada, Finland, Virginia, Texas, New Mexico
- Community visits: site visits to Deering, Venetie, Napaskiak, Tuntutuliak
- Existing databases used:
 - PCE annual statistical reports
 - AIDEA bulk fuel database
 - AIDEA / AEA electric system condition assessment
 - ISER / ANHB O&M Demonstration Project including in-depth interviews with 33 communities
 - 1999 RUBA Survey of 168 community water and sewer utilities
- Literature review: more than 100 technical and management documents from other places, technical, trade, and professional associations, and government agencies.

Steering Committee Participants

Johnny Adams (North Slope Borough)
Michael Black (Department of Community and Economic Development)
Tom Coolidge (Alaska Area Native Health Service)
Lamar Cotter (AIDEA)
Dan Easton (Department of Environmental Conservation)
Richard Emerman (AIDEA / Alaska Energy Authority)
Steve Forthun (Alaska Native Tribal Health Consortium)
Bill Gordon (Utility Services of Alaska)
Jamie Kenworthy (Alaska Science and Technology Foundation)
Meera Kohler (Alaska Village Electric Cooperative)
Joel Neimeyer (Denali Commission)
Brent Petrie (Alaska Village Electric Cooperative)
Pat Poland (Department of Community and Economic Development)
Joe Sarcone (Environmental Protection Agency)
Antony Scott (Regulatory Commission of Alaska)
Sheila Selkregg (USDA Rural Development)
Nan Thompson (Regulatory Commission of Alaska)
Pete Wallis (Tanana Chiefs)
Charles Walls (Denali Commission)
Virginia Washington (resident, St. Michael)
Steve Weaver (Alaska Native Tribal Health Consortium)
Eric Yould (Alaska Rural Electric Cooperative Association)
Alan Yost (Rural Utilities Service)

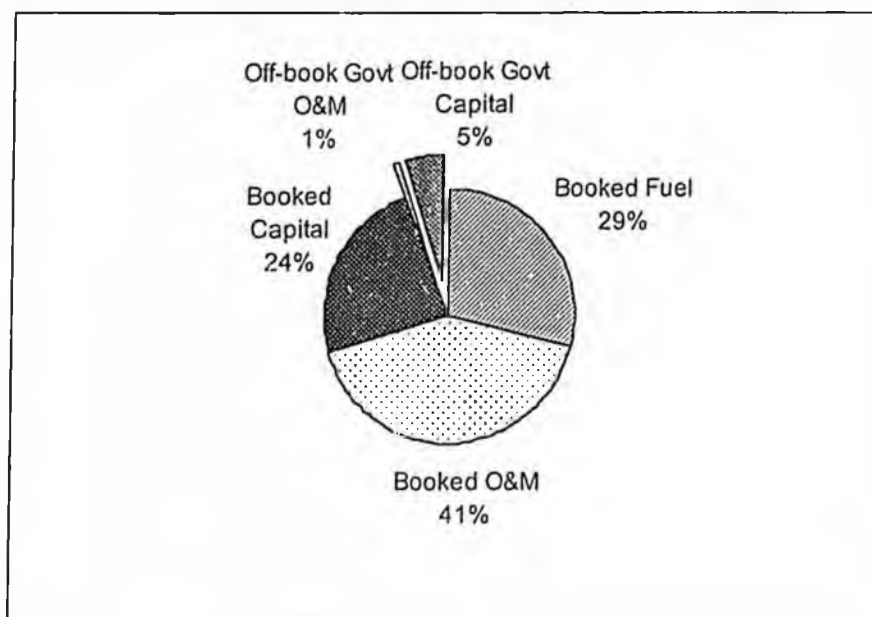
Supporting Tables and Figures

Figure 1:
Sources of Growth in Alaskans' Real Income from 1990 to 1999
(millions of inflation-adjusted dollars)



- More than 90% of total growth in Alaska real income during the 1990s is due to growth in federal transfers, federal grants, Permanent Fund dividends, and associated economic multiplier effects.
- Less than 9% of total income growth is due to growth in all other sources of economic activity, which would include federal government military and agency expenditures and all private sector activity.

**Figure 2:
Components of the True Cost of Electric Service
in PCE Communities**



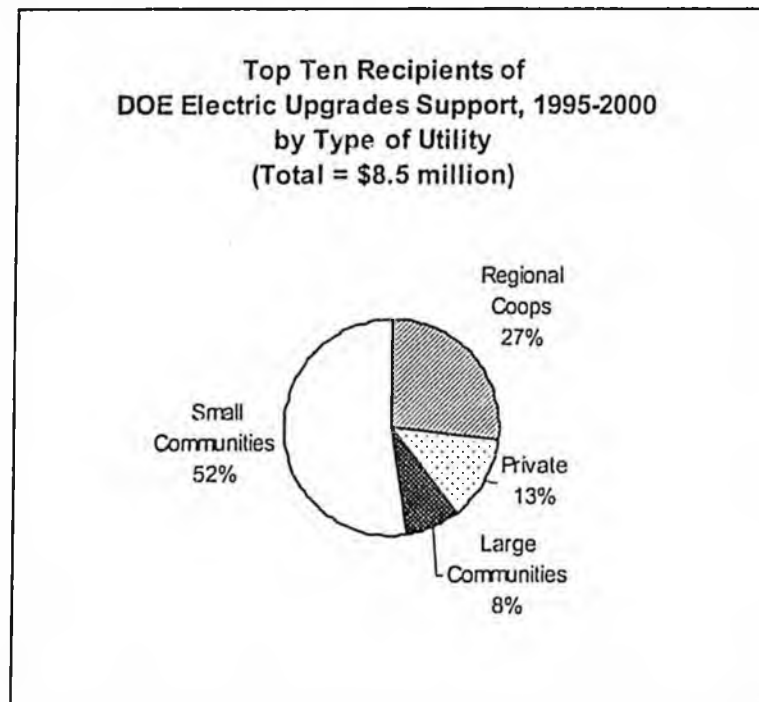
- The total cost of providing electric service to PCE communities in Alaska is currently about \$87 million per year.
- Of this, about 94% is carried on utility books and covered through customer payments and PCE.
- About 5% of the true cost is incurred in the form of grant-funded capital projects, and about 1% of the cost is in the form of government-funded O&M assistance programs such as the circuit rider program.

**Table 1:
Income, Electric Consumption, and Utility Payments as a Percentage of
Household Income**

| | Rural AK | Anchorage | US |
|---|------------|-----------|--------|
| Per Capita Income 1999 | 13,000 | 30,000 | 28,500 |
| Residential Electric Consumption (kWh/yr) | 4,000 | 10,500 | 10,100 |
| Percent of Household Income Spent on electric/water/sewer | 3.2 - 5.1% | 1.6% | N/A |

- Rural Alaskans (defined here as communities eligible for Village Safe Water program assistance) have per capita incomes about 60% below Anchorage or U.S. levels.
- They consume about 40% as much electricity as Anchorage residents and pay two to three times the Anchorage percentage of household income for electric, water, and sewer.

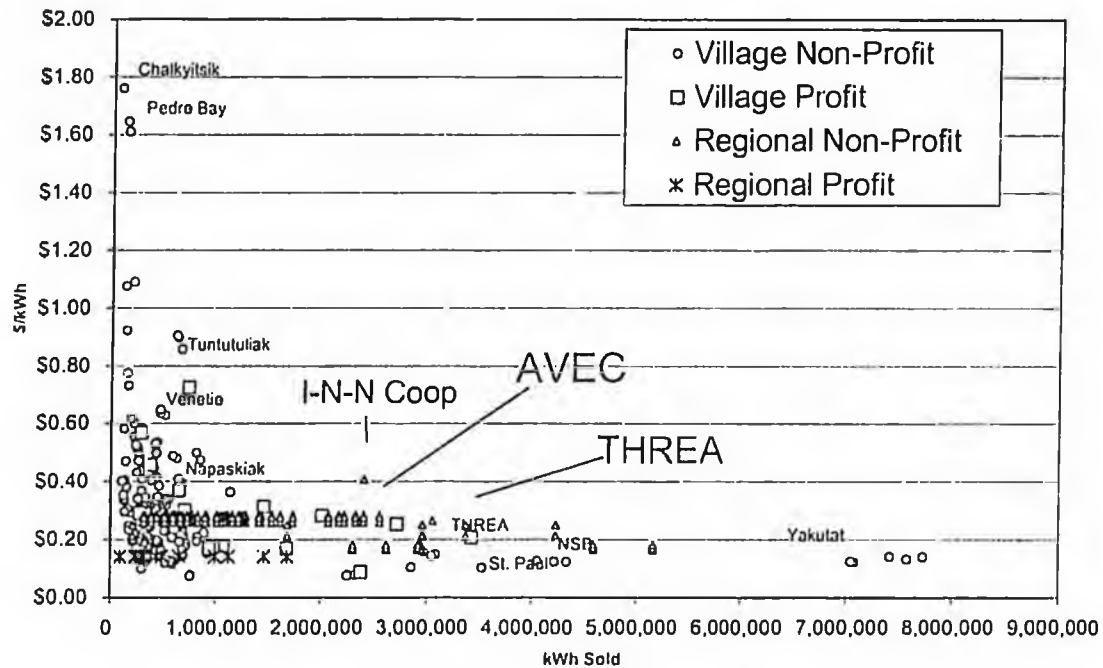
Figure 3:
Top Ten Recipients of Rural Electric Upgrade Support, 1995-2000



- The State of Alaska spent about \$14.2 million on small electric utility upgrades and emergency replacements between 1995 and 2000.
- About 60 percent (or \$8.5 million) of these funds went to ten utilities. Among this group of ten, regional coops and regional private utilities received \$3.3 million, while small communities received about \$4.4 million.
- The remaining 40 percent of the upgrade funds went to 45 smaller utilities.

**Figure 4:
Variation in the True Cost of Electric Service
Among Smaller PCE Utilities**

Total or "True" Non-Fuel Cost per kWh vs kWh Sold,
all PCE Communities, based on FY97-FY99 data



- Among all PCE utilities selling fewer than 10 million kWh per year, there is a wide variation in the cost of electric service, even after adjusting for fuel costs and including the costs paid by government, such as capital upgrades and O&M assistance programs.
- The greatest variation occurs among very small single village utilities.
- Regional cooperatives have relatively low non-fuel costs, but many single village utilities appear to have significantly lower costs than some regional cooperatives.
- The average non-fuel cost for Alaska Village Electric Coop (AVEC) and Tlingit Haida Regional Electrical Authority (THREA) is about 26 cents per kWh, for the smaller I-N-N Coop it is about 40 cents – about the same cost as Napaskiak's standalone utility.
- Additional analysis (not shown in this figure) shows no significant correlation between the costs shown here and the physical condition of the utility plant, as recently assessed by independent engineers.

**Denali Commission Federal Co-chairman
Jeff Staser**

April 5, 2001

Background

Congress established the Denali Commission to address some of Alaska's most stubborn infrastructure challenges. The innovative feature of the Denali Commission Act was that it moved decision making out of Washington D.C. and into the hands of statewide non-governmental organizations, subject to applicable federal funds management laws. The Act provided for the fusion of state and federal agency interests through co-chairmanship.

This year the Commission will obligate \$65,000,000 federal funds, not including cost sharing. By unanimous vote, seventy-five percent of those funds will go to infrastructure construction – focusing on critical bulk fuel storage tank systems, energy generation and distribution projects, and health care facilities. Ten percent of available funds are dedicated to capacity building and training relating directly to sustaining these projects, and another ten percent was allocated for closely related economic development activities, consistent with the purposes of the Act.

By law, not more than five percent of appropriated funds may be used for overhead. This constraint compels the Commission to seek existing delivery systems, such as through agencies like the Alaska Energy Authority, as opposed to building a new bureaucracy.

After extensive public process, the Commission adopted specific values, themes and definitions to accomplish its purposes, and widely disseminated its operating concepts. Commissioners agreed on criteria that favor distressed rural communities, that are consistent with the Commission's published values and principles, and that seek teamwork and cost sharing. Key among the principles was sustainability.

Today I would like to focus on the principle of sustainability as it relates to the Commission's energy program and respond to your questions on statewide energy planning.

Sustainability

All Denali Commission projects must be sustainable. This guiding principle involves two levels of analysis: policy and implementation. The policy level issue is easily settled since both federal and state laws mandate sustainability of capital projects involving public funds.

In fact, since its inception, the policy of the Commission has been to champion sustainability. It is a prerequisite for all of our projects.

The implementation of this sustainability principle is tricky, since there are diverse views on what criteria should be applied to effectively link this policy to various implementation approaches. Ultimately the test of what really works in rural Alaska is highly site dependent, and can only be verified over time. We do, however, clearly understand that properly maintained infrastructure costs significantly less over time.

We do know what does not work. We know what we cannot afford. We also know that reliable and affordable power is essential to the well being of every community. So the challenge boils down to how to fairly allocate Denali Commission funds in the most cost effective manner possible, in order to help the greatest number of people for the longest possible future.

The first task we faced was to establish proscriptive criteria for project selection that would lead to sustainable projects.

The Commission first turned to the Alaska Energy Authority (AEA) to learn how they did it. Working with AEA, the Commission learned that there were gaps in statewide energy planning, that there were no workable sustainability criteria, and that the relative needs for over 180 rural communities had yet to be assessed. In 1999, the Commission initiated and funded a joint effort between federal and state agencies, and set milestones, to fill in these gaps.

U.S. Department of Agriculture – Rural Development (USDA-RD) was charged to lead the utilities Operations, Maintenance and Management effort. Their final report was due on March 1, 2001. The draft report for public review will not likely be complete until sometime in April. Therefore the final report will not be complete until sometime this summer, after public comment.

Meanwhile the Commission staff shared existing federal sustainability standards, derived from the Rural Utility Service (RUS), with both AEA and USDA-RD in November 2000, anticipating the need to have something in place for FY 2001 spending decisions, our third construction season. Those criteria are attached.

Alaska's successful rural electric cooperatives attribute sustainability to these criteria, as do rural utilities nationwide. They are the only time tested criteria available to the Commission that are proven to work in rural Alaska. They do not impede the State or anyone else from funding guarantees of sustainability, but they clearly encourage specific best business practices on the part of federal fund recipients.

On January 18th, the Commission voted to support 24 energy projects managed by Alaska Village Electric Cooperative (AVEC) in 22 villages; all projects were derived from the same priority list used by AIDEA. The terms negotiated with AVEC included zero percent overhead and a 10% cost share match, and our criteria were readily accepted as both familiar and necessary. Those projects are proceeding to construction this summer.

At the same January meeting the Commission also added funding for 5 new projects to the existing management agreement with AIDEA, with the same sustainability criteria applied. That \$7 million award has yet to be accepted by the State, although at least one of the communities affected already meets the criteria. We are prepared to assist all communities with various strategies to achieve these criteria, should that be necessary, or to reallocate funds to other communities with sustainable projects ready to move into construction this summer.

Statewide Energy Planning

In 1999 AEA and the Alaska Industrial Development and Export Authority (AIDEA), took the lead and funds from the Commission to develop a process and plan to integrate programs to deliver projects. The purpose was to identify what needed to be done and in what order. This statewide energy plan was to be completed by January 1, 2001.

The first item on the scope of work was a capital project selection process and recommended list of projects. This was to be completed by August 1, 2000. As of today, AIDEA reports the initial field assessment work is now complete and will be shared shortly.

A draft "screening report" was published for public review in November 2000. The public comment period closed January 31, 2001. The final screening report is expected sometime in April. This report considered all of the known alternatives including diesel/solar/hydro/wind/geothermal/fuel cells/coal/biomass/coal bed methane/electric interties, etc. The screening found improving diesel efficiencies, recovering and utilizing heat from the diesels, increased end user conservation, and wind generation all merit further study. The screening report evaluated alternatives in the absence of any government subsidies, since virtually all provide benefits to consumers if based on grants.

AIDEA is considering the screening report's recommendations. AIDEA is also seeking Commission funding for a request for proposal strategy that would ask the electric utilities and communities to submit projects they believe will reduce energy costs, consistent with our sustainability standards. The Commission meets in Kotzebue on April 19 to consider this request among other new approaches under consideration. As with the AVEC model, we are hopeful the private sector will rise to the challenge.

The Commission appropriately defers to the state to develop a statewide energy plan. Since the Commission will benefit from the direction such a plan could provide, we will assist in any way we can to facilitate producing one. In the meantime, the Denali Commission will push forward, in coordination with any appropriate public, non-profit, private, tribal or other governmental entity, to accomplish our goal of helping to provide reliable, affordable and sustainable power to as many rural Alaskan households as possible.

As Federal Co-chair I believe all Alaskans need to work together on these challenges. Thank you for your continued interest and support of our mutual goals for rural Alaskans.

Criteria for Sustainable Rural Alaska Public Utility Systems

The criteria for determining a sustainable public utility in rural Alaska includes:

1. The economics of the utility's operations and service area are such that consumers can reasonably be expected to pay the proposed rates required to cover all expenses, including the renewal and replacement of plant.
2. The experience and performance of the system's management has been acceptable as evidenced by consistently providing adequate and reliable utility service that meets or exceeds industry and regulatory standards.
3. The utility has a stable maintenance force that has demonstrated the ability to conduct preventative and scheduled maintenance, and to troubleshoot, repair, and replace system components.
4. The utility has implemented adequate financial and management controls and there are and have been no significant financial or other irregularities.
5. The utility's projected capitalization, measured by its equity as a percentage of total assets, is adequate to enable the utility to meet its financial needs and to provide service consistent with industry and regulatory standards.
6. Risks of possible loss of large consumers will not substantially impair the economics of a utility's operations.
7. The utility maintains adequate business insurance covering all significant risks.
8. The utility has credible long range system plans that includes projections of service requirements, rates, revenues, expenses, margins and other factors for the present system and proposed additions that are based on reasonable assumptions and adequate supporting data and analysis, including analysis of a range of assumptions for the significant variables.
9. In the case of joint ventures, the utility has sufficient management control or other contractual safeguards with respect to the construction and operation of jointly owned facilities to ensure that the utility's interests are protected and the utility lender's credit risk is minimized.
10. Where rates or investment decisions are subject to approval by state regulatory authorities, there is reasonable expectation that such approvals will be forthcoming to maintain utility feasibility.

Robert Poe
AIDEA/AEA

Alaska Energy Plan
Outline and Status
April 2, 2001

- I. The Alaska Energy Authority (AEA), the Denali Commission, and the U.S. Department of Agriculture – Rural Development agreed in 1999 to cosponsor a statewide energy planning process.
- II. Three regions were defined, each of which is considered separately for purposes of energy planning:
 - A. Railbelt
 - B. Four Dam Pool, Juneau, Sitka
 - C. Rural Alaska
- III. For each of the three regions, a Phase 1 report was produced that includes background information, identification of major energy problems, and a listing of possible approaches and solutions.

The Phase 1 draft reports were circulated for public comment in fall 1999. Following receipt of these comments, the sponsors agreed to go forward with the energy plan for rural Alaska but to defer further work on the other two regions until the rural plan is completed.

- IV. Phase 2 of the rural energy plan includes the following components:
 - A. Screening Analysis. The main purpose of the screening analysis is to evaluate the possible approaches and solutions to the problem of high energy cost in rural Alaska. The product of this evaluation is a short list of strategies that, if implemented aggressively, have the greatest potential to reduce costs quickly on a broad scale.

A draft of the screening analysis was circulated for public comment in November 2000. A final report will be issued in April 2001. The short-listed strategies include:

 - Efficiency upgrades to conventional diesel power plants.
 - Energy conservation measures for end users.
 - Expanded use of "waste heat" from diesel power plants.
 - Possible use of wind energy (pending better cost information from current demonstration projects).
 - B. Final Review and Implementation Report. The short-listed strategies identified in the Screening Report will be refined and evaluated in greater depth. Detailed implementation plans will be

developed for those that continue to show significant cost reduction potential.

- C. Rural Electric Utility Condition Assessments. During the past year, AEA sent its contractors to each rural community to acquire detailed, first hand information on the condition of rural power systems as well as the level of operations and maintenance expertise. AEA already maintains an extensive database on the condition of bulk fuel storage facilities throughout rural Alaska.

This information provides an empirical basis for our energy planning studies and also serves both AEA and the Denali Commission as the primary basis for selecting electric utility and bulk fuel storage upgrade projects.

- D. Rural Utility Operations, Maintenance, and Management (OM&M) Study. The U.S. Department of Agriculture – Rural Development, one of our energy plan cosponsors, decided to retain the Institute of Social and Economic Research (ISER) to conduct a rural utility OM&M study. The premise of the study is that many rural utilities do not currently have adequate OM&M capability. The goal of the study is to recommend how best to address this problem.

ISER is preparing to issue its draft report in April 2001. AEA and the Denali Commission have been considering various options to ensure that new electric utility and tank farm projects are properly managed and maintained throughout their expected service lives. We anticipate that the ISER report will provide relevant ideas and guidance.

- E. RFP for Energy Cost Reduction Projects. AEA has proposed an RFP process to identify energy cost reduction projects that will provide significant near-term benefits to consumers and are ready to proceed quickly into final design and construction. The Denali Commission will review the RFP proposal for funding at its April meeting and the RFP could be issued by the end of the month.

The RFP will be issued statewide although priority for funding this year will be given to low income, rural communities. Proposals that are not funded this year may be included by the Denali Commission in its future Congressional funding requests.



Precision Power LLC

A Division of Peak Oilfield Service Company

FIELD TRIP REPORT

CIRCUIT RIDER PROGRAM

REGION 7 – LOWER KUSKOKWIM

NAPASKIAK

FIELD TRIP REPORT

NAPASKIAK - CRM 2000

Date: November 10, 2000

The purpose of the trip was to:

- Inspect the utility's power generation and electrical distribution systems.
- Evaluate power plant personnel and provide training, as needed.
- Perform minor maintenance and repairs.

The utility contact for the CRM was Martina Pitka.

Power Plant

The powerhouse is a metal building on a piling.

There are 3 diesel generator sets rated 80 kW, 125 kW, and 148 kW. The switchgear provides semi-automatic synchronizing.

All units are operational. Current meter readings of engine hours are #1 - 15,253, #2 - 18,318 and #3 - 24,270.

A waste heat recovery system is not installed.

The upkeep of the power plant appears to be good. There is not a formal training program in place.

Electrical Distribution System

The 7200 volt overhead electrical distribution system is generally in good condition. There are a few poles that appear to be leaning greater than 10 degrees.

Service Repairs Recommended

1. Recommend major overhauls on generators #2 and #3 engines in the near future due to excessive wear from improper maintenance.

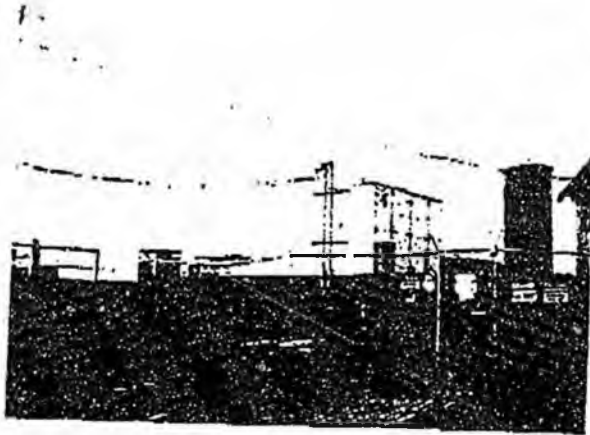
Recommended Improvements - Major Projects

1. Replacement of #1 generator due to higher demand on utility.

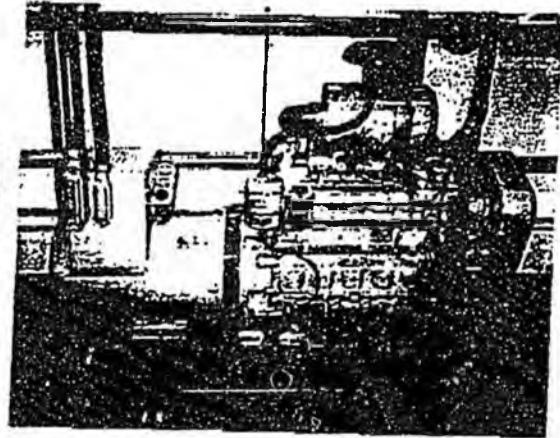
Electrical Utility Evaluation - Score Summary:

| | |
|------------------------------------|-----------|
| Powerhouse Building | 15 points |
| Generator Equipment & Installation | 60 points |
| Environmental | 30 points |
| Electrical Distribution | 60 points |

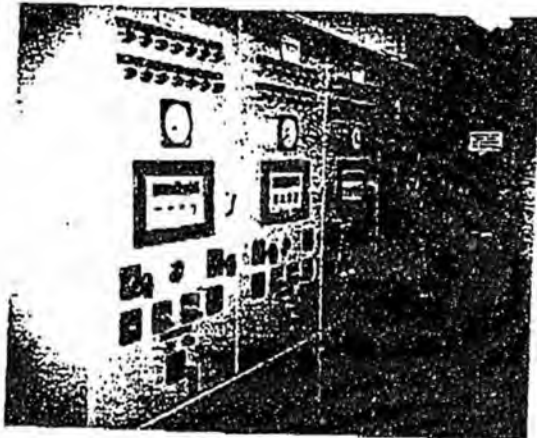
NAPASKIAK



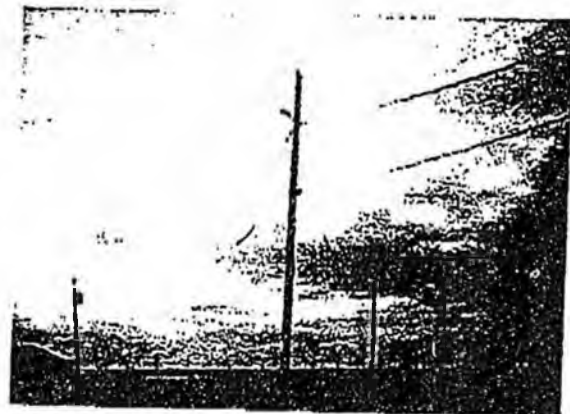
OUTSIDE VIEW OF POWER PLANT



GENERATOR SET



SWITCHGEAR



DISTRIBUTION SYSTEM

ALASKA ENERGY AUTHORITY RURAL UTILITY POWERHOUSE INVENTORY

| | | | |
|---------------------|-------------------|---------|----------------------------|
| COMMUNITY OWNERSHIP | Napaskiak | UTILITY | Napaskiak Electric Utility |
| DATE | City of Napaskiak | CONTACT | Martina Pitka |
| | 11/10/00 | PHONE | (907) 737-7432 |
| | G-1 | G-2 | G-3 |

| | G-1 | G-2 | G-3 |
|-----------------------------------|--------------------------------------|----------------------|----------------------|
| ENGINE MAKE | John Deere | John Deere | John Deere |
| ENGINE MODEL | 6059TF001 | 6076F030 | 6076AF030 |
| ENGINE RPM | 1800 | 1800 | 1800 |
| SERIAL NUMBER | T06059T507336 | RG6076T554009 | RG6076A554580 |
| GOVERNOR TYPE | Electronic | Electronic | Electronic |
| MODEL ACTUATOR | Woodward 8256-022 | Woodward 8256-017 | Woodward 8256-017 |
| MODEL SPEED CONTROL | Woodward 8290-140 | Woodward 8290-140 | Woodward 8290-140 |
| EX VOLTAGE | 12V | 12V | 12V |
| UNIT CIRCUIT BREAKER | General Electric | General Electric | General Electric |
| TYPE AMP/VOLT | SRPF250A/150A/600VAC | SRPF250A/225A/600VAC | SRPF250A/250A/600VAC |
| CURRENT HOURS | 15,253 | 18,318 | 24,270 |
| GENERATOR MAKE | Marathon | Marathon | Marathon |
| GENERATOR MODEL # | 363PSL1607 | 431PSL1265 | 432PSL1266 |
| GENERATOR SERIAL # | LM-215536-0695 | LM-2155188-0695 | LM-215855-0695 |
| GENERATOR CAPACITY (KW) | 80 kW | 125 kW | 148 kW |
| GENERATOR VOLTAGE | 480V | 480V | 480V |
| VOLTAGE REGULATOR MAKE & MODEL | Baxter APR63-5 | Baxter APR63-5 | Baxter APR63-5 |
| PARALLEL SWITCH GEAR | Yes | Yes | Yes |
| DISTRIBUTION VOLTAGE | 7200 | | |
| OEM | | | |
| kWh METER (Yes or No) | Yes | | |
| POWERHOUSE kWh METER TYPE | ABB S/N 01463087 | | |
| CATALOG # or TYPE | Type A1D | | |
| DEMAND? | Yes | | |
| CT RATIO | 300:5 / 250:5 / 300:5 | | |
| STATION SERVICE METER (Yes or No) | Yes | | |
| STATION SERVICE METER TYPE | ABB S/N 01 420 658 | | |
| CATALOG # or TYPE | Type A1D | | |
| BATTERY CHARGER/TYPE/MODEL | 3 - SENS FCA12-6 2411U | | |
| FUEL DAY TANK TYPE | Pryco Model PY75 | | |
| PUMP # | Oberdorfer 991 61 | | |
| MOTOR # | General Electric 5KH39QN5508AX | | |
| FUEL DAY TANK METER | ABB 092139.00 / 160GGPH | | |
| WASTE HEAT RECOVERY OPERATIONAL | No | | |
| WASTE HEAT METER | N/A | | |
| FIRE PROTECTION TYPE-OPERATIONAL? | Halon | | |
| ORIGINAL CONTRACTOR | Emerson Power Products - Seattle, WA | | |

**ALASKA ENERGY AUTHORITY
CIRCUIT RIDER PROGRAM
UTILITY PROBLEM REPORT**

Utility Name: Napaskiak Electric Utility

Date: 11/10/00

Region Number: 7

Technician: M. Witham

BRIEF DESCRIPTION OF VISIT:

Evaluation of Napaskiak power system and distribution system.

OPERATOR PROFICIENCY: (Circle One)Meter Reading: 0 = Excellent 5 = Good 10 = Acceptable 20 = UnacceptableObservation: See below.Daily Logs: 0 = Excellent 5 = Good 10 = Acceptable 20 = UnacceptableObservation: See below.Routine Maintenance: 0 = Excellent 5 = Good 10 = Acceptable 20 = UnacceptableObservation: See below.Scheduled Maintenance: 0 = Excellent 5 = Good 10 = Acceptable 20 = UnacceptableObservation: See below.**GENERAL COMMENTS:**

Building and generators are kept clean. Operators are good with observation and taking scheduled readings. Majority of routine maintenance is performed as per maintenance schedule. Oil has been overfilled on all three generator sets and air filters have been overlooked. Scheduled maintenance has not been performed by operators. Operators need basic training in diesel engine operation and maintenance and generator set basic maintenance.

NOTES

Routine Maintenance (filter changes, oil changes, replace belts, etc.)

Scheduled Maintenance (valve adjustment, water pump replacement, injector replacement, etc.)

MAINTENANCE PLANNING

Do you have a written preventive maintenance plan? ___ Yes; No. If there is a plan, do you follow it closely? ___ Yes; ___ No.

If you have a maintenance plan but do not follow it closely, what problems prevent you from doing so?

TRAINING PERFORMED

Trained operator personnel on the effects of a plugged up air filter and how to tell if they are plugged up. Showed them how to read a restriction Indicator. Went over the effects of overfilling the oil and using dipstick to check level.

TRAINING GIVEN TO: James, Richard and Nelson

ROUTINE MAINTENANCE PERFORMED

Replaced air filter and adjusted valves on generator #1. Adjusted valves on generator #2.

GENERAL CONDITIONS OF

POWERHOUSE:

Powerhouse is generally clean and in good condition. Building and equipment are kept clean and all components seem to be completely operational.

ELECTRICAL DISTRIBUTION SYSTEM:

Seems to be in good overall condition.

HEALTH AND SAFETY ISSUES:

None.

OTHER REPAIRS NEEDED:

None.

THE
FOLLOWING
DOCUMENT(S)
ARE
POOR
ORIGINAL
COPIES

ALASKA ENERGY AUTHORITY Electrical Utility Evaluation Form

Community: **Napakliak**
 Evaluation Date: **11/10/00**
 Evaluator: **M. Witham**

Powerhouse Building

(Circle or highlight the appropriate points.)

Site Location

| | |
|--|------------------|
| Site suitable for powerhouse | <u>0 points</u> |
| < 100 feet from a public well | 10 points |
| < 25 feet from an eroding bank or beach, or in a flood plain | <u>10 points</u> |
| 20 points max. | |

Foundation

| | |
|---|------------------|
| *Powerhouse on acceptable foundation (pad & post, piling, concrete, etc.) | <u>0 points</u> |
| *Powerhouse directly on gravel pad or light timbers (raised small timbers, on permeable gravel) | 5 points |
| *Powerhouse directly on tundra or natural soils (no foundation) | 10 points |
| Powerhouse leaning considerably or unstable foundations (seismic hazard) | <u>20 points</u> |
| 30 points max. | |

Flooring

| | |
|---|------------------|
| *Welded steel deck plate or concrete (sealed) | <u>0 points</u> |
| *Steel deck plate or concrete (unsealed) | 5 points |
| *Wood (sealed or painted) | 10 points |
| *Wood (non-sealed or bare) | <u>20 points</u> |
| 20 points max. | |

Interior Walls

| | |
|---------------------------------------|------------------|
| *Concrete or metal skin | 0 points |
| *Fiberglass reinforced paneling (FRP) | <u>5 points</u> |
| *Gypsum board | 5 points |
| Wood (painted or sealed) | 10 points |
| Wood (non-painted or bare) | <u>20 points</u> |
| 35 points max. | |

Exterior Walls

| | |
|-----------------------------|------------------|
| *Concrete or metal siding | <u>0 points</u> |
| *Wood (painted or sealed) | 5 points |
| *Wood (non-painted or bare) | <u>20 points</u> |
| 20 points max. | |

Roof Penetration

- *None 0 points
 - *Properly installed (rain tight) 5 points
 - *Minor leaks (repairable) 10 points
 - *Major leaks (not repairable) 20 points
- 20 points max.

Ventilation

- *Proper ventilation (air intake & exhaust fans, louvers & hoods) 0 points
 - *Adequate ventilation (air intake & exhaust fans) 5 points
 - *Minimum ventilation (air intake) 10 points
 - *No ventilation (doors or windows have to be left open) 20 points
- 20 points max.

Lighting

- *Excellent lighting 0 points
 - *Adequate lighting 5 points
 - *Poor lighting 10 points
 - *No lighting 20 points
- 20 points max.

Security

- Powerhouse fenced in & door locks 0 points
 - Door locks 5 points
 - No fence 5 points
 - No door locks 10 points
- 20 points total

Generator Equipment and Installation

Diesel Engine

| | Unit #1 | Unit #2 | Unit #3 | Unit #4 |
|--------------------|---------------|---------------|---------------|---------|
| kW | <u>80 kW</u> | <u>115 kW</u> | <u>148 kW</u> | _____ |
| Hours of Operation | <u>15,253</u> | <u>18,318</u> | <u>24,270</u> | _____ |

Diesel Engine

- < 10,000 hours of operation 0 points
- > 10,000 hours of operation 2 X 10 points
- > 20,000 hours of operation 20 points
- > 30,000 hours of operation 30 points

60 points max.

Generator Condition

| | Unit #1 | Unit #2 | Unit #3 | Unit #4 | |
|-------------------------------|---------|---------|---------|---------|------------------|
| Good, like new | X | X | X | | |
| Fair | | | | | |
| Poor, guards/covers missing | | | | | |
| Good, like new in appearance | | | 3 X | | <u>0 points</u> |
| Fair | | | | | 10 points |
| Poor, guards & covers missing | | | | | <u>20 points</u> |
| | | | | | 30 points max. |

Load Sizing

| | |
|---|------------------|
| Properly sized generation to meet the community loads | <u>0 points</u> |
| Undersized generation to meet the community loads | <u>10 points</u> |
| Oversized generation to meet the community loads | <u>10 points</u> |
| | 20 points max. |

Control Switchgear

| | |
|---|------------------|
| *Fully automatic synchronizing switchgear | <u>0 points</u> |
| *Semi-automatic synchronizing switchgear | <u>5 points</u> |
| *Manually synchronizing switchgear | 10 points |
| *Manual transfer switches | 20 points |
| *Manual mounted breakers | <u>30 points</u> |
| | 30 points max. |

Electrical

| | |
|--|------------------|
| *Wiring appears appropriate | <u>0 points</u> |
| *Exposed wiring, improper grounding, missing covers etc. | <u>20 points</u> |
| | 20 points max. |

Fuel System Inside Powerhouse

| | |
|-----------------------------|------------------|
| *Welded piping | 0 points |
| *Threaded piping | 10 points |
| *Welded & threaded piping | <u>5 points</u> |
| Rubber hose | 10 points |
| No daytank | 20 points |
| Additional for active leaks | <u>20 points</u> |
| | 60 points max. |

Totalizing & Station Service Meter

| | |
|--|------------------|
| *Properly installed and working totalizing & station service meter | <u>0 points</u> |
| No totalizing meter | 10 points |
| No station service meter | <u>10 points</u> |
| | 20 points max. |

Fuel Meter

- *Properly installed & working fuel meter
- *No fuel meter

~~0 points~~
~~20 points~~

20 points max

Environmental

Interior of Powerhouse

- Clean, well kept
- Old generator part stored inside facility
- Waste oil stored inside facility
- Apparent oil spills

~~0 points~~
~~10 points~~
~~10 points~~
~~20 points~~

40 points max.

Under Facility

- Clean, well kept
- Old generator part stored under facility
- Waste oil stored under facility
- Apparent oil spills

~~0 points~~
~~10 points~~
~~10 points~~
~~20 points~~

40 points max.

Surrounding of Powerhouse

- Clean, well kept
- Old generator part stored on site
- Waste oil stored on site
- Apparent oil spills

~~0 points~~
~~10 points~~
~~10 points~~
~~20 points~~

40 points max.

Waste Oil Disposal

- *Waste oil blending system
- *Waste oil incinerator
- *Drum or tank storage for waste oils

~~0 points~~
~~5 points~~
~~20 points~~

20 points max

Life, Health, & Safety

- *Code Compliant
- *Low risk
- *Medium risk
- *High risk
- *Potential for loss of life

~~0 points~~
~~10 points~~
~~20 points~~
~~30 points~~
~~40 points~~

40 points max.

*Indicates that only one of the group should be chosen. TOTAL 645 points max.

Electrical Distribution Line Evaluation

Overhead Distribution System

Pole Type

Fully treated poles

0 points

Butt treated poles

10 points

Native pole (trees)

20 points

30 points max.

Pole Installation

Proper depth (can be determined by the manufacture's mark or button on pole)

0 points

Within 12 inches of recommended depth

10 points

Within 24 inches of recommended depth

20 points

Greater than 24 inches of recommended depth

30 points

60 points max.

Pole Alignment

Poles straight

0 points

Poles leaning less than 10°

10 points

Poles leaning greater than 10°

20 points

30 points max.

Distribution Voltage

=>7200 volts

0 points

2400 volts

10 points

480/277 volts

20 points

208/120 volts

30 points

40 points max.

Anchors

Properly installed (<12 inches of the anchor rod exposed)

0 points

12 - 24 inches of the anchor rod exposed

10 points

>24 inches of the anchor rod exposed

20 points

30 points max.

Primary Conductor

Appears properly installed (sag, conductor size, etc)

0 points

Improperly installed (conductor needs resagging, etc)

20 points

20 points max.

Service Conductor

Appears properly installed (sag, conductor size, etc)

0 points

Improperly installed (conductor needs resagging, etc)

20 points

20 points max.



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William J. Carter

Signature of Camera Operator

10/14/2003

Date

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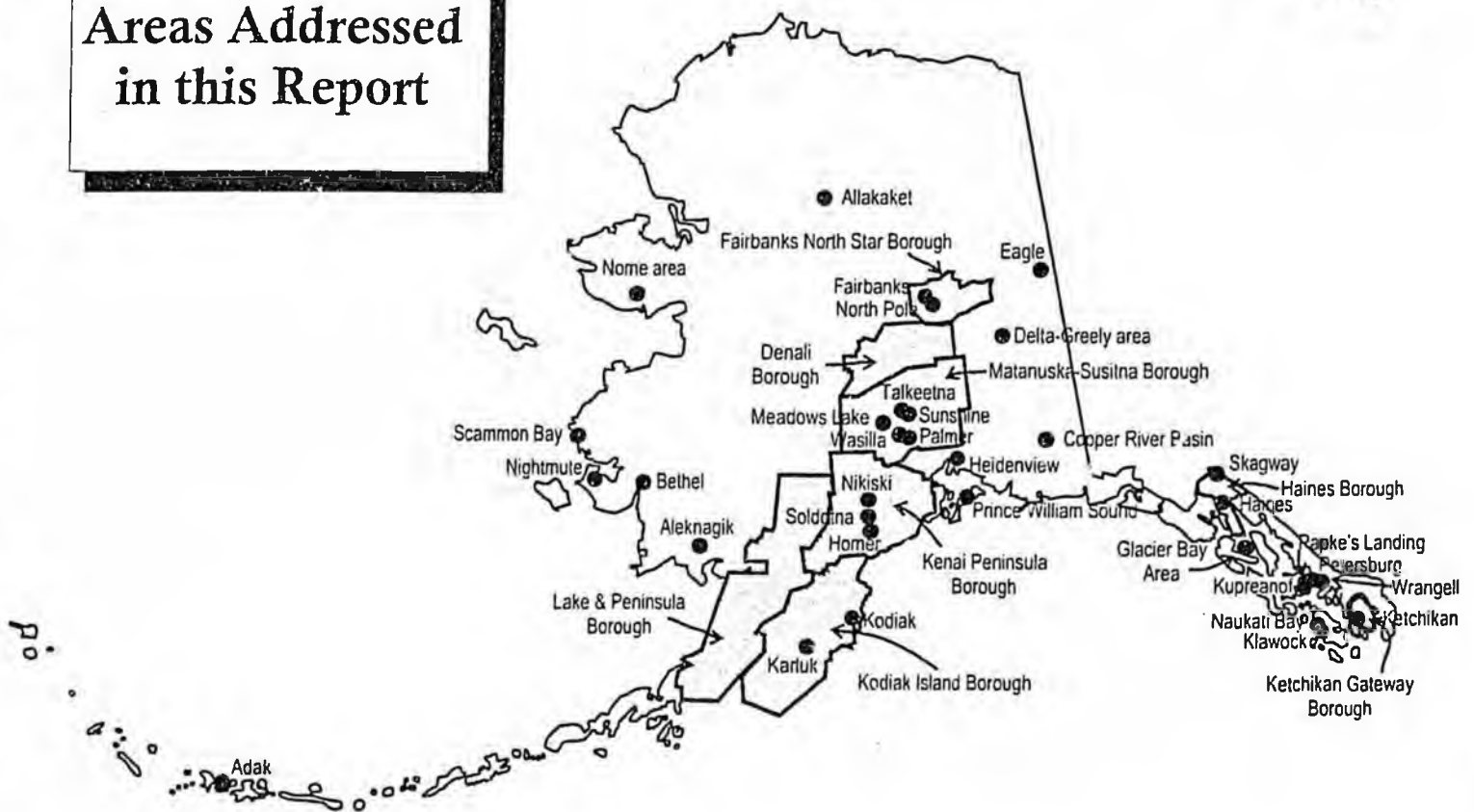
Report of the Local Boundary Commission to the First Session of the Twenty-Second Alaska State Legislature

January 17, 2001

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Areas Addressed in this Report

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Kevin Waring, Chairperson
Kathleen Wasserman, 1st Judicial District
Nancy Galstad, 2nd Judicial District
Allan Tesche, 3rd Judicial District
Ardith Lynch, 4th Judicial District



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This report is also available on the Local Boundary Commission's website at:

[Http://www.dced.state.ak.us/mra/LBC/Mrad_lbc.htm](http://www.dced.state.ak.us/mra/LBC/Mrad_lbc.htm)

Report of the Local Boundary Commission to the First Session of the Twenty-Second Alaska State Legislature

Local Boundary Commission

Kevin Waring, Chairperson
Kathleen Wasserman, Vice-Chairperson
Nancy Galstad, Member
Allan Tesche, Member
Ardith Lynch, Member

Tony Knowles, Governor

Report prepared with assistance from:

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Message from the Chairperson

January 17, 2001

On behalf of the members of the Local Boundary Commission, I am pleased to present this report of the Commission to the First Session of the Twenty-Second Alaska State Legislature.

Chapter 1 provides background information concerning the Local Boundary Commission.

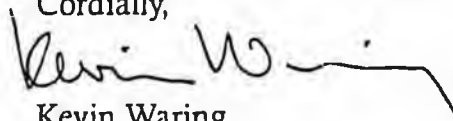
Chapter 2 describes activities of the Commission and its staff during 2000. Chapter 2 also describes a number of proposals currently under consideration by municipalities and voters throughout Alaska.

→ Chapter 3 contains discussion of vital public policy issues of particular interest to the Commission. These include the following.

- Concerns regarding substantial disincentives hindering borough incorporation and annexation and impeding the proper development of local government in Alaska. In that context, the Commission respectfully urges the Legislature to consider a separately submitted proposal from the Commission to reform State law governing borough incorporation and annexation of areas that are capable of operating boroughs.
- Concerns regarding the need to: (1) eliminate ambiguities in current law concerning the timing of the assessment, levy, and collection of property taxes by cities or organized boroughs upon incorporation, annexation, detachment, merger, consolidation, dissolution, or city reclassification; (2) authorize the extraterritorial levy of municipal taxes in areas detached from municipalities; and (3) recognize that service areas of organized boroughs and the unorganized borough can be altered or abolished as a result of incorporation, annexation, detachment, merger, consolidation, dissolution, or city reclassification.
- A recommendation that the Alaska Housing Finance Corporation rural housing loan programs be revised to eliminate a significant obstacle to otherwise appropriate municipal boundary change.

The Commission respectfully invites the Legislature to consider the account of activities and issues addressed in this report.

Cordially,


Kevin Waring
Chairperson

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Chapter 1 Background and Procedures

1 See AS 29.04, AS 29.05, AS 29.06, and AS 44.33.

2 Fairview Public Utility District No. 1 v. City of Anchorage, 368 P.2d 540, 543 (Alaska 1962).

3 The Local Boundary Commission was established pursuant to Article X, Section 12 of the Constitution of the State of Alaska and AS 44.33.810. The four other boards with constitutional origins are the University of Alaska Board of Regents, Judicial Council, Commission of Judicial Conduct, and Redistricting Board.

This chapter provides information concerning the Local Boundary Commission, including background about the purpose of the Commission and the staff support functions of the Department of Community & Economic Development (DCED). Details of the procedures used by the Commission are also provided.

Role and Purpose of the Commission

The Local Boundary Commission acts on petitions for the following:

- incorporation of cities and boroughs;
- annexation to cities and boroughs;
- detachment from cities and boroughs;
- dissolution of cities and boroughs;
- merger of cities and boroughs;
- consolidation of cities and boroughs;
- and reclassification of cities.¹

The Local Boundary Commission was established under Alaska's Constitution to serve as an impartial body to review, from a statewide perspective, proposals relating to the establishment and alteration of municipal corporations. In the words of the Alaska Supreme Court:

An examination of the relevant minutes of [the Local Government Committee of the Constitutional Convention] shows clearly the concept that was in mind when the local boundary commission section was being considered: that local political decisions do not usually create proper boundaries and that boundaries should be established at the state level. The advantage of the method proposed, in the words of the committee:

...lies in placing the process at a level where area-wide or state-wide needs can be taken into account. By placing authority in this third party, arguments for and against boundary change can be analyzed objectively.²

Among the 130 or so State boards and commissions, only the Local Boundary Commission and four others have origins in Alaska's Constitution.³

Decisions of the Local Boundary Commission often involve important social, political and economic policy issues. More than twenty-five years ago (and again in 1993), the Alaska Supreme Court remarked that:

"A determination whether an area is cohesive and prosperous enough for local self-government involves broad judgments of political and social policy ... The Local Boundary Commission has been given a broad power to decide in the unique circumstance presented by each petition ... Necessarily, this is an exercise of delegated legislative authority to reach basic policy decisions."⁴

4 Mobil Oil Corporation v. Local Boundary Commission, 518 P.2d 92, 98 (Alaska 1974); reaffirmed, Valleys Borough Support Committee v. Local Boundary Commission 863 P.2d 232, 234 (Alaska 1993).

Members of the Commission

The Commission consists of five members appointed by the Governor for overlapping terms of five years. Members serve at the pleasure of the Governor. The Chairperson is appointed from the state at-large and one member is appointed from each of Alaska's four judicial districts. Members serve without compensation. Appointments to the Commission are made, "...on the basis of interest in public affairs, good judgment, knowledge and ability in the field ... and with a view to providing diversity of interest and points of view in the membership."⁵

5 AS 39.05.060

Information about current Commissioners follows.



Kevin Waring, a resident of Anchorage, has served on the Commission since July 15, 1996. He was appointed Chairperson on July 10, 1997. He was reappointed to a new term as Chairperson effective January 31, 1998. Commissioner Waring was one of the original division directors of the former Alaska Department of Community and Regional Affairs (1973-1978). Between 1980 and the spring of 1998, he operated a planning/economics consulting firm in Anchorage. From the spring of 1998 until early 2000, Commissioner Waring was employed as manager of physical planning for the Municipality of Anchorage's Community Planning and Development Department. He has since returned to private consulting. Mr. Waring has been active on numerous Anchorage School District policy and planning committees. His current term on the LBC expires January 31, 2003.



Kathleen S. Wasserman, a resident of Pelican, is the Vice-Chairperson of the Commission. She serves from Alaska's First Judicial District. She was first appointed to the Commission for an unexpired term on September 14, 1995. She was reappointed to a new term beginning January 31, 1996. Commissioner Wasserman also serves as the current Mayor of the City of Pelican. In the past, Commissioner Wasserman has served as a member of the Assembly of the City and Borough of Sitka and as Mayor of the City of Kasaan. Additionally, she has served as president of the Southeast Island Regional Educational Attendance Area School Board. Commissioner Wasserman is self-employed. Her present term on the Commission expires January 31, 2001.



Nancy E. Galstad serves from the Second Judicial District. She was appointed to the LBC on September 14, 1995 and reappointed to a new term effective January 31, 1999. Formerly Special Assistant to the Commissioner of the Alaska Department of Labor, Ms. Galstad now serves as the Manager of the City of Kotzebue. She is currently Second Vice-President of the Alaska Municipal Managers' Association. Ms. Galstad was a member of the Alaska Safety Advisory Council for eight years and currently serves as Vice Chair of the Alaska Municipal League Joint Insurance Association. She also served as a member of the State's Task Force on Education Funding in 1995. Ms. Galstad's current term on the LBC expires January 31, 2004.



Allan Tesche serves from the Third Judicial District and is a resident of Anchorage. He was appointed to the LBC on July 10, 1997. In April 1999, Mr. Tesche was elected to the Assembly of the Municipality of Anchorage. In the past, Mr. Tesche has served as Deputy and Assistant Municipal Attorney in Anchorage and Borough Attorney for the Matanuska-Susitna Borough. He is a founder and past president of the Alaska Municipal Attorneys' Association and served as a member of the attorneys' committee which assisted the Alaska legislature in the 1985 revisions to the Municipal Code (AS 29). Mr. Tesche is a shareholder in the Anchorage law firm of Russell, Tesche, Wagg, Cooper & Gabbert, PC. Mr. Tesche's term on the Commission expires January 31, 2002.



Ardith Lynch serves from the Fourth Judicial District and lives in the greater Fairbanks area. She was appointed to the LBC on December 21, 1999. Ms. Lynch is the Borough Attorney for the Fairbanks North Star Borough. She has also worked for the State of Alaska as an Assistant Attorney General and as Deputy Director of the Child Support Enforcement Division. Ms. Lynch has served on the Board of Governors of the Alaska Bar Association and is a past president of the Alaska Municipal Attorneys' Association. Her term on the Commission expires December 21, 2004.

Staff to the Commission

6 AS 44.33.020(4)



The Alaska Department of Community and Economic Development (DCED), Division of Community and Business Development (DCBD), provides staff to the Commission.⁶

Commission staff provide technical assistance to municipalities, residents of areas subject to impacts from existing or potential petitions for creation or alteration of municipal governments, petitioners, respondents, agencies, and others. Types of assistance include:

- conducting feasibility and policy analysis of proposals for incorporation or alteration of municipalities;
- conducting informational meetings;
- providing technical support during Commission hearings;
- drafting decisional statements;
- implementing decisions of the Commission;
- certifying actions; and
- maintaining incorporation and boundary records for each of Alaska's 161 existing municipal governments.

As required by law, staff analyze formal petitions filed with the Commission and prepares reports conveying DCED's recommendations for action by the Commission.⁷ DCED staff also certify municipal incorporations, dissolutions, annexations, detachments, mergers, consolidations, and reclassifications. The Commission and DCED are independent of one another with respect to policy matters. For example, the Commission is not bound to follow the recommendations that DCED is required by law to provide to the Commission.

⁷ See AS 29.04, AS 29.05, and AS 29.06.

Procedures of the Commission

Procedures for establishing and altering municipal boundaries and for reclassifying cities are designed to secure the reasonable, timely, and inexpensive determination of every proposal to come before the Commission. The procedures are also intended to ensure that decisions of the Commission are based on analysis of the facts and the applicable legal standards, with due consideration of the positions of interested parties. The procedures include extensive public notice and opportunity to comment, thorough study, public informational meetings, public hearings, a decisional meeting of the Commission, and opportunity for reconsideration by the Commission. A summary of the procedures follows.

Preparation and Filing of the Petition. DCED offers technical assistance, sample materials, and petition forms to prospective petitioners. The technical assistance may include feasibility and policy analysis of prospective proposals.

Once a formal petition is prepared, it is submitted to DCED for technical review. If the petition contains all the information required by law, DCED accepts the petition for filing.

Public Notice and Public Review. Once a petition is accepted for filing, extensive public notice is given. Interested parties are typically given at least seven weeks to submit responsive briefs and comments supporting or opposing a petition. The petitioner is typically provided at least two weeks to file one brief in reply to responsive briefs.

Analysis. Following the public comment period, DCED analyzes the petition, responsive briefs, written comments, reply brief, and other materials as part of its

investigation. The petitioner and DCED may conduct informational meetings. At the conclusion of its investigation, DCED issues a preliminary report for public review and comment. The report includes a formal recommendation to the Local Boundary Commission for action on the petition.

The preliminary report is typically circulated for public review and comment for a minimum of four weeks. After reviewing the comments on its report, DCED issues its final report. The final report includes a discussion of comments received on the preliminary report and also notes any changes to DCED's recommendations to the Commission. The final report must be issued at least three weeks prior to the hearing on the proposal.

Commission Review of Materials and Public Hearing. Members of the Commission review the petition, responsive briefs, written comments, reply brief, and DCED reports. If circumstances permit, Commission members also tour the area at issue prior to the hearing in order to gain a firsthand picture of the area. Following extensive public notice, the Commission conducts at least one hearing in or near the affected territory.

The Commission must act on the petition within ninety days of its final public hearing. The Commission may take any one of the following actions:

- approve the petition as presented;
- amend the petition (e.g., expand or contract the proposed boundaries);
- impose conditions on approval of the petition (e.g., voter approval of a proposition authorizing the levy of taxes to ensure financial viability); or,
- deny the petition.

The law requires the Commission to reach a decision within ninety days of its hearing. However, the Commission typically renders its decision within a few days of the hearing. Within thirty days of announcing its decision, the Commission must adopt a written statement setting out the basis for its decision. Copies of the statement are provided to the petitioner, respondents, and others who request them. At that point, the decision becomes final, but is subject to reconsideration. Any party may ask the Commission to reconsider its decision. Such requests must be filed within twenty days of the date that the decision became final. If the Commission does not approve a request for reconsideration within thirty days of the date that the decision became final, the request for reconsideration is automatically denied.

Implementation. If the Commission approves a petition, the proposal is typically subject to approval by voters or the legislature. A petition that has been granted by the Commission takes effect upon the satisfaction of any stipulations imposed by the Commission. The action must also receive favorable review under the Federal Voting Rights Act. DCED provides assistance with Voting Rights Act matters.

Chapter 2

Year 2000 Developments and Activities

City Incorporation

No cities were incorporated during the year, but two city incorporation petitions are being processed and officials or residents of eight unincorporated communities are developing incorporation petitions or have expressed interest in city incorporation during 2000. Such pending or prospective city incorporation activity occurred in the following communities.

- Adak
- Talkeetna
- Nikiski
- Naukati Bay
- Sunshine
- Meadow Lakes
- Karluk
- Papke's Landing
- Heidenview



Details concerning city incorporation activities follow.

Adak

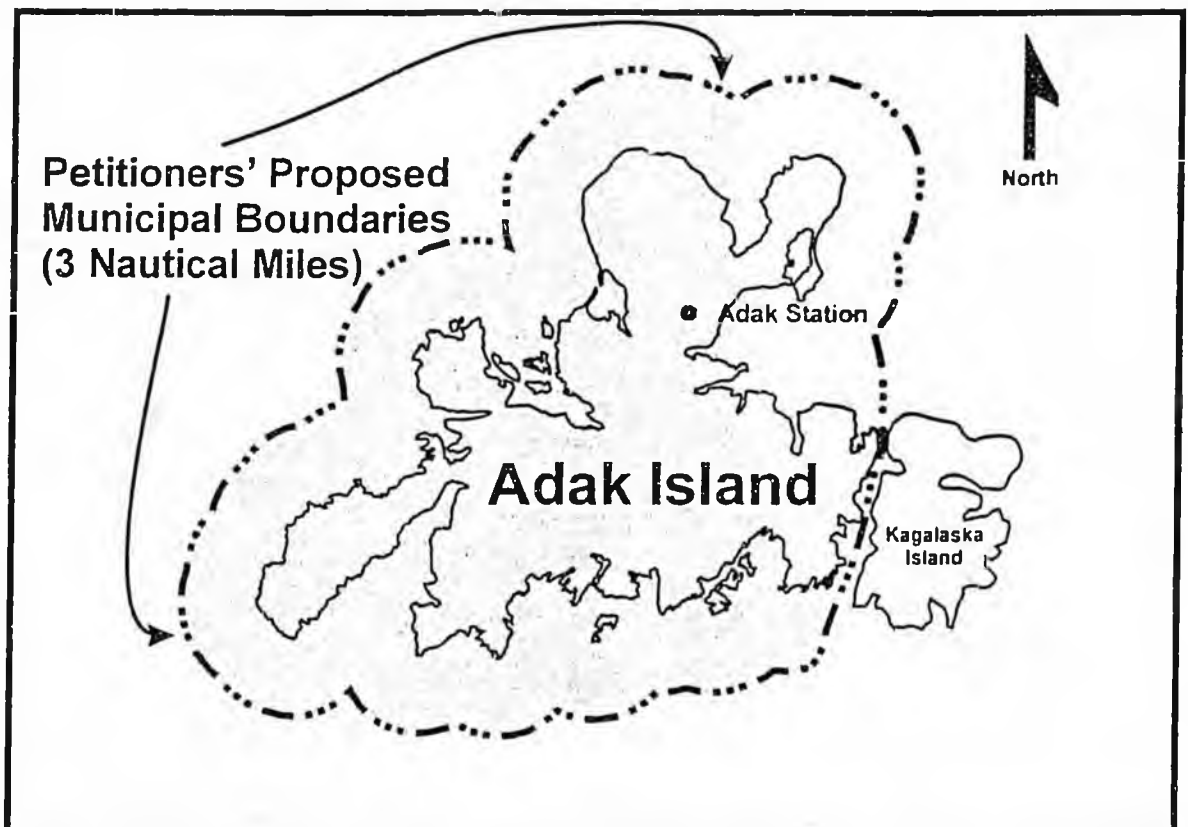
On April 29, 1999, 38 registered voters in Adak, a community of 106 residents, petitioned the Local Boundary Commission to incorporate a second class city. The Petitioners proposed city boundaries encompassing 676.3 square miles, including all of Adak Island and surrounding offshore areas. The petition proposed ballot propositions authorizing the city to levy a 3% sales tax and a 2% fuel transfer tax. The petition also requested that incorporation be contingent upon voter approval of an institutional controls ordinance.

On May 10, 1999, LBC staff completed its technical review of the petition in accordance with AS 29.05.070, and accepted the petition for filing. The LBC

Chairperson established July 20, 1999, as the deadline for filing responsive briefs and comments regarding the petition.

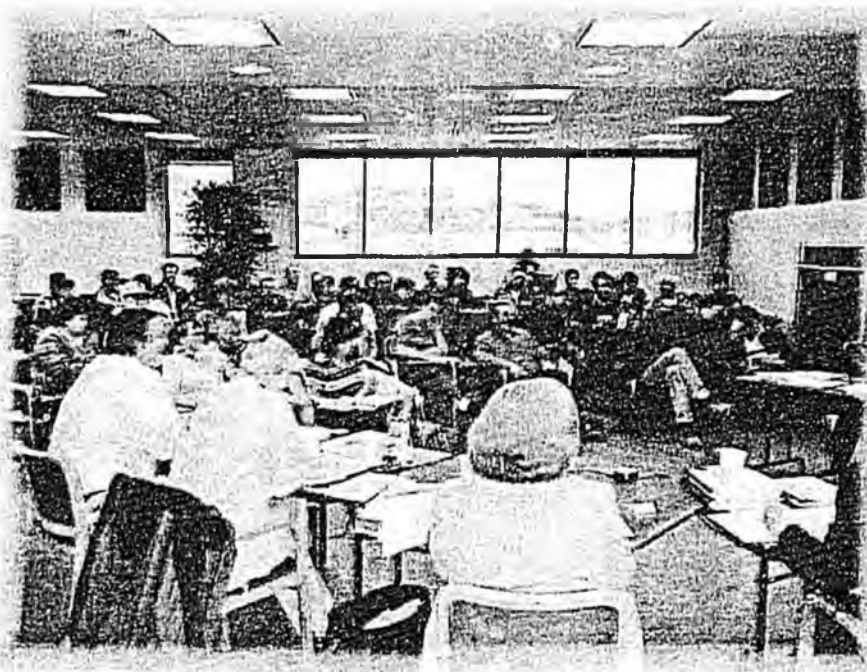
Public notice of the filing of the petition was given in accordance with the requirements of 3 AAC 110.450. On July 20, 1999 the U.S. Fish and Wildlife Service filed a 9-page responsive brief that expressed opposition to the expansive city boundaries proposed by the Petitioners. Thus, pursuant to 3 AAC 110.480, for purposes of this proceeding, the U.S. Fish and Wildlife Service (U.S.F.W.S) was the sole respondent. On August 27, 1999, the Petitioners filed a 30-page reply brief pursuant to 3 AAC 110.490. A copy of the reply brief was served on the U.S.F.W.S. on that date.

AS 29.05.080 and 3 AAC 110.520 require DCED to conduct a public informational meeting in the territory pro-



Area petitioned for incorporation.

posed for incorporation. DCED staff conducted a public informational meeting on the incorporation proposal at the Bob Reeve School in Adak on January 24, 2000. Notice of the meeting was sent to 83 parties, published and posted at Adak. On February 19, 2000, the DCED Preliminary Report and Recommendation was issued to



LBC April 28, 2000 hearing at Adak.

87 interested individuals and organizations. Deadline for comment on that report was March 22, 2000. Timely letters commenting on the DCED Preliminary Report were received from six parties, including a two-page letter submitted jointly from Senator Lyman Hoffman and Representative Carl Moses expressing their strong support for the proposed city incorporation.

DCED's Final Report and recommendation was issued on March 6, 2000. Notice was issued by mail, publication and posting.

At its April 28, 2000 hearing, the Commission heard seven hours of testimony. On April 29, 2000, the Commission deliberated for two hours before concluding that several key issues relating to the transition from a former major Naval base to a smaller civilian settlement were unresolved, and that it was premature to

render a final decision on the incorporation proposal. The Commission cited several actions by federal agencies, Congress, the Aleut Corporation, and others that were pending at that time. The Commission noted that such pending matters would significantly affect Adak's economic development, land and facility ownership, and the viability of the proposed city.

The Commission voted to keep the petition record open until August 29, 2000 with the expectation that sufficient information would be available by that date to render a decision on the city incorporation proposal. Commission members referenced various documents, studies, and actions that were expected to be concluded during that four-month period.

Notice of the extension of the record was published on May 9, 2000. A press release regarding the extension of the

record was sent to eleven media outlets, including statewide, local and regional print and publication media. Individual notice of the extension of the record was mailed to interested parties.

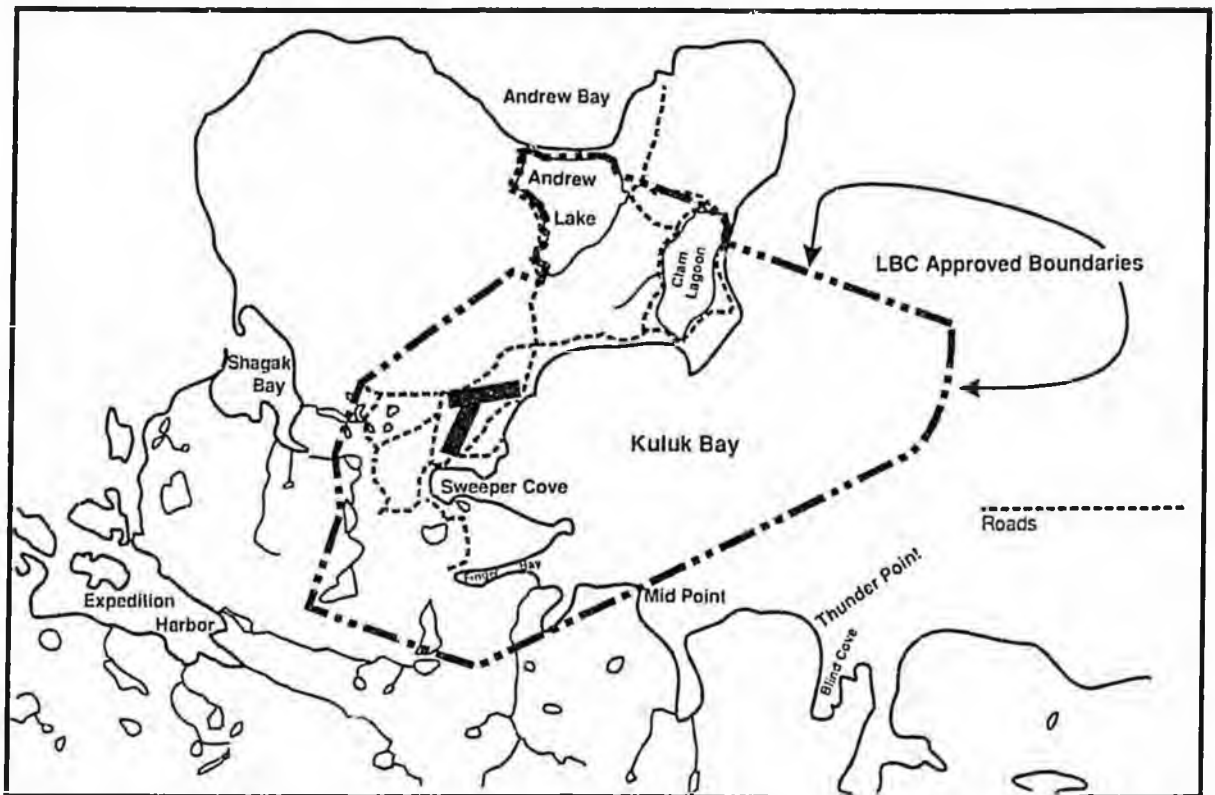
On September 27, 2000, DCED issued a supplementary report that addressed information provided by the Petitioners in an August 29, 2000 submission and other developments relating to Adak city incorporation that had occurred since the Commission's public hearing in Adak. The 27-page report reaffirmed the conclusions and recommendations that the petition be amended and approved as set forth in the Department's final report.

On October 19, 2000, the Commission reconvened the recessed meeting of April 29, 2000. Notice of the meeting was

published, sent to 61 interested parties, and posted in three public and prominent places at Adak.

At the October 19, 2000 meeting, the Commission amended and approved the petition. Amendments to the petition reduced the area encompassed by the boundaries of the proposed city from 676.3 square miles to 71.72 square miles and removed a requirement for adoption of an institutional controls ordinance upon incorporation. The amended petition was approved by unanimous vote of the Commission.

The Division of Elections has scheduled the election on the proposed incorporation of the City of Adak for April 3, 2000.



City of Adak boundaries as approved by the Local Boundary Commission.

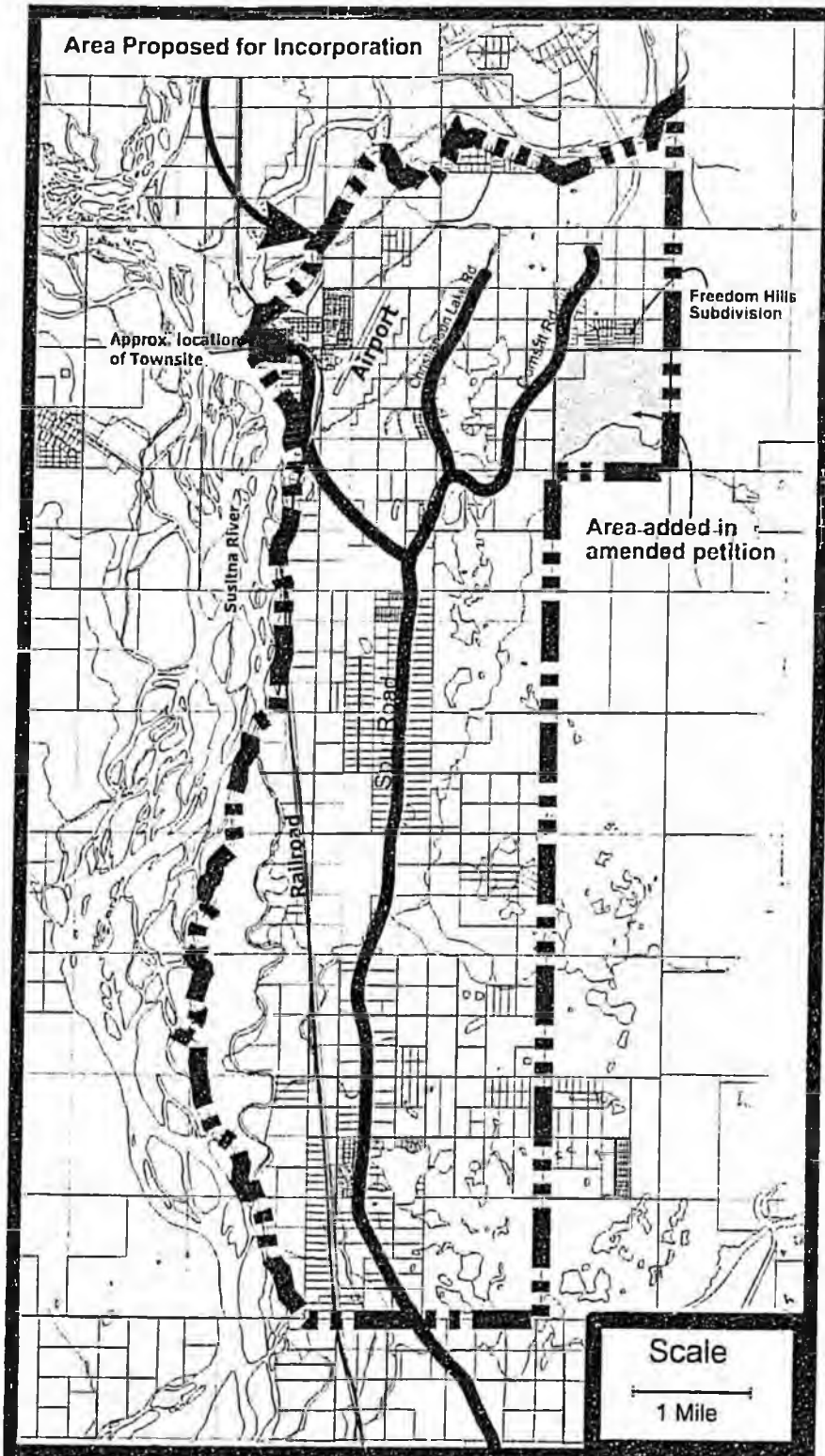
Talkeetna

On March 25, 1998, residents of Talkeetna petitioned to incorporate a home rule city with boundaries encompassing twenty-three square miles. Approximately 38 individuals attended a May 27, 1998 informational meeting conducted in Talkeetna by LBC staff. The meeting was broadcast live on local radio station KTNA and rebroadcast the following week.

Eight written comments concerning the 1998 petition were submitted prior to the June 19, 1998 deadline for submission of such comments. Timely submissions included two similar informal petitions signed by 253 parties.⁸ On June 19, 1998, the Matanuska-Susitna Borough (MSB) filed a 26-page responsive brief with 19 exhibits. The summary portion of the original MSB brief

stated, in part, that "the proposed petition for incorporation of the city of Talkeetna requires supplementation as noted in the borough's response and can not be granted as proposed . . ." and opines ". . .the petition as

8 One of the two petitions stated, "We, the undersigned residents of the community of Talkeetna, wish to go on record as opposed to the incorporation of the community of Talkeetna. We do not want to be included." The second petition stated "WE, THE UNDERSIGNED RESIDENTS OF THE AREA SOUTH OF THE RAILROAD CROSSING AT THE ENTRANCE OF THE COMMUNITY OF TALKEETNA, AND CONTINUING SOUTH TO ANSWER CREEK, WISH TO GO ON RECORD AS OPPOSED TO THE INCORPORATION OF THE COMMUNITY OF TALKEETNA. WE DO NOT WANT TO BE INCLUDED." The informal petitions contained 161 signatures of voters inside the proposed City of Talkeetna boundaries and 22 registered to vote in the greater Talkeetna area but outside the proposed City of Talkeetna boundaries.



Amended proposed city boundaries for Talkeetna.

9 MSB June 19, 1998 Responsive Brief, at 26.

*presented does not establish how the commission may grant it in light of the constitution, state statute, and the regulatory factors applicable to the incorporation of a home rule city.*⁹ The Respondent addressed several deficiencies in the original petition, including:

- issues relating to maximum local self-government with a minimum of local governmental units;
- issues associated with the disruption of existing borough service areas;
- perceived deficiencies in the proposed budget of the city;
- issues relating to whether the MSB is providing services that the city could provide which implicate AS 29.05.021(b) and former 19 AAC 10.010(b).

On August 3, 1998, the Petitioners filed a 4-page brief in reply to the responsive briefs and other written comments. A copy of the reply brief was served on the Respondent on August 3, 1998.

On September 21, 1998, the MSB submitted a five-page supplement to its June 19, 1998 responsive brief, with seven pages of attachments. The LBC extended to the respondent the opportunity to supplement its brief because the Petitioners had been allowed an extended period to submit a reply to the original MSB responsive brief.

On October 3, 1998, the Petitioners filed a two-page reply to the Respondent's September 21, 1998 supplementary submission.

On December 7, 1998, a 41-page draft report and recommendation concerning the petition was issued to 134 parties by LBC staff.

The 1998 report recommended that the petition be denied. That recommendation was based upon the following concerns.

- That the petition failed to include all land and water necessary to provide the full development of essential services on an efficient, cost effective level as required by AS 29.05.011(a)(2).
- That the petition did not adequately demonstrate a need for government as required by AS 29.05.011(a)(5). The City of Talkeetna, as proposed by the current petition, would leave certain Matanuska-Susitna Borough (MSB) service areas intact and fracture others.

That the petition, if implemented as originally submitted, would not have resulted in a significant minimization of the number of local government units as promoted by Article X, Section 1 of the Alaska Constitution.

- That unresolved questions existed with respect to municipal service delivery, both in the area proposed for incorporation and in neighboring areas. Concern existed that implementation of the original incorporation proposal could result in a significant diminution of the number of municipal services provided to residents of the area. Nonareawide Matanuska-Susitna Borough services provided to the greater Talkeetna area

include solid waste disposal, library service, and animal control. Delivery of such nonareawide services would be disrupted or cease altogether unless provisions are made for transition of such services upon city incorporation. Since such provisions had not been made, the draft report concluded that the requirement of AS 29.05.021(b) was not satisfied by the original incorporation proposal.

On December 7, 1998, LBC staff issued a 54-page draft report on the original petition. The deadline for comment upon the draft report was 5:00 p.m., January 7, 1999.

Comments were received from the Talkeetna Community Council, ten individuals, and the Respondent Matanuska-Susitna Borough.

At the request of the Petitioners's Representative, on March 24, 1999, LBC staff conducted a second public informational meeting in Talkeetna to provide information regarding the Petitioners' options to amend or withdraw the incorporation. The meeting was broadcast live on local radio. About 30 people attended the two-hour meeting.

On May 14, 1999, LBC staff received a letter from the Petitioners' Representative requesting until June 30, 1999 to submit an amended petition reflecting actions taken to resolve various concerns about specific aspects of the incorporation petition expressed by the Respondent MSB and the former DCRA. Such issues related to the following:

- transition of assumption of responsibility for delivery of nonareawide borough powers in the area proposed for incorporation;
- the responsibility for maintenance of the Freedom Hills access road after city incorporation;
- the effect upon service area mill rates if that portion of the Talkeetna Road Service area outside of the proposed City of Talkeetna boundaries were consolidated with other road service areas;
- questions relating to water and sewer service in the Talkeetna core area;
- updated assessment of the value of real property within the area proposed for incorporation;
- issues regarding borough collection and rebate of overnight accommodations taxes received from commercial lodging facilities in the area proposed for incorporation.

On October 6, 1999, DCED received an amended petition for incorporation. Specific amendments to the March 25, 1998 petition included the following:

- offering the voters the option of a 4% seasonal sales tax or 2% year round sales tax;
- deletion of the proposed bed tax;
- provision for a part-time city manager, part-time city clerk/treasurer, full-time public works operator, and seasonal recreation director;
- enlargement of the area proposed for incorporation to include one section (Section 28) to ensure that all existing and potential access routes to the Freedom Hills Subdivision are within the proposed city boundaries;

10 That document was titled *Matanuska-Susitna Borough's Comments to Amended Petition to Incorporate the City of Talkeetna.*

- provision for city management of the water and sewer system in the core area within 18 months after incorporation;
- provision for city assumption of solid waste services within 18 months after incorporation; and
- provision of city assumption of library service within 18 months after incorporation.

The amended petition was signed by 53 persons. The Division of Elections confirmed that the amended petition bore sufficient signatures from qualified voters residing in the area proposed for incorporation and sufficient signatures of Talkeetna voters who had signed the original petition.

Public notice of the filing of the amended petition was given in accordance with the requirements of 3 AAC 110.450. Notice was mailed to 136 interested parties. Arrangements were made for publication of the notice for three consecutive weeks, as required by 3 AAC 110.450. However, due to an inadvertent failure on the part of the newspaper to publish the notice of the amended petition three times as required, publication of the notice of the filing of the amended petition was repeated.

On May 10, 2000, notice of the filing of the amended petition was posted at four locations in Talkeetna. On May 11, 2000, notice was mailed by LBC staff to 140 potentially interested agencies and individuals.

On July 21, 2000, the Respondent Matanuska-Susitna Borough filed a 13-page supplement to its reply brief.¹⁰

On September 15, 2000, the Petitioners' Representative filed a six-page reply to

the Matanuska-Susitna Borough's July 21, 2000 submission.

Sixteen sets of timely comments were filed with DCED regarding the amended petition.

On October 11, 2000, LBC staff conducted a third public informational meeting in Talkeetna to provide information regarding the amended petition.

DCED's preliminary report regarding the amended petition will be issued in early 2001.

Nikiski

DCED staff attended a community meeting regarding a prospective proposal for incorporation of a home rule City of Nikiski on November 30 at the Nikiski Senior Citizens' Center, at the request of the local organizer of the incorporation effort. The organizer of the effort indicated that the proposal under current consideration is quite similar to a proposal advanced by Nikiski residents nearly ten years ago but withdrawn prior to the formal filing of a petition. As was the case a decade ago, the boundaries contemplated by the Nikiski incorporation proponents conform to the Kenai Peninsula Borough's Nikiski Fire Service Area, which encompasses more than 1,400 square miles and includes the communities Salamatof and Tyonek. A city conforming to the boundaries of the Nikiski Fire Service Area would have the most expansive boundaries of any city in Alaska. The boundaries contemplated by proponents of the city would exceed or be roughly equivalent to the areas encompassed by boundaries of three existing organized boroughs.

Naukati Bay

At the request of community members, staff from DCED's Juneau office traveled to the community in December 2000 to provide information about municipal incorporation.

Sunshine

In November 2000, a resident of the central Matanuska-Susitna Borough community of Sunshine indicated that development of a petition for incorporation of a second class City of Sunshine is nearing completion.

Meadow Lakes

In April 2000, LBC staff met with a Meadow Lakes resident and responded to questions regarding city incorporation standards and procedures.

Karluk

At the request of an aide to Representative Austerman, LBC staff developed petition forms for incorporation of a second class city within a borough and provided the forms, together with background information on city incorporation standards and procedures, to the President of the Karluk IRA Council.

Papke's Landing

A resident of Mitkof Island living 11 miles south of Petersburg expressed interest in forming a city. The area in question includes the area across from Papke's Landing and south of Papke's Landing on Wrangell Narrows and the area of Falls Creek and across on south Kupreanof on the Lindenberg Peninsula. Staff provided petition forms as requested, but advised the individual that in order to incorporate a city, there must be a bonafide community. Further, the individual was informed that State law prohibits the incorporation of a city if needed services can be provided by annexation to an existing city.

Heidenview

In March, 2000, a resident of an area located about two miles north of the boundaries of the City of Valdez requested and was provided with information regarding the standards and procedures for city incorporation. The individual requesting information indicated that the area is known as Heidenview. In a letter transmitting the information regarding city incorporation, LBC staff advised that the prohibition against incorporation of a city in the unorganized borough if municipal services can be provided by annexation to an existing city.

City Annexation

Fourteen annexations to cities were considered, initiated, or implemented during 2000. Such pending or prospective city annexation activity occurred with respect to the following municipalities.

Details concerning 2000 City annexation activities are provided below.

- City of Ketchikan (Shoreline Service Area)
- City of Ketchikan (Bear Valley)
- City of Homer
- City of North Pole
- City of Kodiak
- City of Klawock
- City of Palmer
- City of Petersburg
- City of Allakaket
- City of Soldotna
- City of Wasilla
- City of Eagle
- City of Aleknagik



City of Ketchikan (Shoreline Service Area)

As allowed by 3 AAC 110.410, the City of Ketchikan formally initiated efforts to annex approximately 0.48 square miles by a petition to the Local Boundary Commission dated February 5, 1999. The petition was received by the Commission's staff on February 25, 1999, and accepted for filing on March 17, 1999.

The Borough's letter requested that *"the petition either be amended to include the*

entire Shoreline Service Area or be rejected."

In response, on May 11, 1999, the City amended its petition to encompass 1.2 square miles. The amended petition sought annexation of the entire Shoreline Service Area.

The Commission conducted a duly-noticed public hearing on the annexation proposal on December 4, 1999 in the Ted Ferry Civic Center in Ketchikan.

Following the hearing, the Commission conducted a one-hour decisional session on the proposal, and approved the City's amended petition to annex 1.2 square miles by unanimous vote.

The recent Shoreline Service Area and Bear Valley annexations to the City of Ketchikan.

On January 19, 2000, the Commission met and voted unanimously to amend the effective date of the proposed annexation to January 1, 2000. Support for the amendment was expressed by Representative Bill Williams, the City of Ketchikan, Ketchikan Gateway Borough, and Shoreline Service Area. A recommendation for the boundary change was submitted to the Second Session of the Twenty-First Legislature and received tacit legislative approval.

City of Ketchikan (Bear Valley)

The City of Ketchikan petitioned the Alaska Local Boundary Commission for the annexation of an estimated 27.41 acres in Bear Valley. The territory proposed for annexation is uninhabited and largely undeveloped. Further, the territory is contiguous to the existing corporate boundaries of the City. All of the owners of real property within the territory petitioned the City for annexation of their respective properties. The property is owned by four individuals or entities.

DCED received the petition on March 13, 2000. On March 30, DCED determined that the form and content of the petition were technically sufficient, at which time the petition was formally accepted for filing.

Public notice of the filing of the petition was given in accordance with the requirements of 3 AAC 110.450. On April 3, 2000, the Petitioner mailed or delivered a copy of the notice of filing of the petition to interested parties.

Petition documents were made available for public review at the Offices of the Ketchikan City Clerk and the Ketchikan Public Library. The petition was served on both the Ketchikan Gateway Borough and the City of Saxman by the City of Ketchikan by April 21, 2000.

In accordance with 3 AAC 110.480 and 3 AAC 110.640, the Chairman of the Local Boundary Commission set the deadline for filing responsive briefs and comments in this matter for June 5, 2000. No responsive briefs or comments regarding the matter were received by the deadline.

On July 27, 2000, DCED issued its Preliminary Report and Recommendation to 23 interested individuals and organizations. Deadline for comment on the report was August 28, 2000. On August 28, 2000, DCED received one comment from the City of Ketchikan expressing agreement with DCED's conclusions and recommendation. On August 29, 2000, DCED issued its final report and recommendation confirming the recommendation of the preliminary report to 21 interested individuals and organizations.

The Local Boundary Commission conducted a duly-noticed public hearing regarding the Bear Valley annexation on October 30, 2000. The City Manager and Assistant City Manager of the City of Ketchikan participated in the hearing via teleconference.

Immediately following the teleconferenced public hearing, the Commission briefly deliberated on the matter and unanimously approved the petition



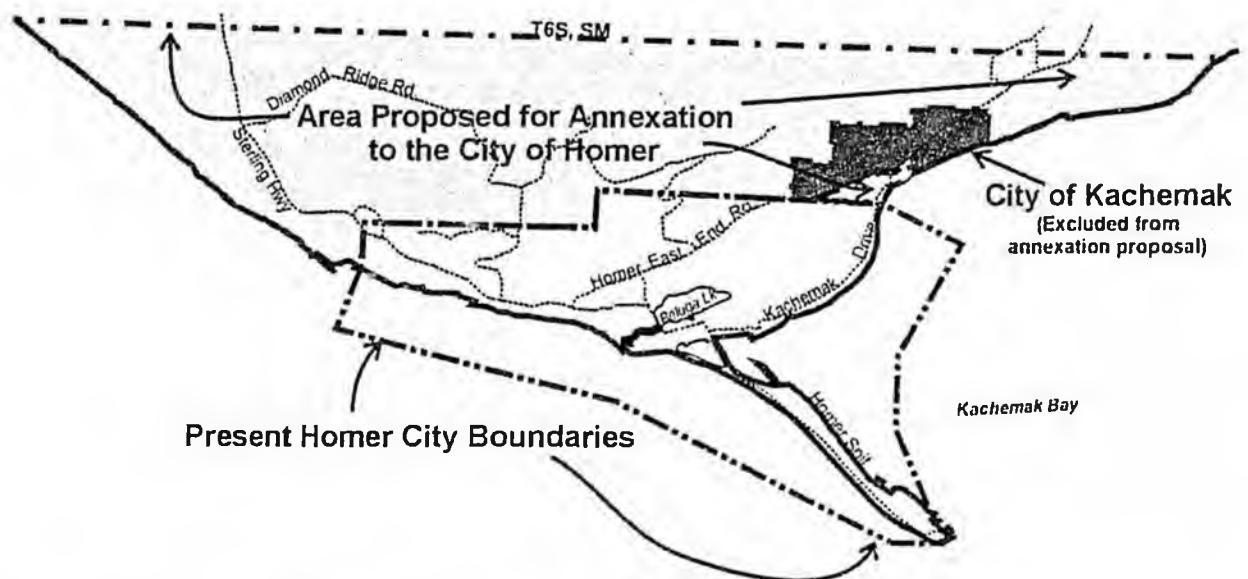
Homer City Hall

without modification or conditions. The Commission issued its decisional statement regarding the annexation on November 17, 2000.

City of Homer

On March 20, 2000, a petition seeking legislative review annexation of 25.58 square miles located west, north and east of current City of Homer boundaries was filed with DCED.

The territory proposed for annexation is inhabited by an estimated 2,687 individu-



Area proposed for annexation to the City of Homer.



Citizens Concerned About Annexation (CCAA) headquarters in Homer.

als. The property tax base of the territory proposed for annexation is estimated to be \$126,575,201.

On March 29, 2000 DCED completed review of the petition's form and content and determined that the documents were substantially complete and proper. Accordingly, the petition was accepted for filing. The Chairman of the Local Boundary Commission established June 5, 2000 as the deadline for the filing of responsive briefs concerning the annexation proposal. LBC staff arranged for notice of the filing of the petition and service of the petition.

Fourteen separate parties submitted timely responsive briefs opposing the annexation petition.

At the request of interested parties, DCED staff attended four separate public meetings in Homer regarding the annexation proposal. On September 7, 2000, the City of Homer filed a brief and extensive exhibits with DCED. A revised version of the reply brief was submitted on September 13, 2000.

On September 15, 2000, the Chairman of the LBC wrote to the Petitioner's Representative and advised that the timing of

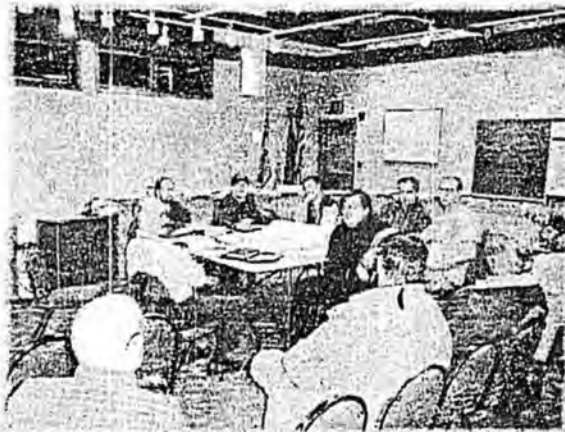
the filing of the reply brief rendered it unrealistic to attempt to complete the remainder of the process involved in a legislative review boundary change in time for possible submission to the legislature in 2001. To have done so at that time would have required the Department of Community and Economic Development to prepare its preliminary report on the matter just three weeks after the date that the City filed its revised reply brief. Moreover, the Commission and staff

would have been required to expedite all other aspects of the proceeding. The Chairman deemed attempts to process the petition on an expedited schedule to be inadvisable given the scope of issues and public concerns associated with the City of Homer's annexation petition. He indicated that it would not be fair to other petitioners who have matters pending before the Commission to defer their proposals while the Commission and staff focused exclusively on the City of Homer's proposal.

Release of DCED's preliminary report on the matter is anticipated in 2001.

City of North Pole

The City of North Pole is in the preliminary stage of exploring the effects, advantages, and drawbacks of expanding the boundaries of the City. Under conceptual review is the prospect of extending the boundaries of the City to encompass all of the area within the boundaries of the North Pole zip code (99705). A map of the zip codes surrounding the North Pole area are shown on the following page. The area being considered encompasses approximately 60 square miles and is inhabited by an estimated 15,000 residents.



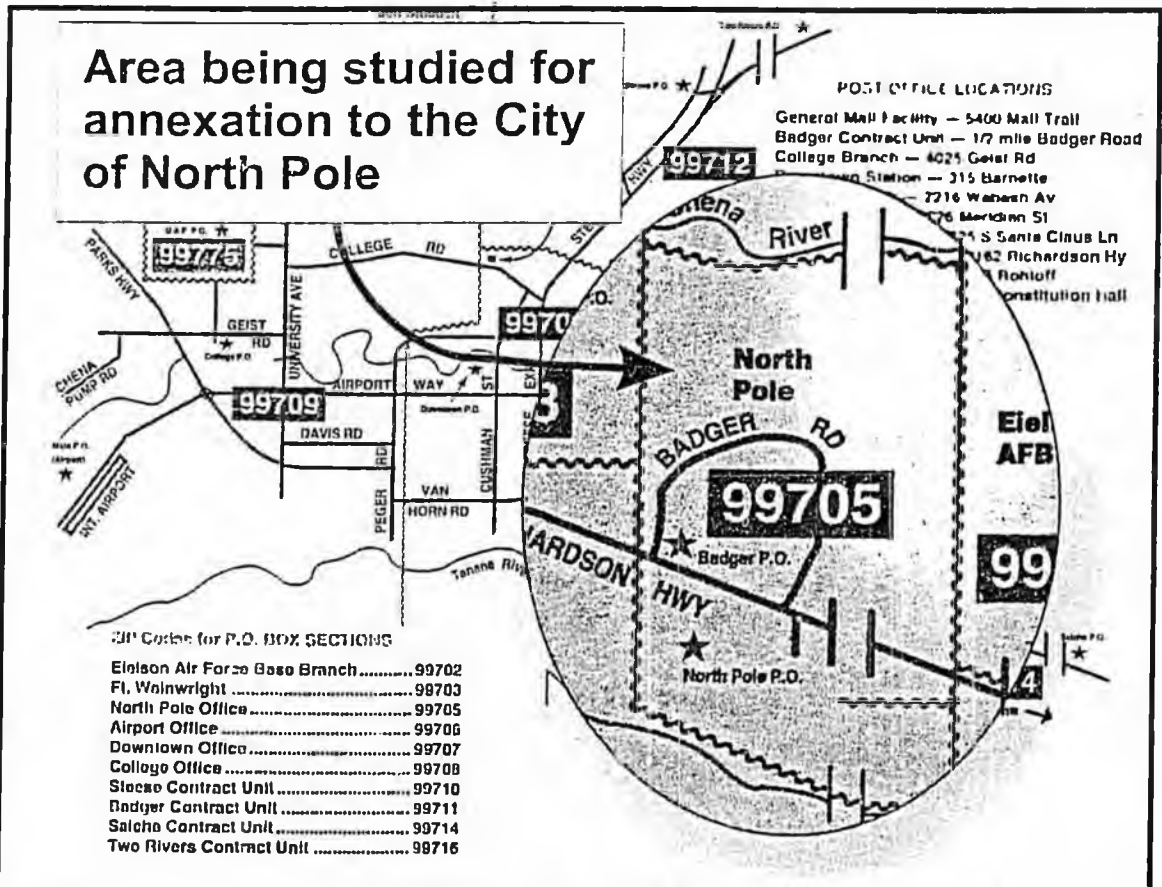
December 2000 meeting regarding a possible annexation to the City of North Pole.

The North Pole City Council has appointed a seven-member ad hoc committee to explore annexation. The committee is comprised of City officials, residents of the City, and residents in the area under consideration for annexation. LBC staff met with the ad hoc annex-

ation committee in December of 2000. The committee has tentatively scheduled four public hearings on the matter in February and March of 2001.

City of Klawock

The City of Klawock has been considering submission of a petition for annexation by local election. In April, 2000, annexation petition forms were provided to the City by LBC staff. The area contemplated for annexation is located south, east and north of the existing City of Klawock boundaries. The City's newsletter indicated that local public meetings concerning annexation were underway in April, 2000. Mayor Williams advised LBC staff that the area considered for annexation contains six households.



City of Palmer

On February 8, 1999, the home rule City of Palmer petitioned to annex four parcels collectively comprising 64.9 acres. The petition was accepted for filing on April 2, 1999. Annexation was sought under provisions of 3 AAC 110.150(2). That regulation permits annexation of contiguous territory to a city "by ordinance and a petition signed by all of the voters and property owners of the territory." The City owned, or held power of attorney, over three of the parcels. The proposal for annexation of those three parcels was from the City. The remaining parcels are owned by private residents, who requested annexation.

When the petition was filed, the Petitioner requested relaxation of certain of the Commission's procedural regulations as permitted by 3 AAC 110.660.

On April 5, 1999, notice of filing of the petition was mailed to 44 parties by

DCED staff. The notice of filing invited written public comment concerning the proposed annexation and the proposed relaxation of procedural regulations by June 4, 1999. Notice of the annexation petition filing and the request for relaxation of procedural regulations was posted, published and served upon the Matanuska-Susitna Borough and neighboring cities.

No comments were received concerning relaxation of procedural regulations by the June 4, 1999 deadline. However, the Matanuska-Susitna Borough expressed support for the proposed annexation.

On September 2, 1999, the Commission granted the City of Palmer's request to suspend or relax certain procedural regulations.¹¹

The deadline for receipt of written comments concerning the DCED report and recommendation by LBC staff was April 21, 2000. The sole comment received on the petition was from the Matanuska-Susitna Borough, which submitted a

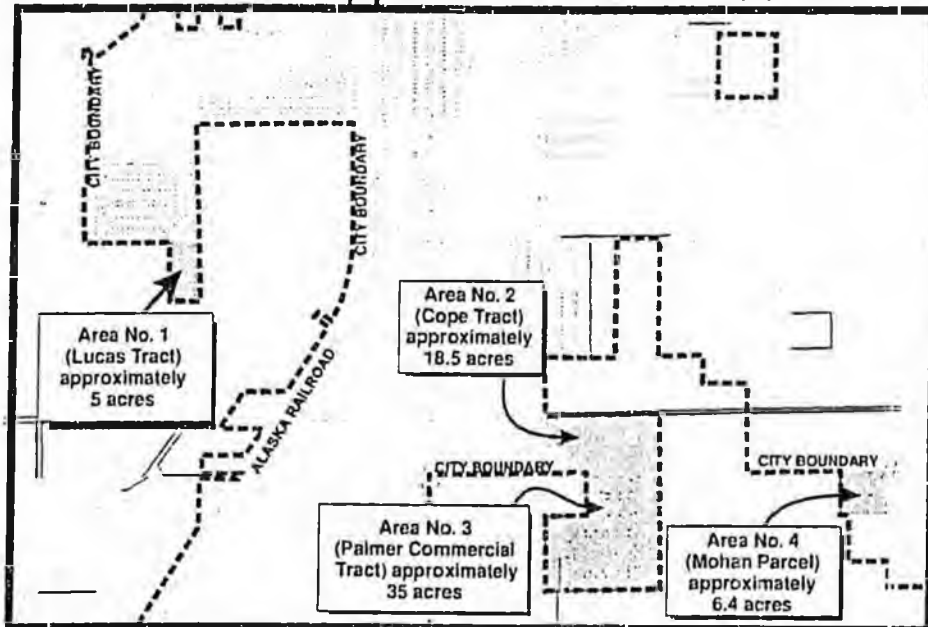
letter expressing support for the annexation proposal.

The Local Boundary Commission conducted a duly-noticed public hearing on the petition by teleconference at 10:00 a.m., April 28, 2000. At the conclusion of the public hearing, the

11 Specifically, the Commission directed that:

- notice of the public hearing be published one time instead of three times;
- one abbreviated DCED staff report would be issued three weeks prior to the date of a teleconferenced public hearing on the petition;
- written comments on the consolidated report could be submitted until at least one week prior to the public hearing. DCED will respond to any comments on the consolidated report at the public hearing;
- the Commission's public hearing on the petition would be conducted by teleconference

Parcels Approved for Annexation



12 In April, the City of Palmer issued a request for proposals for planning services to assist the City to plan options for annexation. In August, DCED was advised that a consultant had been retained by the City to:

- 1) provide the City of Palmer with information on the affects of annexing areas outside the present city limits;
- 2) develop annexation plans in conformance with the City's comprehensive plan;
- 3) analyze the most effective and efficient way to provide municipal services in areas surrounding the City of Palmer;
- 4) determine if annexation proposals reasonably meet the legal standards; and
- 5) provide public information on the annexation plan. (Five and ten year annexation scenarios are to be provided.)

13 If such a petition is submitted, it will be the 46th annexation petition filed by the City of Palmer since its incorporation in 1951.

Commission initiated a decisional session regarding the annexation petition. After considering the standards for annexation, the Commission unanimously approved the petition without amendment or conditions.

In its decisional statement the Local Boundary Commission reiterated its long-standing encouragement to the City of Palmer to approach annexation in a more comprehensive manner rather than the pursuing boundary changes piecemeal, in small increments. The Commission noted that the City of Palmer has issued a request for proposals for the development of a comprehensive annexation plan.¹² The Commission expressed hope that the City of Palmer approaches annexation in a more proactive manner in the future, rather than repeatedly reacting to requests for utility extension to areas that are so modest in scope.

On May 8, an official of the City of Palmer informed DCED staff that a developer of a 66-unit senior citizen housing development adjacent to the existing City of Palmer boundaries desired annexation of that development site to the City.¹³

City of Wasilla

In December 2000, City of Wasilla staff forwarded a preliminary draft of a petition for annexation of 312.85 acres at the request of all voters and property owners in the subject territory. It is anticipated that the petition will be filed in early 2001.

City of Kodiak

In March, a City of Kodiak official indicated that the City had been considering pursuing annexation of the City's watersheds by the legislative review process. The watersheds were included in a local action petition proposal that was approved by the Local Boundary Commission in 1999, but rejected by the voters.

City of Petersburg

In November 2000, the Director of Community Development for the City of Petersburg indicated that City staff are drafting a legislative review annexation proposal for much of Mitkof Island. It is intended that the draft will be considered by the City Council before a determination is made whether to pursue annexation. LBC staff met with the Petersburg City Council and others at a public work session on annexation in September. More recently, LBC staff provided city staff with the LBC's proposed additional procedural requirements for legislative review annexations (proposed 3 AAC 110.425).

City of Soldotna

In November, the manager of the City of Soldotna indicated that the City has been considering filing a local action annexation proposal of property owned by the Kenai Peninsula and the local ANSCA village corporation. On a longer-term basis, the City also reportedly anticipates submission of a legislative review annexation petition.

City of Allakaket

On April 21, 2000, the Allakaket City Clerk requested and was provided with forms for petitioning for annexation by legislative review. The post-flood relocation of homes and certain facilities has skewed the boundaries of the City of Allakaket relative to recent community growth and development. A preliminary draft petition for annexation of seven square miles to the City was submitted to DCED for informal review and comment.

City of Eagle

In December, 2000, Fairbanks DCED staff reported that the City of Eagle has expressed interest in annexing areas outside the existing city boundaries, due to increasing development adjacent to the existing boundaries of that City.

City of Aleknagik

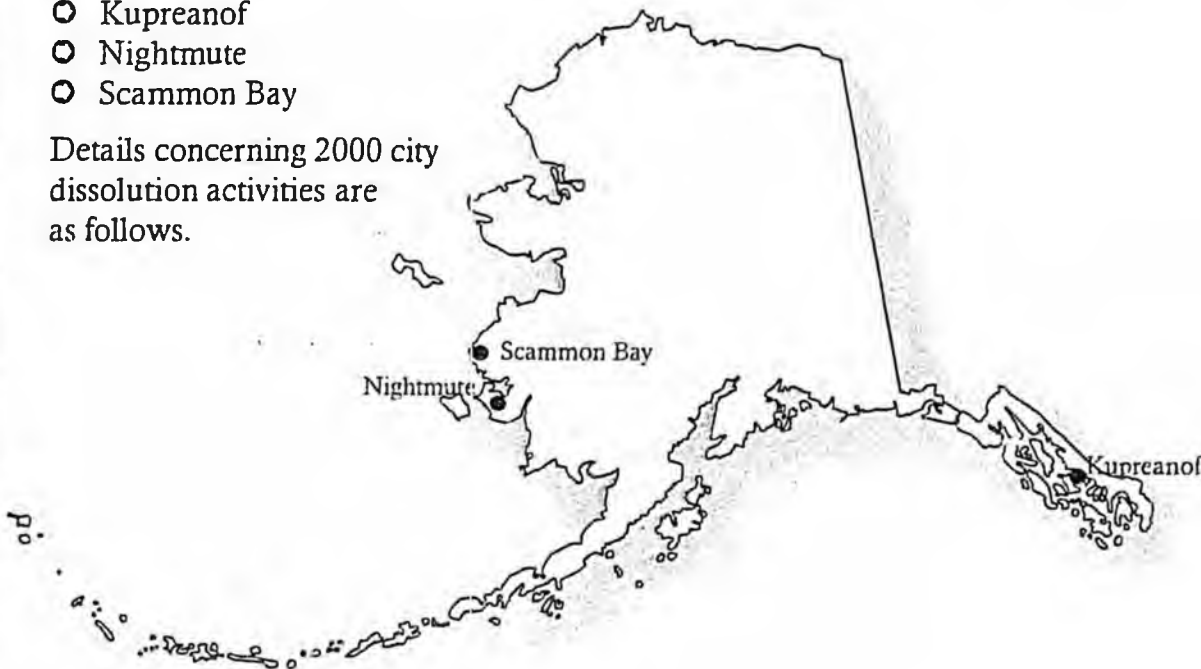
Annexation of 24.29 square miles to the City of Aleknagik, approved by the Commission in November 1999 and approved by the legislature in 2000, was finalized. The annexation became effective on April 14, 2000.

City Dissolution

Inquiries concerning city dissolution occurred regarding the following three cities during 2000.

- Kupreanof
- Nightmute
- Scammon Bay

Details concerning 2000 city dissolution activities are as follows.



City of Kupreanof

Residents and local officials in Kupreanof have experienced some degree of difficulty in sustaining a second class city government. The governing body of a second class city is comprised of 7 members, which is equivalent to nearly 30% of the current population (24) of Kupreanof. Some have been exploring the prospect of dissolving the City. However, there is concern that such would lead to annexation of the community by the adjoining City of Petersburg.

procedures for city dissolution. He indicated that some members of the community have proposed that the City dissolve. Others reportedly have proposed that the City remain technically active, but contract for the delivery of municipal services with the Nightmute Traditional Council.

City of Scammon Bay

In February, 2000, a legislative aide indicated that a petition for dissolution of the City of Scammon Bay was being circulated in that community. LBC staff provided information about the standards and procedures for city dissolution.

City of Nightmute

In March, the Nightmute city administrator requested and was provided with information relating to standards and

City Merger

During 2000, no petitions for merger of cities were filed or processed.

City Reclassification

During 2000, no petitions for reclassification of cities were filed or processed. However, interest in reclassification was expressed by officials of two cities, the City of Bethel and the City of Wasilla.

- City of Bethel
- City of Wasilla



City of Bethel

In February, the Bethel City Clerk indicated that the Bethel City Council has expressed interest in reclassifying the city government from second class to first class status. At the request of the City, LBC staff provided City staff with information concerning the standards and procedures for city reclassification.

City of Wasilla

On February 28, 2000, LBC staff made a presentation to the Wasilla City Council concerning procedures and related aspects of adopting a home rule charter for the City. At the meeting, LBC staff distributed a 9-page booklet with 85 pages of appendices describing home rule government in Alaska. The Mayor and several members of the Council expressed interest in continuing to consider the option of home rule status.

If the City of Wasilla successfully pursues home rule status, it will be the first city to adopt a home rule charter in the past 19 years.

City Detachment

No formal petitions for detachment of territory from cities were filed during 2000. However, interest has been expressed in detachment of territory from two cities.

- City of Haines
- City of Allakaket



City of Haines

On July 5, 2000, it was reported that a group of eight property owners in the western portion of the City of Haines (the area between Comstock Road and Mennaker Road) desired detachment of their neighborhood from the City. The properties in question were part of a much larger (6.5 square mile) annexation to the City of Haines that became effective in March, 1999. The property owners were reportedly concerned about (1) the increase in taxes that resulted from annexation, (2) what they perceived to be a lack of services from the City of Haines, and (3) the alleged incompatibility of the character of their neighborhood with other parts of the City of Haines (population density, subdivision characteristics, land use, etc.). Represent-

tatives of the group were advised that 3 AAC 110.650 provides that, 'Except upon a special showing to the commission of significantly changed conditions, a petition will not be accepted for filing that . . . requests a substantial reversal of a decision of the commission that first became effective during the immediately preceding 24 months.'

City of Allakaket

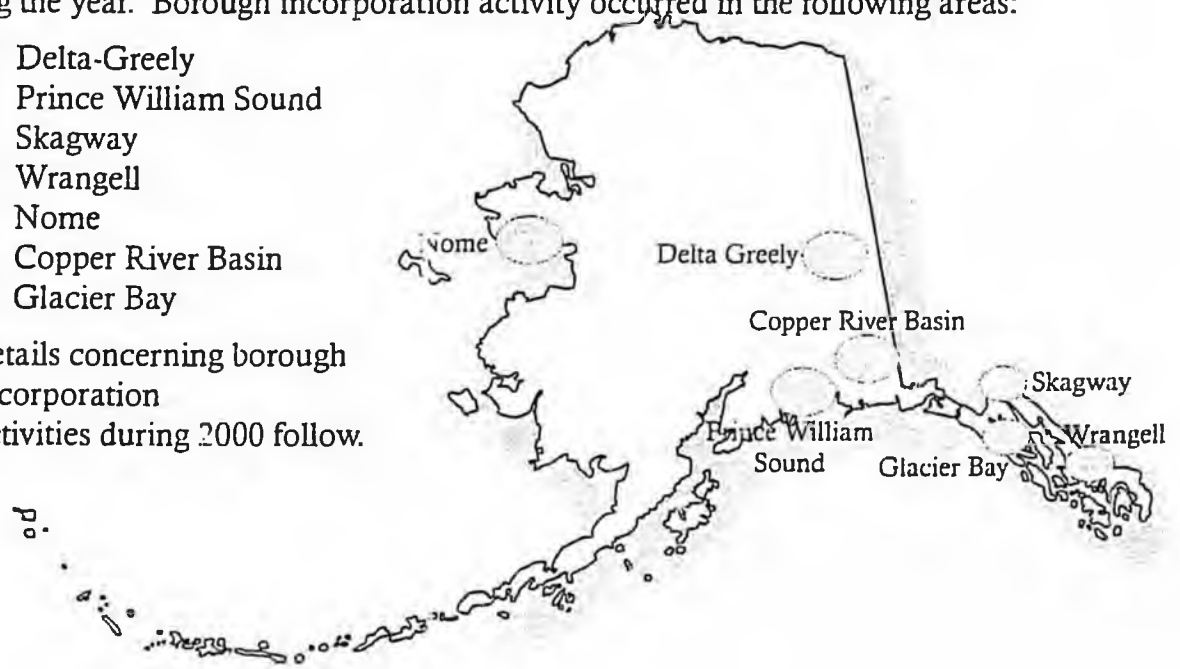
The City of Allakaket is developing a petition for detachment of about 1.5 square miles in conjunction with its petition for annexation of about seven square miles. The area proposed for detachment is comprised of the community of Alatna.

Borough Incorporation

One petition for borough incorporation was submitted in 2000. Additionally, officials or residents of six other areas expressed interest in borough incorporation during the year. Borough incorporation activity occurred in the following areas:

- Delta-Greely
- Prince William Sound
- Skagway
- Wrangell
- Nome
- Copper River Basin
- Glacier Bay

Details concerning borough incorporation activities during 2000 follow.



Delta-Greely

On March 20, 2000, the "Deltana Borough Petition for Incorporation of a Home Rule Borough" was received by LBC staff. The territory proposed for incorporation of a non-unified home rule borough encompassing an estimated 7,892 square miles including the entire Delta-Greely REAA plus an uninhabited portion of the adjacent Alaska Gateway REAA. The population of the territory in question is estimated to be 4,108.

On April 13, 2000, LBC staff attended a public informational meeting in Delta Junction regarding the petition.

On April 21, 2000, DCED wrote to the Petitioners' Representative and informed her that DCED had completed technical review of the form and content of the petition. She was advised that the petition was not accepted for filing because it was significantly lacking in aspects of form and content, and that such a determination had been made after conferring with the Chairman of the Local Boundary Commission and the State Attorney General's Office.

Substantive deficiencies in the petition included the following.

1. Section 14.11 of the proposed charter stated, "Unfunded Mandates. In no manner will the Borough accept responsibility of any mandates that do not carry funding to implement such mandates." The State of Alaska currently mandates that each organized borough provide education, planning, platting, land use regulation, tax assessment, and tax collec-

tion on an areawide basis. Further, if a borough levies a property tax (as is proposed in the Deltana Borough petition), State law provides that certain properties must be exempt from taxation (e.g., primary residences of senior citizens and disabled veterans). Additionally, there are many other provisions in State law that could reasonably be construed to be mandates. These include requirements for annual elections, financial audits, and regular assembly meetings.

All of the mandates noted above apply to every organized borough in Alaska, including home rule boroughs (see AS 29.10.200; AS 29.35.160 – 29.35.180). None of those mandates is fully funded by the State. Consequently, the proposed Deltana Borough charter and state law were in serious conflict. A home rule charter cannot prescribe a power that is prohibited by State law (Article X, Section 11, Alaska Constitution).

This same deficiency was present in the draft charter reviewed by the agency in 1999. Even though that concern had been conveyed to the incorporation proponents in the context of the 1999 review of the draft charter, DCED's concerns in that context were evidently not heeded.

2. Section 15.08 of the proposed home rule charter indicated that the borough assembly would have the power to exempt \$150,000 of the value of a primary residence of a homeowner who lives in that residence on a year-round basis and who is eligible for a \$10,000 "homestead exemption."¹⁴

¹⁴ Section 15.08: Tax Credit. The Assembly shall hold the authority to authorize a blanket tax credit to the homeowner who: resides in his primary dwelling within the Deltana Borough on a year-round basis; is eligible for the \$10,000.00 homestead exemption; and who made proper application to the Borough clerk. This tax credit cannot exceed the individual tax exemption allowed to seniors and/or disabled citizens of the Borough under Section 15.03.

Such a provision is clearly impermissible under State law. On May 6, 1999, the petitioners were advised that such a provision was illegal. On that date, agency staff advised,

The nature of the "blanket tax credit" in Section 15.08 is vague and ambiguous. What is a "tax credit" and how is it different than a "tax exemption"? Section 15.08 appears to infer that the assembly may grant a

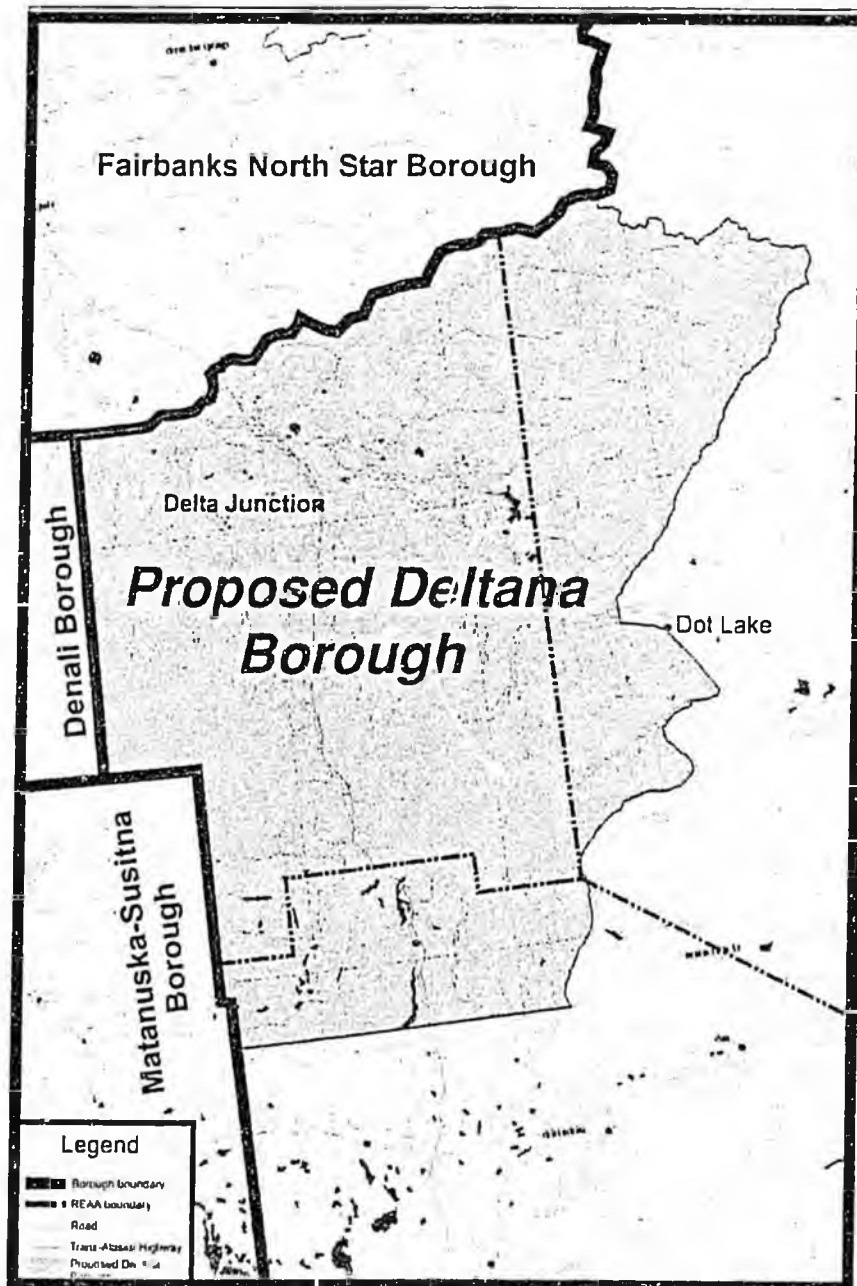
"tax credit" up to \$150,000. There is no authority for such provisions.

3. State law (3 AAC 110.900) requires that a borough incorporation petition include a detailed transition plan. Further, the law provides that the transition plan must be developed in consultation with representatives of entities holding current jurisdiction over the area proposed for incorporation.

The transition plan presented in the petition consists of a single sentence, in part, referring to general transition provisions in Article XIX of the proposed charter. Even when the provisions of Article XIX of the proposed charter were considered, the petition clearly lacked the detail required by law.

Further, the plan was not developed in consultation with others as required. For example, the Alaska Gateway School District was never consulted even though the Deltana Borough proposal includes a sizable portion of the Alaska Gateway School District within the proposed borough boundaries.

Proposed Deltana Borough.



4. The petition presented only a single sentence outlining information intended to address the matters relating to the Federal Voting Rights Act and 3 AAC 110.910. It stated simply, "The proposed Deltana Borough incorporates precincts 10 and 40 which were Federally approved as of 1990." This failed to adequately address all of the points required by law.
5. State law provides that the petition must include a supporting brief. The law specifically requires that the "brief must address relevant constitutional, statutory and regulatory standards applicable to the proposed action and include a detailed explanation of how the standards apply to the proposed action." [3 AAC 110.420(c)] The brief provided with the Deltana Borough petition consisted of only twenty-eight sentences. Those sentences were largely conclusory statements that lacked the level of detail required by law.

For example, the boundaries of the proposed Deltana Borough conformed to neither the existing regional educational attendance area nor the model borough boundaries adopted by the Local Boundary Commission. State law provides that,

"The proposed borough boundaries *must* conform to existing regional educational attendance area boundaries unless the commission determines, after consultation with the commissioner of the Department of Education and Early Development, that a territory of different size is better suited to the public interest in a full balance of the standards for incorporation of a borough." (emphasis added)
[3 AAC 110.060(c)]

Further, the law favors model borough boundaries adopted by the Local Boundary Commission. The Petitioners' brief addressed the boundary standards in a mere four sentences. The brief included no explanation of or justification for the deviation from the REAA boundaries and model borough boundaries.

6. The petition lacked a legal description of the territory proposed for incorporation. At the request of the Petitioners' Representative, DCED developed a metes and bounds description of the territory after the petition was submitted. However, because the description involved a certain amount of interpretation, it should have been included in the petition before signatures were gathered.
7. The total anticipated expenditures listed in the budget understated reasonably anticipated expenditures by \$767,500. Additionally, the projected expenditures for the local contribution in support of schools for the second and third fiscal years were incorrect.
8. Beyond the errors noted above, the petition lacked sufficient detail to allow DCED, the Local Boundary Commission, and prospective borough voters to determine whether the budget is feasible. The budget listed only 11 expenditure items. DCED observed that "*One cannot reasonably determine from the broadly stated categories whether the budget is plausible.*"

Additionally, elements of the budget were ambiguous. For example, it projected that funds would be spent for "safe communities" and "revenue sharing." Those are sources of

15 In June 1999, LBC staff reviewed a draft proposal to form a Wrangell unified municipality. At that time, an eight-page letter from DCED expressed a number of fundamental policy concerns regarding the proposal. DCED concluded that "while the proposal does little to promote local self-government, it would result in significant expense to the State of Alaska." Concerns were also raised about long-standing policy issues relating to formation of single-community boroughs.

revenue. It was unclear how those funds would be spent.

9. The petition indicated in that the borough would exercise only the following six powers (all of which would be exercised on an areawide basis):

- Education
- Planning
- Platting
- Land Use Regulation
- Taxation
- Search and Rescue

However, other parts of the petition indicated that the borough would expend funds for libraries, "safe communities," and "revenue sharing." The City of Delta Junction currently exercises library powers. Thus, it was unclear whether the petition proposed that the Borough exercise such powers on a nonareawide basis or that the City of Delta Junction transfer its library powers to the borough.

10. References to the expenditure of funds for "safe communities" and "revenue sharing" were ambiguous since a municipality can expend funds only for a purpose for which it has assumed formal authority. [AS 29.35.010(9)]

DCED noted that it had offered to conduct a technical review of the current petition before it was circulated for signature (even more in depth than the review conducted in May of last year). However, that offer was declined.

DCED expressed particular concern that the agency had no way to determine whether the individuals who signed the

petition did so with reliance on one or more of the previously noted unenforceable provisions of the proposed charter and other significant deficiencies in the petition.

Such concerns were reinforced by comments from individuals in the area proposed for incorporation. For example, the President of the Deltana Community Corporation was quoted in the April 6, 2000 edition of the *Delta Wind* as stating,

"We are very concerned at the misrepresentation that took place in obtaining signatures for filing the charter by the Borough Steering Committee."

One person wrote to DCED asking that his name be removed from the petition because he signed the petition,

"under the verbal misrepresentation that this was to stop our area from being annexed by Fairbanks-North Star Borough and did not fully read the text of the petition."

It was noted that a number of individuals at the April 13, 2000 meeting of the Deltana Community Corporation expressed similar concerns.

Wrangell

An attorney retained by the City of Wrangell indicated that on May 9 the Wrangell City Council voted 4-1 to sponsor a petition for incorporation of a unified municipality. The attorney predicted at that time that filing of the petition was impending.¹⁵