

Rural Power Systems Upgrades**FY2001 Request: \$540,000****Reference No: 32588****AP/AL:** Appropriation**Project Type:** Construction**Category:** Development**Location:** Statewide**Contact:** D. Randy Simmons**House District:** Statewide (HD 1-40)**Contact Phone:** (907)269-3000**Estimated Project Dates:** 07/01/2000 - 06/30/2005**Brief Summary and Statement of Need:**

To match and supplement expected federal funds and local contributions for capital improvements and new electric power systems in rural Alaska. Where required, lack of state matching funds will prevent the federal contribution.

Funding:	<u>FY2001</u>	<u>FY2002</u>	<u>FY2003</u>	<u>FY2004</u>	<u>FY2005</u>	<u>FY2006</u>	<u>Total</u>
G/F Match	\$540,000						\$540,000
Total:	\$540,000	\$0	\$0	\$0	\$0	\$0	\$540,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
One-Time Startup:	0	
Totals:	0	0

Additional Information / Prior Funding History:**Project Description/Justification:****Purpose of the Appropriation**

Under Rural Power Systems Upgrade (RPSU) program, AEA will utilize this appropriation as a match to assist in securing federal funding to complete electrical upgrade projects. This program provides grants and contracts to communities/utilities for upgrades or new construction of electrical systems. Improvements include re-sizing generators, re-balancing of loads, line loss assessments, line extensions to new customers, powerhouse construction and upgrades or other repairs or upgrades to generation and distribution. The purpose of the improvements is to bring the systems into compliance with National Electric Code and Rural Utilities Service standards, to prevent hazardous conditions, and to enhance reliability.

Although the Denali Commission is mandated to assist rural communities in the upgrade of bulk fuel and electrical projects, state and local match funding is a requirement in obtaining funds from the Commission. Many small communities do not have the ability to generate revenues to provide this required match and, at the present time, there are no foreseeable contributions from other federal or state agencies. AEA will utilize this appropriation to meet the Denali Commission matching requirement.

Impact of the Program

Projects funded under this program provide for more efficient operation of rural power systems, which reduces operating costs of the utilities. A reduction in operating costs helps contain the demand for Power Cost Equalization assistance and provides more revenue to stimulate local economies. Funding from this program can be used in conjunction with other sources to conduct an overall system upgrade in a community at one time.

Project Selection Criteria

Priority will be given to projects on the basis of:

- Projects where improvement will allow the system to be absorbed by a regional utility.
- The community's/utility's commitment and contribution to the project.
- The community's/utility's ability to operate and maintain the facility without future state assistance or the community's willingness to join an established, qualified regional utility.
- Projects required in order to meet efficiency guidelines under the Power Cost Equalization Program.
- Projects required to meet applicable safety codes.

Once upgraded, the rural utility is required to employ a qualified operator to ensure that the system is properly operated and maintained, thereby protecting the state's investment in the system.

Projected FY01 Rural Power System Upgrade Expenditures and Funding

In May 1999, AEA was successful in obtaining \$5,750,000 in Denali Commission funding for projects in the following communities: Old Harbor, Atka, Kotlik, Hughes, Koyukuk, Deering, Golovin, Arctic Village, and Nome. Local and other funds are comprised of \$1,316,400 from the State CDBG program, Village Safe Water and U.S. Department of Energy. AEA has provided match funding of \$460,000 from prior RPSU funds.

AEA has submitted the following projects to the Denali Commission for FY01 funding:

Community	Projected Cost
Stevens Village	763,000
Tuntutuliak	1,287,000
Newtok	533,000
Manokotak	943,000
Karluk	683,000
Chefornak	803,000
Tuluksak	773,000
Napakiak	733,000
Kongiganak	803,000
Telida	863,000
Akhiok	383,000
Akiachak	<u>1,033,000</u>
Totals	\$ 9,600,000

The projected state and federal funding for these rural power system upgrade projects in FY01 is as follows:

General Fund Appropriation \$	1,000,000
Federal Receipt/Expend Authority	<u>8,600,000</u>
	\$ 9,600,000