

Agency: Commerce, Community and Economic Development

Grants to Named Recipients (AS 37.05.316)

Grant Recipient: Nushagak Electric & Telephone Cooperative

Federal Tax ID: 92-0177246

Project Title:

Nushagak Electric & Telephone Cooperative - Power Generation Upgrade - Phase I

State Funding Requested: \$ 1,800,000
One-Time Need

House District: 37 - S

Brief Project Description:

Completion of Phase I. Project includes installing two new generators and upgrading a supplemental heat delivery system.

Funding Plan:

Total Cost of Project: \$5,400,000

	<u>Funding Secured</u>		<u>Other Pending Requests</u>		<u>Anticipated Future Need</u>	
	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>	<i>Amount</i>	<i>FY</i>
Federal Funds	\$942,400	2005				
Denali Commission	\$1,328,627	2006				
Other	\$1,300,000	2008				
Total	\$3,571,027					

Explanation of Other Funds:
\$1,300,000 of Nushagak Electric's own money

Detailed Project Description and Justification:

Project included two new generators, installed in the spring of 2006. Efficiency increase saved their electric consumers about \$195,000 in fuel expenses.

Another aspect of Phase I was the upgrade of their supplemental heat delivery system. the first year results from that billing category demonstrated a 79% increase in revenue recovered. That increase in revenue represents more than 40% of Nushagak's net electric revenue for the year.

Operating successfully in an economically distressed area poses unique challenges, and energy costs are a huge burden on everyone. This project helps ensure adequate and reliable power for their community.

Project Timeline:

2 years to complete the project from the time money is received

For use by Co-chair Staff Only:

4:46 PM 4/29/2008

Entity Responsible for the Ongoing Operation and Maintenance of this Project:

Nushagak Electric

Grant Recipient Contact Information:

Contact Name: Frank Corbin

Phone Number: 842-5251

Address: PO Box 350, Dillingham, 99576

Email: fcorbin@nushagak.coop

Has this project been through a public review process at the local level and is it a community priority? Yes No



Solutions for the Future

557 Kenny Wren Road • P.O. box 350 • Dillingham, AK 99576
Phone: 907-842-5251 • FAX: 907-842-2799 • www.nushtel.com

Representative Bryce Edgmon
Alaska State Legislature
State Capitol
Juneau, AK 99801

Dear Representative Edgmon,

Nushagak Electric & Telephone Cooperative Inc., (NETC), generates and distributes electric power to Dillingham, Alaska and the surrounding area. Operating successfully in this environment recently designated as "economically distressed" due to the severe decline of the only major industry (commercial fishing), poses unique challenges. Our response to those challenges has been the development and implementation of a Power Generation Upgrade Project to ensure adequate and reliable power for our community.

Phase 1 of our Power Generation Upgrade Project included two new generators. They went into service in the spring of 2006 and the overall yearly fuel efficiency of our power plant rose from 13.51 kWh generated per gallon of diesel to 14.35 kWh/gal. That efficiency increase of 6 percent saved our electric consumers about \$195,000.00 in fuel expenses in 2006. In 2007 Nushagak's average fuel cost rose 3.6%. Even so, Nushagak's fuel surcharge was slightly reduced for the following twelve months due to the overall increased efficiency of our generating plant.

Another aspect of Phase 1 of our Power Generation Upgrade Project was the upgrade of our supplemental heat delivery system. The first year results from that billing category demonstrated a 79% increase in revenue recovered. That positive difference in collected revenue, almost \$95,000.00 over a twelve month period, equaled more than 40% of Nushagak's net electric revenue for 2006.

Federal grant funding for part of this project was allocated to the Cooperative and administered through the Denali Commission in 2005 for the initial phase. Subsequently, the Denali Commission awarded grant funds to the Cooperative in 2006 to continue this project. To date, grant funding has totaled \$2,311,027.00. Internal "in kind" contributions have already exceeded \$550,000.00 and are expected to total approximately 1.3 Million upon project completion.

At this time, Nushagak Electric & Telephone Cooperative, Inc. respectfully requests an additional 1.8 Million dollars in grant funding to complete the project in its entirety.

Thank you.

A handwritten signature in black ink, appearing to read "Frank Corbin", is written over the typed name.

Frank Corbin, CEO / GM

fcorbin@nushagak.coop

P.O. Box 350 Dillingham, Alaska 99576
907-842-5251

www.nushtel.com

Nushagak Electric & Telephone Cooperative, Inc.
Providing Electric, Telephone, Internet and Cable Television Service



September 19, 2007

Karen Larsen
USDA/RUS
1400 Independence Avenue, S.W.
Room 5165, S Stop 1560
Washington, D.C. 20250-1560

Dear Ms. Larsen:

The City of Dillingham, Alaska supports Nushagak Cooperative's application for High Energy Cost Grant funding from the USDA/RUS. Energy costs, including electric rates, are exceedingly high in this area and therefore have a severe economic impact in our community.

We appreciate everything the Cooperative does to reduce the impact of those high costs, from promoting energy savings to providing supplemental heat from its generating plant.

The reliability of the Cooperative's electric service delivery is also a very important factor in the quality of our lives and we support its Power Generation Upgrade Project for both its energy saving component as well as its promise of increased reliability. This project will provide substantial monetary savings through the use of more efficient power generation and extended equipment life as well as ensure future reliability of electric service delivery.

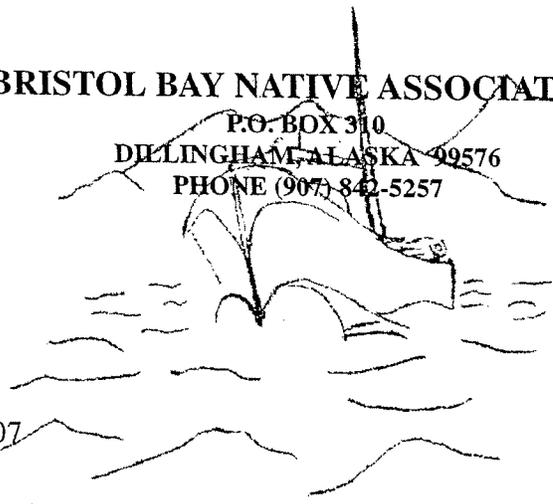
Sincerely,

A handwritten signature in cursive script that reads "Alice A. Ruby".

Alice Ruby
Mayor

BRISTOL BAY NATIVE ASSOCIATION

P.O. BOX 310
DILLINGHAM, ALASKA 99576
PHONE (907) 842-5257



Tribal Councils
Served by BBNA:

- Aleknagik
- Chignik Bay
- Chignik Lagoon
- Chignik Lake
- Clarks Point
- Curyung
- Egegik
- Ekuk
- Ekwok
- Igiugig
- Iliamna
- Ivanof Bay
- Kanatak
- King Salmon
- Kokhanok
- Koliganek
- Levelock
- Manokotak
- Naknek
- New Stuyahok
- Newhalen
- Nondalton
- Olsonville
- Pedro Bay
- Perryville
- Pilot Point
- Port Heiden
- Portage Creek
- South Naknek
- Togiak
- Twin Hills
- Ugashik

September 25, 2007

Karen Larsen
USDA / RUS
1400 Independence Ave., SW
Room 5165, s Stop 1560
Washington DC 20250-1560

Dear Karen:

Bristol Bay Native Association supports Nushagak Cooperative's application for High Energy Cost Grant funding from the USDA/RUS. Energy costs, including electric rates are exceedingly high in our area and therefore have a severe economic impact in our community.

We appreciate everything the Cooperative does to reduce the impact of those high costs, from promoting energy savings to providing supplemental heat from their generating plant.

The reliability of their electric service delivery is also a very important factor in the quality of our lives and we support the Cooperative's Power Generation Upgrade Project for both its energy saving component as well as its promise of increased reliability.

This project will provide substantial monetary savings through the use of more efficient generation and extended equipment life as well as ensure future reliability of electric service delivery.

Thirty one tribal organizations make up the Bristol Bay Native Association in our region.

Sincerely

Ralph Andersen, CEO BBNA



Dillingham Chamber of Commerce
and Visitor's Center

P.O. Box 348
Dillingham, AK 99576
Office: 907-842-5115
Fax: 907-842-4097
www.dillinghamak.com



September 26, 2007

Karen Larsen
USDA / RUS
1400 Independence Ave., SW
Room 5165, s Stop 1560
Washington DC 20250-1560

Dear Karen:

The Dillingham Chamber of Commerce supports Nushagak Cooperative's application for High Energy Cost Grant funding from the USDA/RUS. Energy costs, including electric rates, are exceedingly high in our area and therefore have a severe economic impact in our community.

We appreciate everything the Cooperative does to reduce the impact of those high costs, from promoting energy savings to providing supplemental heat from their generating plant. The reliability of their electric service delivery is also a very important factor in the quality of our lives and we support the Cooperative's Power Generation Upgrade Project for both its energy saving component as well as its promise of increased reliability.

We understand that this project will provide substantial monetary savings through the use of more efficient generation and extended equipment life as well as ensure future reliability of electric service delivery.

Sincerely,

A handwritten signature in black ink, appearing to read "Edythe Ekstedt".

Edythe Ekstedt
Interim Director



CHOGGIUNG LIMITED

ALASKA NATIVE VILLAGE CORPORATION

P.O. Box 330 104 MAIN STREET DILLINGHAM, ALASKA 99576
PHONE (907) 842-5218 FAX (907) 842-5462 rick@chogglung.com

September 26, 2007

Karen Larsen
USDA / RUS
1400 Independence Ave., SW
Room 5165, s Stop 1560
Washington DC 20250-1560

Dear Ms Larsen:

Choggiung, Ltd. supports Nushagak Cooperative's efforts to reduce high energy costs in rural Alaska; therefore, Choggiung supports Nushagak Cooperative's application for High Energy Cost Grant funding from the USDA/RUS. Energy costs, including electric rates, are exceedingly high in our area and therefore have a severe economic impact in our community.

We appreciate everything the Cooperative does to reduce the impact of those high costs, from promoting energy savings to providing supplemental heat from their generating plant. The reliability of their electric service delivery is also a very important factor in the quality of our lives and we support the Cooperative's Power Generation Upgrade Project for both its energy saving component as well as its promise of increased reliability.

This project will provide substantial monetary savings through the use of more efficient generation and extended equipment life as well as ensure future reliability of electric service delivery.

Sincerely,

Rick Tennyson
Acting CEO



September 27th, 2007

THE TENTH FLOOR
2200 SIXTH AVENUE
SEATTLE, WA 98121-1820
206.728.6000
OPERATION FAX 206.441.9090
SALES FAX 206.728.1855

Dear Karen:

Peter Pan Seafoods, Inc. supports Nushagak Cooperative's application for High Energy Cost Grant funding from the USDA/RUS. Energy costs, including electric rates, are exceedingly high in our area and therefore have a severe economic impact in our community. We are probably one of the larger members of the Nushagak Cooperative and energy costs have become one of the most significant costs and components of our cost structure.

Our ability to be able to add to our operations and extend our window of operations is being hampered by the cost of power. This project will provide substantial monetary savings through the use of more efficient generation and extended equipment life as well as ensure future reliability of electric service delivery.

We appreciate everything the Cooperative does to reduce the impact of those high costs, from promoting energy savings to providing supplemental heat from their generating plant. The reliability of their electric service delivery is also a very important factor in the quality of our lives and we support the Cooperative's Power Generation Upgrade. Several years ago we opted to eliminate our own power generation facility and instead opted to purchase all our requirements from the Cooperative. By working together we are minimizing costs and benefiting from their increased reliability and dependability.

The cooperative contributes to the community in many ways and we appreciate this opportunity to return that support. We certainly hope that the Cooperative can qualify for the Grant Funding. If I can provide any additional information please don't hesitate to contact me.

Sincerely

A handwritten signature in dark ink, appearing to read "Norman Van Vactor", written in a cursive style.

Norman Van Vactor
Bristol Bay Manager



Solutions for the Future

557 Kenny Wren Road • P.O. Box 350 • Dillingham, AK 99576
Phone: 907-842-5251 • FAX: 907-842-2799 • www.nushtel.com

September 25, 2007

Karen Larson
USDA/RUS
1400 Independence Ave., SW
Room 5165, s Stop 1560
Washington, DC 20250-1560

Dear Karen,

I support Nushagak Cooperative's application for High Energy Cost Grant funding from the USDA/RUS. Energy costs, including electric rates are exceedingly high in our area and therefore have a severe economic impact in our community.

We appreciate everything the Cooperative does to reduce the impact of those high costs, from promoting energy savings to providing supplemental heat from their generating plant.

The reliability of their electric service delivery is also a very important factor in the quality of our lives and we support the Cooperative's Power Generation Upgrade Project for both its energy saving component as well as its promise of increased reliability.

This project will provide substantial monetary savings through the use of more efficient generation and extended equipment life as well as ensure future reliability of electric service delivery.

Sincerely,



REPRESENTATIVE BRYCE EDGMON
ALASKA STATE LEGISLATURE
HOUSE DISTRICT 37

STATE CAPITOL
ROOM 424
JUNEAU, AK
99801

TEL (907) 465-445
TOLL FREE 800-898-445
FAX (907) 465-344
REP.BRYCE.EDGMON@LEGIS.STATE.AK.U

Nushagak Electric & Telephone Cooperative, Inc.
Providing Electric, Telephone, Internet and Cable Television Service