

NIKISHKA BAY UTILITIES, INC.
100 North Willow
Kenai, Alaska 99611

March 4, 2008

VIA FACSIMILE AND U.S. MAIL

Honorable Mike Chenault
House of Representatives
State Capitol, Room 505
Juneau, Alaska 99801-1182

Re: Funding for Nikishka Bay Utilities, Inc.

Dear Representative Chenault:

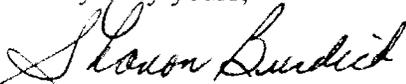
As you know, we are once again seeking funding for Nikishka Bay Utilities, Inc., a non-profit corporation, to repair, maintain and operate the water utility located in Nikiski. We appreciate your efforts in obtaining the \$150,000 legislative grant last year, but there are significant repairs and improvements that must be made to make Nikishka Bay Utilities, Inc. a sustainable utility.

Enclosed please find a breakdown of expenses that was prepared by our third party operation, Water System Services, Inc. We are requesting \$420,000.

Also, please note that we are requesting that the legislation appropriating the funds have a retroactive clause back to December 2006. Our third party operator, Water System Services, Inc. and our law firm, Hoffman, Silver, Gilman & Blasco, P.C. have performed services and advanced expenses for our organization dating back to December 2006. Approximately, \$40,000 was expended on our behalf that could not be paid from last year's legislative grant. We believe that the time and expenses were advanced in good faith on our behalf and are seeking legislation so that these advances can be paid retroactively to December 1, 2006 under the grant.

Thank you for all of your assistance.

Very truly yours,


Sharon Burdick, President

Enclosure:

Retroactive Expenses - From December 2006

Utility Condition Inspection, Analysis, and Budget Preparation (2007 WSS)
Legal Expenses: Non-Profit Corporation Setup, Grant Application, Transfer Agreement,
Prospective Purchasers Agreement, and RCA proceedings
Operation and Critical Repairs January 2008 - June 30 2008

\$10,000.00
\$30,000.00
\$40,000.00

2008 Grant Budget

Engineering Study and Master Plan for Village Safe Water Grant Application
Spent Media Disposal
Engineering Study and As-Built for ADEC Operating Certificate Application
Legal Fees to complete prospective purchaser agreement, RCA proceedings, corporate meetings,
real property transfer and 501c3 status
Leak Repair (Estimated 10 leaks and 5 mainline valve repairs)
Key Box Repairs to Allow Shut-Off for non-payment
Meter Installation
Well house roof and storage tank repair
Remove and replace media from Tanks #1 and #2 to return the system to adequate capacity

\$35,000.00
\$65,000.00
\$30,000.00
\$25,000.00
\$50,000.00
\$50,000.00
\$10,000.00
\$10,000.00
\$65,000.00

Total Grant Request \$420,000.00