

Gakona Junction Village, Inc.

May 6, 2008

State of Alaska
Office of the Governor
P. O. Box 110001
Juneau, AK 99801-0001

Attn.: Honorable Sarah Palin, Governor

Re: Capital Budget – SB221 funding for Copper Valley Electric projects.

Dear Governor Palin:

Nearly 15 years ago, the legislature authorized a study of connecting Copper Valley Electric customers with the rail belt grid through Sutton to Glennallen. That study was to be funded with a portion of a \$35 million, 50 year loan that would be used to build the intertie. That loan was never completed but since the project required a feasibility study and it was promised by Rep. Barnes that those funds would be used to reimburse Copper Valley Electric Association if we would complete the study, we moved forward in good faith. But, after the study was complete, the project was never begun and the money was never forthcoming. It is time that the State step up to the plate and reimburse our Co-op for the heavy expense they have incurred. These funds are included in SB221 and we urge your support.

My second issue is that we in the Copper Valley, even with the help of Solomon Gulch Dam have one of the highest electric rates in Southcentral Alaska and no price cost equalization (PCE) is afforded our co-op so the rates we are charged are a real and present danger to the economic health of our community. And, with the increase in fuel cost as oil skyrockets out of the atmosphere, the rates continue to climb.

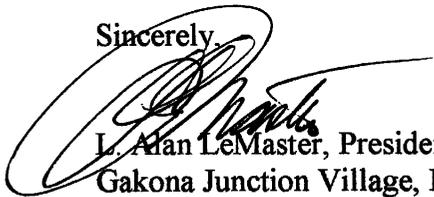
Now, we have an excellent opportunity to add significantly more power from hydro by connecting the Solomon Gulch Dam to Allison Lake, which will increase the amount of available water over longer periods of time, decreasing exponentially our reliance on fossil fuels to develop power. Included in SB221 is our request for \$1 million to begin that process. I urge your support for this funding, as well.

As part of our need to increase efficient and reduce operating costs, the modernization our Glennallen plant is urgently needed. The money we need from the state is \$2 million and those funds already have a full commitment from federal funding to complete the project. It is difficult, at best, to get federal funding guarantees and since we now have them, it is important that you support this request along with the others.

Finally, as in Glennallen we need to upgrade the Valdez substation for the same reasons as we need in Glennallen. Even though this project is relatively small in cost to our other needs, the importance is just as substantial.

So, I am asking that you consider carefully, the requests by Copper Valley Electric Association and approve them at your earliest convenience.

Sincerely,



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